



Half-yearly Financial Report

**CVC Limited and
its Controlled Entities**

for the half-year ended 31 December 2008

directors' report

for the half-year ended 31 December 2008

Commentary on Results

Half-year result

The Directors of CVC regrettably report a net loss of \$56.2 million after tax (2007: profit of \$11.0 million) for the half-year ended 31 December 2008. The result has been a direct result of impairment charges recorded during the period.

During the period the value of share investments fell by \$80.1 million of which \$27.5 million represent a reduction of previously recorded unrealised gains in reserves and an impairment charge of \$52.6 million has been included in the profit and loss statement. Additionally, \$18.2 million has been impaired against other assets including \$9.3 million in relation to intangible assets.

The approach taken to the valuation of investments in the half-year accounts has been to record them at the prevailing market value. The Board is hopeful that in time the value of these underlying investments will return to values more reflective of what CVC believes is their worth. CVC will continue to dedicate significant management effort to restore value to these investments, where possible, however in light of the continued severity of market volatility, the Board has resolved that market value is the most appropriate valuation methodology.

Dividend

In light of the half-year result and the current economic climate, the Directors have resolved not to declare an interim dividend.

Commentary on the Half Year, Capital Management, Future Expectations and Profit Outlook

During the half year CVC realised its investment in Blue Energy Limited for \$33.9 million generating a profit of \$12.1 million, continued to realise non-core holdings and has been actively involved in the management of core investment holdings. The balance of the year will see continued activity in this regard.

As at 27 February, 2009 CVC's only exposure to bank debt is the loan provided to the ASX listed CVC Property Fund which CVC increased its holding to 52.6% during the period. CVC has cash holdings of \$63 million (equivalent to 44 cents per share) and is well placed to pursue investment opportunities as and when they emerge.

Since July 2008, 18.9 million shares have been bought back on market at an average price of 73 cents per share.

From a net asset perspective net tangible assets have fallen from \$1.64 per share at 30 June 2008 to \$1.15 per share at 31 December 2008, representing a 30% fall over the period. Since 31 December 2008 the share market has continued to experience falls with the ASX Small Ordinaries down approximately 12%.

The Company will focus on its main objective of generating shareholder returns in excess of 15% per annum over time and anticipates achieving this objective through a combination of well timed and priced

acquisitions from which it believes it can unlock or release significant value over the medium to long term and the development of recurrent income streams.

In the current climate it is not possible to forecast the likely result for 2009.

ADH Beard
Director

27 February 2009

income statement (condensed)

for the half-year ended 31 December 2008

	Consolidated	
	31 Dec 2008	31 Dec 2007
	\$	\$
INCOME		
Dividends received	2,212,820	2,711,634
Interest income	6,939,809	6,049,601
Net gain on sale of equity investments	16,194,296	7,690,059
Impairment recovery on loans	-	22,333
Sales of services	1,337,216	2,249,099
Other income	1,037,154	371,837
Total income	27,721,295	19,094,563
Equity accounted profits/(losses)		
Share of net losses of associates	(5,577,731)	(1,049,705)
Share of net profits of joint ventures	-	21,402
Net equity accounted losses	(5,577,731)	(1,028,303)
EXPENSES		
Audit fees	48,250	30,098
Amortisation of intangible assets	58,500	58,500
Loans written off	301,506	-
Depreciation expense	14,114	18,407
Directors fees	23,468	37,000
Employee costs	915,552	1,095,835
Finance costs	1,114,002	1,224,447
Impairment of investments in associated entities	17,391,732	-
Impairment of intangible assets	9,343,643	-
Impairment of listed investments	33,967,725	-
Impairment of loans to other corporations	5,963,143	-
Impairment of loans to related entities	4,296,896	-
Impairment of unlisted investments	3,000,000	-
Insurance	89,729	61,932
Legal and associated costs	119,525	34,647
Loss on foreign exchange	-	126,226
Management and consultancy fees	768,979	632,622
Operating lease expense	192,104	207,469
Travel and accommodation	42,581	49,317
Other expenses	413,330	346,304
Total expenses	78,064,779	3,922,804
(Loss)/profit before related income tax expense	(55,921,215)	14,143,456
Income tax expense	270,043	3,140,618
(Loss)/profit for the half-year	(56,191,258)	11,002,838
Net (loss)/profit attributable to minority interests	(54,842)	117,892
(Loss)/profit attributable to members of the parent entity	(56,136,416)	10,884,946
Basic earnings per share (cents)	(34.81)	6.51
Diluted earnings per share (cents)	(34.81)	6.49
Dividends paid during period per share (cents)	3.00	6.00

balance sheet (condensed)

as at 31 December 2008

	Consolidated	
	31 Dec 2008	30 Jun 2008
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	67,164,776	51,936,285
Trade and other receivables	29,218,596	42,340,390
Other assets	221,341	87,502
Total current assets	96,604,713	94,364,177
NON-CURRENT ASSETS		
Trade and other receivables	1,197,956	1,170,374
Financial assets "available-for-sale"	44,656,644	145,129,775
Investments accounted for using the equity method	31,732,862	55,966,019
Investment properties	20,780,653	2,783,873
Property, plant and equipment	9,524,717	34,484
Intangible assets	-	8,356,634
Deferred tax assets	3,891,312	8,301,965
Total non-current assets	111,784,144	221,743,124
TOTAL ASSETS	208,388,857	316,107,301
CURRENT LIABILITIES		
Trade and other payables	759,551	2,280,120
Interest bearing loans and borrowings	2,210,535	2,693,695
Provisions	175,916	199,199
Current tax liabilities	4,028,396	4,261,699
Total current liabilities	7,174,398	9,434,713
NON-CURRENT LIABILITIES		
Provisions	31,155	23,948
Interest bearing loans and borrowings	21,123,002	8,431,997
Deferred tax liabilities	3,891,312	23,773,546
Total non-current liabilities	25,045,469	32,229,491
TOTAL LIABILITIES	32,219,867	41,664,204
NET ASSETS	176,168,990	274,443,097
EQUITY		
Contributed equity	125,730,278	136,823,139
Retained profits	38,103,019	99,069,611
Other reserves	8,921,803	38,484,350
Parent entity interest	172,755,100	274,377,100
Minority interest	3,413,890	65,997
TOTAL EQUITY	176,168,990	274,443,097

statement of changes in equity (condensed)

for the half-year ended 31 December 2008

	Consolidated	
	31 Dec 2008	31 Dec 2007
	\$	\$
Income and expenses recognised directly in equity		
“Available-for-sale” investments:		
- (Decrease)/increase in fair values recognised in other reserves	(30,616,716)	14,796,998
- Amounts transferred from other reserves to the income statement on sale	(13,490,592)	(11,355,057)
- Income tax on fair value movements taken to or from other reserves	11,328,534	(1,032,584)
- Value of equity based remuneration recognised in other reserves	(73,892)	41,209
- Value of associates equity based remuneration recognised in other reserves	(35,037)	(201,947)
- Value of associates foreign currency translation reserve recognised in other reserves	3,325,317	(9,571)
Net income reflected directly in equity (Loss)/profit for the half-year	(29,562,386)	2,239,048
	(56,191,258)	11,002,838
Total recognised income and expense for the half-year	(85,753,644)	13,241,886
Attributable to:		
Shareholders	(85,698,962)	13,124,556
Minority interests	(54,682)	117,330
	(85,753,644)	13,241,886
Transactions with shareholders in their capacity as shareholders		
Shares issued during the half-year:		
- through the dividend reinvestment plan	-	732,046
- under the executive and non-executive long term incentive plan	-	3,105,000
- transaction cost of shares issued through dividend reinvestment plan	-	(2,436)
Payments for share buy-backs	(11,092,861)	(2,566,345)
Dividends paid to shareholders	(4,830,176)	(10,302,823)
Total transactions with shareholders in their capacity as shareholders	(15,923,037)	(9,034,558)
Other equity movements		
Increase in minority interest from acquisition of controlled entity	3,402,574	-
Net (decrease)/increase in equity for the half-year	(98,274,107)	4,207,328
Equity at the beginning of the half-year	274,443,097	345,164,945
EQUITY AT THE END OF THE HALF-YEAR	176,168,990	349,372,273

cash flow statement (condensed)

for the half-year ended 31 December 2008

	Consolidated	
	31 Dec 2008	31 Dec 2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	1,973,550	1,714,805
Cash payments in the course of operations	(3,483,682)	(2,849,456)
Interest received	2,632,447	5,301,892
Dividends received	2,403,327	2,840,750
Interest paid	(364,351)	(83,389)
Income taxes paid	(4,613,490)	(4,636,708)
Net cash flows (used in)/provided by operating activities	(1,452,199)	2,287,894
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(47,216)	(3,349)
Payments for equity investments	(10,087,775)	(63,705,954)
Payments for acquisition of controlled entities net of cash	(1,064,526)	-
Proceeds on disposal of equity investments	47,629,919	28,543,985
Loans provided	(10,444,069)	(17,958,108)
Loans repaid	8,693,927	6,925,021
Net cash flows provided by/(used in) investing activities	34,680,260	(46,198,405)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	1,606,690
Borrowings repaid	(2,100,000)	(1,734,106)
Dividends paid to members of the parent entity	(4,839,069)	(9,558,777)
Payments for share buy-backs	(11,092,861)	(2,566,345)
Issue of shares	-	3,101,520
Net cash flows used in financing activities	(18,031,930)	(9,151,018)
Net increase/(decrease) in cash held	15,196,131	(53,061,529)
Cash at the beginning of the half-year	51,936,285	115,008,945
Foreign exchange gain/(loss) on cash	32,360	(126,226)
CASH AT THE END OF THE HALF-YEAR	67,164,776	61,821,190