CVC PRIVATE EQUITY LIMITED

ACN 059 092 198

2012 Annual Report

The financial report was authorised for issue by the Directors on 5 September 2012.
The Company has the power to amend and reissue the financial report.

CVC Private Equity Limited

Company Particulars

REGISTERED OFFICE:
Level 42
259 George Street
SYDNEY NSW 2000

DIRECTORS:
Vanda R Gould
Alexander D H Beard
Elliott G Kaplan
John D Read

SECRETARIES:
Alexander D H Beard
John A H Hunter

BANKERS:
Westpac Banking Corporation Limited
Bank of Western Australia Limited
Suncorp-Metway Limited

SOLICITORS
Thomsons Lawyers
Level 25, 1 O'Connell Street
Sydney NSW 2000
Telephone: (02) 8248 5800
Facsimile: (02) 8248 5899

AUDITORS:
Russell Bedford NSW
Chartered Accountants
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000

SHARE REGISTRY:
Gould Ralph Pty Limited
Level 42
259 George Street
SYDNEY NSW 2000

DOMICILE:
Australia

Directors' Report

For the Year Ended 30 June 2012

The Directors present their report together with the financial report of the Company for the year ended 30 June 2012 and the Auditors' Report thereon.

Directors
The Directors in office at the date of this report and at all times during the year are:

Vanda Russell Gould B. Com. (UNSW) M. Com. (UNSW) FCA FCPA FAIM (Chairman)
Fellow of the Institute of Chartered Accountants in Australia.
Chairman of Vita Life Sciences Limited, Cyclopharm Limited, CVC Limited, CVC Property Managers Limited which is the Responsible Entity for CVC Property Fund and a Director of numerous private and public companies including educational establishments. Mr Gould is a member of the Audit Committee of the Company.

Elliott Grant Kaplan B. Acc. CA
Mr Kaplan is a Chartered Accountant with extensive experience in senior financial and chief executive officer roles in both private and publicly listed companies. His experience, from both an investor and investee perspective, spans a diverse range of industries including manufacturing, environmental, distribution and services. He is also Chairman of Pro-Pac Packaging Limited and Director of Cellnet Group Limited, and formerly a Director of The Environmental Group Limited and Dolomatrix International Limited.

Alexander Damien Harry Beard B.Com. (UNSW) FCA AIDC
Mr Beard is a Chartered Accountant with extensive experience in private equity investing. He is Chairman of Cellnet Limited and Villa World Limited, Director and Chief Executive Officer of CVC Limited, Director of Amadeus Energy Limited, Mnet Group Limited, and CVC Property Managers Limited as Responsible Entity for CVC Property Fund as well as numerous private and public companies. Mr Beard is a member of the Audit Committee of the Company.

John Douglas Read B.Sc. (Hons.) (Cant.), MBA (AGSM) FAICD
Mr Read is a Fellow of the Australian Institute of Company Directors. He is Chairman of Patrys Limited, and is a Director of CVC Limited and The Environmental Group Limited, and formerly Chairman of Pro-Pac Packaging Limited. Mr Read is Chairman of the Audit Committee of the Company.

Company Secretaries:

John Andrew Hunter B.Com. (ANU), MBA (MGSM), CA
Mr Hunter has experience in senior finance roles in the Financial Services industry in retail and wholesale funds management entities as well has holding senior finance roles in various other public and private companies.

In addition to being a director of the Company, **Alexander Damien Harry Beard** is also a Company Secretary.

Directors' Report
For the Year Ended 30 June 2012

Directors' meetings
The number of directors' meetings attended, and the number of directors' meetings eligible to attend during their period in office by each of the Directors of the Company during the financial year were as follows:

	Number of meetings attended	Number of meetings held
A D H Beard	4	4
J D Read	4	4
E G Kaplan	4	4
V R Gould	4	4

Audit Committee meetings
There were no audit committee meetings of the Company during the financial year.

Director's benefits
During the year $15,000 of remuneration was paid to Mr Read. Further information on Directors' remuneration is included in note 16 to the financial statements.

Directors interests in shares of the Company
The relevant interest of each director in the ordinary share capital of the Company at the date of this report is included in note 16.

Principal activities
The principal activities of the Company are the Private equity investment in Australian businesses whose value can be increased by the provision of additional capital, appropriate management or general assistance and strategic direction.

Operating results
The Company derived a net profit after tax of $2,114,787 (2011: profit after tax of $825,069).

Dividends
An interim dividend of 3 cent per share amounting to $541,542 in respect of the year ended 30 June 2012 was paid on 16 July 2012 of which $368,355 was reinvested under the Dividend Reinvestment Plan.

A final dividend in respect of the year ended 30 June 2011 of 2.5 cents per share amounting to $454,627 was paid on 4 November 2011 of which $374,782 was reinvested under the Dividend Reinvestment Plan.

A final dividend in respect of the year ended 30 June 2012 of 3 cents per share was declared on 5 September 2012 to be paid on 31 October 2012 to those shareholders registered on 5 September 2012. The Dividend Reinvestment Plan will be available, allowing shareholders to reinvest their dividends for shares at a 2.5% discount to the Net Asset Value per share. The Net Asset Value per share at 5 September 2012 was 74.60 cents, accordingly shareholders are entitled to purchase shares at 72.74 cents per share.

Review of Operations
During the financial year, the Company sold its investment in Pro-Pac Packaging Limited generating a pre-tax profit of $2,074,105.

In March 2012, the Company elected to redeem its 35 million convertible redeemable notes issued by ASX listed software and service company, Qanda Technology Limited and received $700,000.

In June 2012, the Company acquired a 50% equity investment in Everten Group Pty Limited for $400,000 and provided a loan of $1,166,933. Everten Group Pty Limited is the holding company for two online kitchenware and gift basket businesses.

Directors' Report
For the Year Ended 30 June 2012

Review of Operations (Cont.)

With regards to the Company's other unlisted investments, Ron Finemore Transport Pty Limited returned a pleasing result for the 2012 financial year but due to Chinese production issues and softer demand Battery Energy Power Solutions Pty Limited was only able to achieve a small EBITDA result..

During the financial year, the Company completed the buy-back of 651,379 (2011: 1,915,595) ordinary shares under the equal access share buy-back plan.

Significant changes in the state of affairs of the Company
There were no significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or in the financial statements.

Likely developments and future expectations
The Company will continue to seek further private equity investments in Australian businesses. As an investment company, the results of the Company are dependent on the timing of and opportunities for the realisation of investments. Accordingly, it is not possible at this stage to predict the future results of the Company.

Events subsequent to reporting date
An interim dividend of 3 cent per share amounting to $541,542 in respect of the year ended 30 June 2012 was paid on 16 July 2012 of which $368,355 was reinvested under the Dividend Reinvestment Plan.

Other than as set out above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Insurance premiums
The Company has not, during the year or since the end of the financial year, in respect of any person who is or has been an auditor of the Company or a related body corporate paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses of defending legal proceedings.

Insurance premiums have been paid in respect of directors and officer's liability and legal expense insurance for directors and officers of the Company. In accordance with subsection 300(9) of the Corporations Act 2001 further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

Auditor independence and non-audit services
The Company appointed Russell Bedford NSW as the auditors for the 2012 financial year. A copy of the Independence Declaration is included on page 25. An associate of Russell Bedford NSW also received $13,233 from the Company during the year for the provision of share registry services and $2,400 for taxation services. The Directors do not consider the provision of these services to have impaired the auditor's independence. Further information on Auditors' Remuneration is included in note 2.

Signed in accordance with a resolution of Directors.

Dated at Sydney 5 September 2012

Elliott Kaplan
Director

Alexander Beard
Director

CVC Private Equity Limited

Statement of Comprehensive Income
For the Year Ended 30 June 2012

	Notes	2012 $	2011 $
INCOME			
Dividends received		**40,835**	164,981
Interest income		**566,478**	387,540
Net gain on sale of equity investments		**902,991**	99,999
Impairment recovery		**1,495,170**	729,890
Other income		**22,935**	25,001
Total income		**3,028,409**	1,407,411
EXPENSES			
Accounting fees		**15,633**	15,234
Audit fees	2	**23,566**	23,645
Legal fees		**14,573**	2,260
Directors fees	16	**15,000**	15,000
Management and consultancy		**190,000**	181,818
Provision for impairment of financial assets		**6,346**	30,000
Net loss on sale of equity investments		**85,087**	-
Other expenses		**24,280**	31,115
Total expenses		**374,485**	299,072
Profit before income tax		**2,653,924**	1,108,339
Income tax expense	3	**(539,137)**	(283,270)
Net profit after tax		**2,114,787**	825,069
Earnings per share		**0.12**	0.04
Other comprehensive income			
Movements in fair values of financial investments directly in equity		**(2,066)**	(556,249)
Amount transferred from other reserves to other comprehensive income on sale		**(434,503)**	-
Income tax on items taken directly to or from equity		**130,970**	166,875
Other comprehensive income for the year, net of tax		**(305,599)**	(389,374)
Total comprehensive income for the year		**1,809,188**	435,695

The above statement of comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

CVC Private Equity Limited

Statement of Financial Position
As at 30 June 2012

	Notes	2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	5	7,050,532	5,206,561
Trade and other receivables	6	86,761	29,646
Financial assets – "available-for-sale"	7	926,875	2,943,667
Total current assets		8,064,168	8,179,874
NON-CURRENT ASSETS			
Financial assets – "available-for-sale"	7	1,882,535	1,888,142
Investments accounted for using the equity method	8	580,000	180,000
Loans and receivables	9	1,970,574	720,625
Deferred tax assets	3	1,233,812	1,625,077
Total non-current assets		5,666,921	4,413,844
TOTAL ASSETS		13,731,089	12,593,718
CURRENT LIABILITIES			
Trade and other payables	10	81,448	263,000
Other financial liabilities		8,430	-
Dividend payable		541,542	-
Total current liabilities		631,420	263,000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3	23,555	6,784
Total non-current liabilities		23,555	6,784
TOTAL LIABILITIES		654,975	269,784
NET ASSETS		13,076,114	12,323,934
EQUITY			
Contributed equity	11	17,806,044	17,866,883
Accumulated losses	12	(4,727,981)	(5,846,599)
Other reserves	13	(1,949)	303,650
TOTAL EQUITY		13,076,114	12,323,934

The above statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

CVC Private Equity Limited

Statement of Changes in Equity
For the Year Ended 30 June 2012

	Contributed equity $	Accumulated losses $	Other reserves $	Total $
At 1 July 2011	**17,866,883**	**(5,846,599)**	**303,650**	**12,323,934**
Profit for the year	**-**	**2,114,787**	**-**	**2,114,787**
Other comprehensive income	**-**	**-**	**(305,599)**	**(305,599)**
Total comprehensive income for the year	**-**	**2,114,787**	**(305,599)**	**1,809,188**
Transactions with shareholders:				
Share buy-back	**(435,317)**	-	-	**(435,317)**
Transaction costs of share buy-back	**(434)**	-	-	**(434)**
Income tax on costs of share buy-back	**130**	-	-	**130**
Shares issued under Dividend Reinvestment Plan	**374,782**	-	-	**374,782**
Dividend provided	**-**	**(996,169)**	-	**(996,169)**
At 30 June 2012	**17,806,044**	**(4,727,981)**	**(1,949)**	**13,076,114**
At 1 July 2010	18,983,385	(6,671,668)	693,024	13,004,741
Profit for the year	-	825,069	-	825,069
Other comprehensive income	-	-	(389,374)	(389,374)
Total comprehensive income for the year	-	825,069	(389,374)	435,695
Transactions with shareholders:				
Share buy-back	(1,115,451)	-	-	(1,115,451)
Transaction costs of share buy-back	(1,502)	-	-	(1,502)
Income tax on costs of share buy-back	451	-	-	451
At 30 June 2011	17,866,883	(5,846,599)	303,650	12,323,934

The above statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

Statement of Cash Flows

For the Year Ended 30 June 2012

	Notes	2012 $	2011 $
Cash flows from operating activities			
Cash receipts in the course of operations		**42,930**	25,000
Cash payments in the course of operations		**(235,785)**	(266,969)
Interest received		**460,656**	299,612
Dividend received		**7,711**	164,981
Net cash provided by operating activities	**17(b)**	**275,512**	222,624
Cash flows from investing activities			
Proceeds from loans recovered		**-**	4,979,890
Loan provided		**(1,166,933)**	-
Proceeds from convertible notes redeemed		**700,000**	-
Payments for equity investments		**(2,489,193)**	(364,928)
Proceeds from sale of equity investments		**5,290,182**	100,000
Net cash provided by investing activities		**2,334,056**	4,714,962
Cash flows from financing activities			
Share buy-back		**(435,317)**	(1,115,451)
Transaction costs of share buy-back		**(434)**	(1,502)
Repayment of unallocated receipt		**(250,000)**	-
Dividends paid		**(79,846)**	-
Net cash used in financing activities		**(765,597)**	(1,116,953)
Net increase in cash held		**1,843,971**	3,820,633
Cash and cash equivalents at the beginning of the financial year		**5,206,561**	1,385,928
Cash and cash equivalents at the end of the financial year	**17(a)**	**7,050,532**	5,206,561

The above statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 8 to 23.

Note 1: Statement of Accounting Policies

The significant policies which have been adopted in the preparation of this financial report are:

a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has been prepared on a historical cost basis, except for "available-for-sale" investments which have been measured at fair value.

The financial report is presented in Australian dollars.

Management is required to make judgements, estimates and assumptions in relation to the carrying value of assets and liabilities, that have significant risk of material adjustments in the next year and these have been disclosed in the relevant notes to the financial statements.

b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period:

AASB 9 *Financial Instruments* was released in late 2009 and is mandatory for periods beginning on or after 1 January 2013 with early adoption permitted. It represents the completion of Phase 1 of the Standards will require two measurement models: amortised cost and fair value. Application of the standard is not expected to have a significant impact on the financial statements.

AASB 13 – *Fair Value Measurement* was released in September 2011 and is mandatory for periods beginning on or after 1 January 2013 with early adoption permitted. It explains how to measure fair value and aims to enhance fair value disclosures. Application of the standard is not expected to have a significant impact on the financial statements.

c) Cash and Cash Equivalents

For the statement of cash flows, cash includes cash on hand and short-term deposits with an original maturity of three months or less.

d) Revenue Recognition

Interest Income
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount as at the end of the financial year.

Sale of non-current assets
The gain or loss on sale of non-current asset sales is included as income at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal and in the case of "available-for-sale" assets will include any amount attributable to the asset which is included in reserves.

If the equity investment continues to be held as an "available-for-sale asset", changes in its fair value will be recognised directly in other comprehensive income. This may impact the ability to directly compare financial information.

Dividends
Revenue is recognised when the Company's right to receive payment is established.

Other Income
Revenue is recognised when the Company's right to receive payment is established.

Note 1: Statement of Accounting Policies (Cont.)

e) Trade and Other Payables

Trade payables and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

f) Trade and Other Receivables

Receivables are recognised and carried at original invoice amount less a provision for impairment. Trade receivables are generally settled within 30 days.

A provision for impairment is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

g) Investments and Other Financial Assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, "held-to-maturity" investments, or "available-for-sale" investments. The classification depends on the purpose for which the investments were acquired. When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end.

The purchase and sale of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of investments classified as "available-for-sale", a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for "available-for-sale" financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as "available-for-sale" are not reversed through the statement of comprehensive income.

Derivative instruments
Derivative instruments entered into by the Company include options on the equity market.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Fair values are obtained from quoted market prices in active markets including recent market transactions. Movements in the carrying amounts of derivatives are recognised in the Statement of Comprehensive Income and changes in market valve are included in market revaluation reserve until such time as the position is closed or exercised and the transaction is recognised in profit or loss.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Associates
Associates are those entities, other than partnerships, over which the Company exercises significant influence but not control. The Company generally deems it has significant influence if it has over 20% of the voting rights, but no more than 50%.

Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets in the associates. Following initial recognition the Company assesses whether it is necessary to recognise any impairment loss with respect to the investment in the associate.

The Company's equity accounted share of the associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Company's statement of comprehensive income as a component of other income.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Note 1: Statement of Accounting Policies (Cont.)

g) Investments and Other Financial Assets (Cont.)

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

"Available-for-Sale" Investments
"Available-for-sale" investments are those non-derivative financial assets that are designated as "available-for-sale". After initial recognition "available-for-sale" investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the statement of comprehensive income.

The fair value of equity securities that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques, such as discounted cash flow analysis. Where fair value cannot be reliably measured investments are measured at cost.

h) Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities on the current period's taxable income at the tax rates enacted by the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credit can be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in comprehensive income.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 1: Statement of Accounting Policies (Cont.)

i) Contributed Equity

Issued capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue or cancellation of shares are shown in equity as a deduction, net of tax, from proceeds.

j) Segment Reporting

A business segment is a distinguishable component of the entity that is engaged in providing differentiated products or services.

k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Note 2: Auditors' Remuneration

The auditors of the Company are Russell Bedford NSW. Share registry and taxation compliance services are provided by an associate of Russell Bedford NSW.

	2012	2011
	$	$
Amounts received or due and receivable by Russell Bedford NSW for:		
Audit and review of financial report	**23,566**	23,645
Amounts received or due and receivable by an associate of Russell Bedford NSW for:		
Share registry services	**13,233**	11,274
Taxation services	**2,400**	3,960
	39,199	38,879

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2012

Note 3: Income Tax

(a) Income tax expense

	2012 $	2011 $
Accounting profit before income tax	**2,653,924**	1,108,339
Income tax expense at the statutory income tax rate of 30%	**796,177**	332,502
Adjustment to income tax benefit due to:		
- Franked dividends received	**(15)**	(49,495)
- Non-deductable items	**20**	19
- Recognition of deferred tax assets relating to impairment recovery	**(257,045)**	-
Income tax expense on profit for the year	**539,137**	283,026
Adjustments in respect of current income tax of previous years	**-**	244
Income tax expense	**539,137**	283,270
The major components of income tax expense are:		
- Deferred income tax	**539,137**	283,026
- Adjustments in respect of current income tax of previous years	**-**	244
Income tax expense reported in the statement of comprehensive income	**539,137**	283,270
Deferred tax relating to items credited directly to equity	**(130,970)**	(166,875)

(b) Deferred income tax

Deferred income tax balances at 30 June relates to the following:

	2012 Included in income	2012 Included in equity	2012 Total	2011 Included in income	2011 Included in equity	2011 Total
Deferred tax assets						
Provisions and accrued expenses	**4,500**	**-**	**4,500**	3,900	-	3,900
"Available-for-sale" investments	**(35,666)**	**835**	**(34,831)**	(65,460)	(130,135)	(195,595)
Impairment expenses	**830,737**	-	**830,737**	1,279,287	-	1,279,287
Tax losses	**432,141**	-	**432,141**	790,212	-	790,212
Tax losses not recognised	**-**	**-**	**-**	(257,045)	-	(257,045)
Other	**1,265**	**-**	**1,265**	4,318	-	4,318
	1,232,977	**835**	**1,233,812**	1,755,212	(130,135)	1,625,077
Deferred tax liabilities						
Other	**23,555**	**-**	**23,555**	6,784	-	6,784
	23,555	**-**	**23,555**	6,784	-	6,784

The net deferred tax assets of $1,210,257 (2011: $1,618,293) have been recognised as certain equity investments included in note 8, if sold in the future, are expected to have a realisable value that will utilise the deferred tax assets.

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2012

Note 4: Dividends

A final fully franked dividend in respect of the year ended 30 June 2011 of 2.5 cents per share amounting to $454,627 was paid on 4 November 2011 of which $374,782 was reinvested under the Dividend Reinvestment Plan.

An interim dividend of 3 cent per share 5% franked amounting to $541,542 in respect of the year ended 30 June 2012 was declared on 16 March 2012 and paid on 16 July 2012 of which $368,355 was reinvested under the Dividend Reinvestment Plan.

	2012 $	2011 $
Dividend franking account:		
Franking credits available to shareholders for subsequent financial years	**11,540**	206,177

The franking account is stated on a tax paid basis. The balance comprises the franking account at year end adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax;
(b) franking debits that will arise from the payment of dividends recognised as a liability at year end;
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available equity to declare dividends.

Note 5: Cash and Cash Equivalents

	2012	2011
Cash at bank	**1,381,183**	2,974,610
Cash on deposit (i)	**5,669,349**	2,231,951
	7,050,532	5,206,561

(i) Cash on deposit expire within 3 months after year end

Note 6: Trade and Other Receivables

	2012	2011
Current:		
Interest receivable	**45,418**	22,614
Goods and services tax	**4,141**	3,644
Dividends receivable	**33,100**	-
Other assets	**4,102**	3,388
	86,761	29,646

Note 7: Financial Assets – "Available-for-Sale"

	2012	2011
Current:		
Listed shares at market value (b)	**926,875**	2,243,667
Convertible notes in other corporations (a)	**-**	700,000
	-	2,943,667
Non-Current:		
Listed shares at market value (b)	**7,535**	12,796
Unlisted shares in other corporations (c)	**1,875,000**	1,875,346
	1,882,535	1,888,142

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2012

Note 7: Financial Assets – "Available for Sale" (Cont.)

(a) Convertible notes in other corporations comprise:

35,000,000 convertible redeemable notes issued by Qanda Technology Limited were redeemed for $700,000 during March 2012.

(b) Listed shares at market value:

The carrying value of certain investments in ASX listed companies has been determined by using the fair value approach. The closing bid-price at reporting date was determined to be an appropriate indication for the fair value of the investment.

During the financial year, the Company sold its investment in ASX listed company Pro-Pac Packaging Limited generating a pre-tax profit of $2,074,105.

(c) Unlisted shares in other corporations comprise:

1,875,000 (2011: 1,875,000) shares in Ron Finemore Transport Pty Limited at a cost of $1,875,000 (2011: $1,875,000) representing a 25% ownership in the ordinary shares of that company. The investment is not accounted for in accordance with AASB 128 Investment in Associates as there is no influence exerted on the operations of the company.

Note 8: Investments Accounted for Using the Equity Method

	2012	2011
	$	$
Non-current:		
Unlisted shares in associated corporations	**580,000**	180,000

	Ownership Interest		**Investment Carrying Amount**	
	2012	2011	**2012**	2011
	%	%	**%**	%
Interest in ordinary shares of associate				
Battery Energy Power Solutions Pty Limited (a)	**27.26**	30.0	**180,000**	-
Everten Group Pty Limited (b)	**50.00**	-	**400,000**	-
Investment in preference shares of associate				
Battery Energy Power Solutions Pty Limited (a)	-	38.7	-	180,000
			580,000	180,000

(a) Battery Energy Power Solutions Pty Limited is a manufacturer and distributor of industrial batteries. The preference shares were converted to ordinary shares in May 2012.

(b) Everten Group Pty Limited is the holding company for two online kitchenware and gift basket businesses. The investment is not accounted for in accordance with AASB 127 *Consolidated and Separate Financial Statements* as the Company does not have control of the company.

Note 8: Investments Accounted for Using the Equity Method (Cont.)

Summarised financial information
The following table illustrates summarised financial information relating to the Company's associates:

Battery Energy Power Solutions Pty Ltd

	2012 $'000	2011 $'000
Extract from associate's statement of financial position:		
Current assets	5,325	5,656
Non-current assets	3,143	3,404
	8,468	9,060
Current liabilities	3,067	2,915
Non-current liabilities	390	1,042
	3,457	3,957
Net assets	5,011	5,103
Extract from the associate's statement of comprehensive income:		
Revenue	8,365	11,258
Net profit/(loss)	(347)	1,145

The unrecognised cumulative share of losses of Battery Energy Power Solutions Pty Ltd is $540,939 (2011: $516,566).

Everten Group Pty Limited

	2012 $'000
Extract from associate's statement of financial position:	
Current assets	1,474
Non-current assets	2,023
	3,497
Current liabilities	323
Non-current liabilities	2,374
	2,697
Net assets	800
Extract from the associate's statement of comprehensive income:	
Revenue	-
Net profit	-

Note 9: Loans and Receivables

	2012	2011
	$	$
Non-Current:		
Secured loans to associated corporations	**1,970,574**	720,625

Secured loans to associated corporations are at varying rates of interest on varying terms. Refer note 14.

Note 10: Trade and Other Payables

	2012	2011
Current:		
Sundry creditors and accruals	**81,448**	13,000
Loan repayment unallocated	**-**	250,000
	81,448	263,000

Trade and sundry creditors are non-interest bearing and are generally on 30 day terms.

Note 11: Contributed Equity

	2012		2011	
	Number of shares	**$**	Number of shares	$
Issued and paid up share capital:				
Ordinary shares fully paid	**18,051,413**	**17,806,044**	18,185,108	17,866,883
Ordinary shares:				
Balance at the beginning of the year	**18,185,108**	**17,866,883**	20,100,703	18,983,385
Share buy-back (a)	**(651,379)**	**(435,317)**	(1,915,595)	(1,115,451)
Transaction costs on share buy-back	**-**	**(434)**	-	(1,502)
Income tax on costs of share buy-back	**-**	**130**	-	451
Share issued under DRP (b)	**517,684**	**374,782**	-	-
Balance at the end of the year	**18,051,413**	**17,806,044**	18,185,108	17,866,883

(a) The Company undertook a buy-back of 651,379 shares at a price of $0.6683 per share on 28 February 2012.

(b) 517,684 shares were issued under the Dividend Reinvestment Plan at $0.724 per share on 4 November 2011.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of shares held.

Total capital of the Company is as follows:

	2012	2011
	$	$
Total equity	**13,076,074**	12,323,934
Net assets per share (cents)	**72.44**	67.77

The Company is not subject to any externally imposed capital requirements. Management's objective is to achieve returns for shareholders commensurate with the risks associated with private equity investing in Australia. A final dividend in respect of the year ended 30 June 2012 has not been declared (2011: $454,628).

An interim dividend of 3 cent per share amounting to $541,542 in respect of the year ended 30 June 2012 was paid on 16 July 2012 of which $368,355 was reinvested under the Dividend Reinvestment Plan.

Note 12: Accumulated Losses

	2012 $	2011 $
Accumulated losses at the beginning of the year	**(5,846,599)**	(6,671,668)
Net profit attributable to members	**2,114,787**	825,069
Dividend paid/payable	**(996,169)**	-
Accumulated losses at the end of the year	**(4,727,981)**	(5,846,599)

Note 13: Other Reserves

Market Value Reserve

	2012 $	2011 $
At the beginning of the year	**303,650**	693,024
Decrease in fair value of investments	**(2,066)**	(556,249)
Amount transferred from reserves to other comprehensive income	**(434,503)**	-
Income tax on items taken directly to or from equity	**130,970**	166,875
At the end of the year	**(1,949)**	303,650

Nature and purpose of reserve

Market value reserve
The market valuation reserve is used to record increments and decrements in the fair value of "available-for-sale" financial assets to the extent that they offset one another.

Note 14: Financial Instruments

The Company's activities expose it to a variety of financial risks: market risk (including market price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and price risk.

The responsibility for operational risk management resides with the Board of Directors who seeks to manage the exposure of the Company. There have been no significant changes in the types of financial risks or the Company's risk management program (including methods used to measure the risks) since the prior year.

Notes to the Financial Statements (Continued)
For the Year Ended 30 June 2012

Note 14: Financial Instruments (Cont.)

(a) Interest Rate Risk

The Company's exposure to interest rate risks and the effective interest rates of financial assets and liabilities both recognised and unrecognised at the reporting date are as follows:

	Note	Floating interest rate	Fixed interest rate 1 year or less	Fixed interest rate 1 to 5 years	Non-interest bearing	Total
2012		**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash and cash equivalents	5	**1,381,183**	**5,669,349**	**-**	**-**	**7,050,532**
Trade and other receivables	6	**-**	**-**	**-**	**86,761**	**86,761**
Loans and receivables	9	**1,173,954**	**-**	**796,620**	**-**	**1,970,574**
		2,555,138	**5,669,348**	**796,620**	**86,761**	**9,107,867**
Financial liabilities						
Trade and other payables	10	**-**	**-**	**-**	**81,448**	**81,448**
Dividend payable		**-**	**-**	**-**	**541,542**	**541,542**
		-	**-**	**-**	**622,990**	**622,990**
2011						
Financial assets						
Cash and cash equivalents	5	2,974,610	2,231,951	-	-	5,206,561
Trade and other receivables	6	-	-	-	29,646	29,646
Loans and receivables	9	-	-	720,625	-	720,625
Convertible notes	7	-	700,000	-	-	700,000
		2,974,610	2,931,951	720,625	29,646	6,656,832
Financial liabilities						
Trade and other payables	10	-	-	-	263,000	263,000

At times the Company may hold a significant amount of cash balances which are exposed to movements in interest rates. To reduce the risk the Company typically deposits uncommitted cash with financial institutions at fixed rates with maturity of between 30 – 90 days. Interest bearing loans and receivables are made at fixed rates.

Sensitivity

At reporting date, if interest rates had been 50 basis points lower (2011: 50 basis points lower) and the other variables were held constant, then the impact on the Company would be:

	Decrease of 50 bp 2012	Decrease of 50 bp 2011
	$	**$**
Net profit	**(26,213)**	(14,468)
Equity increase	**(26,213)**	(14,468)

Notes to the Financial Statements (Continued)
For the Year Ended 30 June 2012

Note 14: Financial Instruments (Cont.)

(b) Market Price Risk

At reporting date the Company has investments in listed securities which could be adversely affected if general equity markets were to decline. The Company also has investments in unlisted securities however these are less susceptible to movements in value as a result of market sentiment as they are valued based on operational fundamentals.

Sensitivity
Listed Securities
If equity prices had been 10% higher/ (lower) while all other variables were held constant the impact would be:

	Increase of 10% $	Decrease of 10% $
2012		
Net profit/(loss)	-	-
Equity increase/(decrease)	**65,409**	**(65,409)**
2011		
Net profit/(loss)*	-	-
Equity increase/(decrease)*	-	-

* Considering the quantum of the investments in absolute terms as well as relative terms, compared to the Company's total investments in listed securities the impact of equity price changes is not considered material for the 2011 financial year.

(c) Credit Risk Exposure

Credit risk refers to the loss that the Company would incur if a debtor or counterparty fails to perform under its obligations. The carrying amounts of financial assets recognised in the statement of financial position best represent the Company's maximum exposure to credit risk at reporting date. The Company seeks to limit its exposure to credit risk by performing appropriate background investigations on counterparties before entering into arrangements with them and seek collateral with a value in excess of the counterparty's obligations to the Company, providing a "margin of safety" against loss.

The Company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of counterparties, and is managed through normal payment terms of 30 days. At reporting date there are no overdue trade debtors.

The credit quality of financial assets that are neither past due nor impaired is as follows:

	2012 $	2011 $
Cash and cash equivalents – investment grade	**7,050,532**	5,206,561
Trade and other receivables		
Government	**4,141**	3,644
Other – investment grade	**45,418**	22,614
Other – unrated	**37,202**	3,388
	86,761	29,646

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2012

Note 14: Financial Instruments (Cont.)

(c) Credit Risk Exposure (Cont.)

	2012 $	2011 $
Loans and receivables		
Other – unrated	**1,173,954**	-
Convertible notes		
Other – unrated	-	700,000

The credit quality of financial assets that are past due but not impaired is as follows:

	2012 $	2011 $
Loans and receivables		
Other – unrated(a)	**796,620**	720,625

(a) The Company holds a fixed and floating charge over the assets of Battery Energy Power Solutions Pty Limited. The directors have reviewed and assessed the loan and it is considered to be recoverable.

(d) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash balances and holding liquid investments that could be realised to meet commitments. The Company continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details the Company's contractual liabilities.

	Less than 6 months $
2012	
Trade and other payables	**81,448**
Other financial liabilities—Options	**8,430**
Dividend payable	**541,542**
	631,420
2011	
Trade and other payables	263,000

(e) Fair Value of Financial Assets and Liabilities

The Company uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset that are not based on observable market data.

Note 14: Financial Instruments (Cont.)

(e) Fair Value of Financial Assets and Liabilities (Cont.)

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Total
	$	$	$	$
Year ending 30 June 2012				
Financial assets				
"Available-for-sale" investments				
Listed shares at market value	**934,410**	**-**	**-**	**934,410**
Unlisted shares in associated corporation	**-**	**-**	**580,000**	**580,000**
Unlisted shares in other corporations	**-**	**-**	**1,875,000**	**1,875,000**
Loans and receivables				
Secured loan to related entities	**-**	**-**	**1,970,574**	**1,970,574**
Total financial assets	**934,410**	**-**	**4,425,574**	**5,359,984**
Financial liabilities				
Options at market value	**(8,430)**	**-**	**-**	**(8,430)**
Year ending 30 June 2011				
Financial assets				
"Available-for-sale" investments				
Listed shares at market value	2,256,463	-	-	2,256,463
Unlisted shares in associated corporation	-	-	180,000	180,000
Unlisted shares in other corporations	-	-	1,875,346	1,875,346
Convertible Notes	-	-	700,000	700,000
Loans and receivables				
Secured loan to related entities	-	-	720,625	720,625
	2,256,463		3,475,971	5,732,434

Reconciliation of Level 3 fair value movements:

	2012	2011
	$	$
Balance at the beginning of the year	**3,475,971**	7,207,403
Impairment recovery	**-**	729,890
Interest income	**141,629**	68,568
Convertible notes issued	**-**	200,000
Convertible notes redeemed	**(700,000)**	-
Loans provided	**1,166,933**	-
Shares purchased	**400,000**	-
Settlement	**(58,959)**	(4,729,890)
Balance at the end of the year	**4,425,574**	3,475,971

Note 15: Segmental Information

The Company operates in Australia as an investment company.

Note 16: Related Party Information

Key management personnel

The Company has no employees and the only key management personnel of the Company are the Directors. The total income paid or payable or otherwise made available, to all key management personnel of the Company directly or indirectly from the entity or any related party include:

	2012	2011
	$	$
John D Read		
Post employment benefits – superannuation	**15,000**	**15,000**

Except as detailed above, no other amount of remuneration is paid to key management personnel in connection with the management of the affairs of the Company.

Persons holding office as Directors of CVC Private Equity Limited during the financial year were:

V R Gould
A D Beard
J D Read
E G Kaplan

Transactions with related parties

The Company pays management fees to its investment manager calculated at 2.5% of the higher of the net assets of the Company or capital raised by the Company at the end of the previous financial year. Following the completion of the equal access share buy-back at 31 December 2010 the investment manager agreed to reduce the annual management fees to a pro-rata $200,000 per annum. During the year management fees of $181,818 (2011: $181,818) were paid to CVC Managers Pty Limited. Messrs Beard and Gould were directors of CVC Managers Pty Limited during the year.

The Company received a dividend payment from Pro-Pac Packaging Limited of $164,928 during the 2011 year. Mr Kaplan was a director of Pro-Pac Packaging Limited during the year.

An amount of $250,000 was repaid to CVC Renewables Pty Limited in relation to the Battery Energy Power Solutions Pty Limited loan instalment during the financial year in accordance with a priority agreement. Messrs Beard and Gould were directors of CVC Renewables Pty Limited during the year.

Interest revenue of $75,996 (2011: $68,568) has been capitalised during the year in relation to the Battery Energy Power Solutions Pty Limited loan.

The Company made an investment of $400,000, representing 50% of the issued capital of the company of Everten Group Pty Limited as well as providing a $1,166,933 loan. Messrs Beard and Kaplan were directors of Everten Group Pty Limited during the year.

The Company received a dividend payment from Vita Life Sciences Limited of $53 during the year (2011: $53). Mr Gould was a director of Vita Life Sciences Limited during the year.

Loans to key management personnel

There were no loans to key management personnel during the year or existing at the end of the financial year.

Key management personnel holding of shares and share options

The relevant shareholding interests of key management personnel at year-end were as follows:

	No. of Shares	
	2012	2011
E G Kaplan	**67,245**	65,000
A D Beard	**228,659**	221,026

Note 17: Notes to the Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June

	2012	2011
	$	$
Cash at bank	**1,381,183**	2,974,610
Cash on deposit	**5,669,349**	2,231,951
	7,050,532	5,206,561

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

(b) Reconciliation of net profit after income tax to net cash from operations

	2012	2011
Net profit after tax	**2,114,787**	825,069
Adjustments for:		
Recovery of loan impairment	**(1,495,170)**	(729,890)
Net gain on sale of equity investments	**(902,991)**	(99,999)
Net loss on sale of equity investments	**85,087**	-
Impairment of financial assets	**6,346**	30,000
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	**(713)**	556
Increase in interest receivables	**(22,804)**	(19,362)
Increase in interest capitalised	**(83,018)**	(68,569)
Increase in GST receivables	**(497)**	(551)
Increase in dividend receivables	**(33,100)**	-
Increase in payables	**46,454**	-
Decrease in deferred tax assets and liabilities	**539,137**	283,270
Increase in sundry creditors and accruals	**21,994**	2,100
Net cash used in operating activities	**275,512**	222,624

Note 18: Contingent Liabilities

A performance fee is payable to CVC Managers Pty Limited where the Company realises individual investments and achieves a return on the total investment cost which is higher than a hurdle rate of return, being CPI plus 2%. The performance fee payable is calculated at 20% of:

- the excess of the return over the hurdle rate of return, less
- any realised losses not deducted from previous gains in calculating performance fees.

No such performance fee is payable for the 2012 financial year.

Note 19: Other Information

The Company was incorporated on 23 February 1993. The Company is registered and domiciled in Australia. Its registered office and principal place of business are at Level 42, 259 George Street, Sydney, NSW 2000.

Note 20: Subsequent Events

An interim dividend of 3 cent per share amounting to $541,542 in respect of the year ended 30 June 2012 was paid on 16 July 2012 of which $368,355 was reinvested under the Dividend Reinvestment Plan.

Other than as set out above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

CVC Private Equity Limited

Directors' Declaration

In accordance with a resolution of the directors of CVC Private Equity Limited, we state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) that the financial statements are founded on a sound system of risk management and internal compliance and control which is operating efficiently and effectively in all material respects.

Signed in accordance with a resolution of the Board of Directors.

Dated at Sydney 5 September 2012.

Elliott Kaplan
Director

Alexander Beard
Director

Russell Bedford
New South Wales

Level 42, Suncorp Place
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5 September 2012

The Board of Directors
CVC Private Equity Limited
Level 42, 259 George Street
SYDNEY NSW 2000

Dear Members of the Board,

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF CVC PRIVATE EQUITY LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there has been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully,

RUSSELL BEDFORD NSW
Chartered Accountants

GREGORY C. RALPH, M.Com., F.C.A.
Partner

Russell Bedford
New South Wales

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CVC PRIVATE EQUITY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of CVC Private Equity Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matters Relating to Electronic Publication of the Audited Financial Report

This audit report relates to the financial report of CVC Private Equity Limited for the year ended 30 June 2012 included on the website of CVC Private Equity Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. In addition to our audit of the financial statements we were engaged to undertake services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

(a) the financial report of CVC Private Equity Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of it's performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

RUSSELL BEDFORD NSW
Chartered Accountants

GREGORY C RALPH, M.COM,FCA
Partner

Dated this 5th day of September 2012
Sydney