



**CVC
Private Equity**

Half Year Financial Report

**CVC Private Equity Limited
ACN 059 092 198**

For the half-year ended 31 December 2011

Company Particulars

REGISTERED OFFICE:

Level 42
259 George Street
SYDNEY NSW 2000
Tel: (02) 9087 8000
Fax: (02) 9087 8088

DIRECTORS:

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

SECRETARIES:

Alexander D H Beard
John A Hunter

BANKERS:

Westpac Banking Corporation
Suncorp-Metway Limited
Bank of Western Australia Ltd (Bankwest)

AUDITORS:

Russell Bedford NSW
Level 42, Suncorp Place
259 George Street
SYDNEY NSW 2000
Tel: (02) 9032 3000
Fax: (02) 9032 3088

SHARE REGISTRY:

Gould Ralph Pty Limited
Level 42, Suncorp Place
259 George Street
SYDNEY NSW 2000
Tel: (02) 9032 3000
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Directors' Report

The Directors present their report together with the financial report for CVC Private Equity Limited ("the Company") for the half year ended 31 December 2011 and the independent review report thereon.

Directors

The Directors in office throughout the period and to the date of this report are:

- Vanda Russell Gould (Chairman)
- Elliott Kaplan (Managing Director)
- Alexander Beard
- John Read

Principal activities

The principal activity of the company is 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.

Review and results of operations

The result of operations for the half-year ended 31 December 2011 was a profit after tax of \$1,822,066 after tax (2010: profit after tax of \$311,686).

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

Dividends

A fully franked dividend of 2.5 cents per share was paid to share holders on 4 November 2011 for the year ended 30 June 2011 amounting to \$454,627. Since the end of the period, the directors have determined to pay an interim dividend in respect of the year ended 30 June 2012 of 3.0 cents per share, partially franked to 5%, payable on 30 March 2012. The Dividend Reinvestment Plan will be in operation, allowing shareholders to reinvest their dividends for shares at a 2.5% discount to the Net Asset Value per share at 31 January 2012. The Net Asset value per share at 3 January 2012 was 74.33 cents, and accordingly shareholders are entitled to purchase shares at 72.47 cents.

Events subsequent to balance date

Since the end of the period, the directors have determined to pay an interim dividend in respect of the year ended 30 June 2012 of 3.0 cents per share, partially franked to 5%, payable on 30 March 2012.

There are no matters or circumstances that have arisen since the end of the financial period 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 financial periods subsequent to 31 December 2011.

Auditors' independence declaration

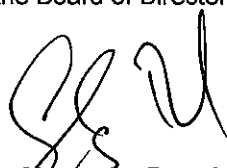
A copy of the independence declaration given to the Directors by the auditor for the review undertaken by Russell Bedford NSW is included on page 9.

Dated at Sydney this 28th day of February 2012.

This report is made in accordance with a resolution of the Board of Directors.



Elliott Kaplan
Director


Alexander Beard
Director

CVC Private Equity Limited
Condensed Statement of Comprehensive Income
For the Half Year Ended 31 December 2011

	Notes	31 Dec 2011 \$	31 Dec 2010 \$
INCOME			
Interest received		272,765	163,295
Dividend revenue		-	81,273
Impairment recovery of loans		-	407,178
Impairment recovery of equity investments		1,495,170	-
Net gain on sale of equity investments		603,715	-
Other income		12,500	-
Total income		<u>2,384,150</u>	<u>651,746</u>
EXPENSES			
Audit, legal and accountancy		30,754	129,625
Directors fees		7,500	7,500
Management and consultancy		99,091	90,909
Other expenses		11,062	13,278
Profit before income tax		<u>2,235,743</u>	<u>410,434</u>
Income tax expense		413,677	98,748
Profit after income tax		<u>1,822,066</u>	<u>311,686</u>
Earnings per share			
Basic and diluted earnings per share (cents)	7	<u>9.93</u>	<u>1.55</u>
Dividends paid during the half-year per share (cents)		<u>2.5</u>	<u>-</u>
Other comprehensive income			
Movements in fair values of "available-for-sale" financial assets recognised directly in equity		3,091	(182,914)
Amounts transferred from other reserves to gain on sale of equity investments		(434,503)	-
Income tax on items taken directly to or from equity		129,423	54,874
Other comprehensive income for the period, net of tax		<u>(301,989)</u>	<u>(128,040)</u>
Total comprehensive income for the period		<u>1,520,077</u>	<u>183,646</u>

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

CVC Private Equity Limited

Condensed Statement of Financial Position

As at 31 December 2011

	Notes	31 Dec 2011 \$	30 June 2011 \$
CURRENT ASSETS			
Cash and cash equivalents		8,297,784	5,206,561
Trade and other receivables		64,874	29,646
Financial assets – “available-for-sale”		700,000	2,943,667
Loans and receivables		757,878	-
Total current assets		<u>9,820,536</u>	<u>8,179,874</u>
NON CURRENT ASSETS			
Financial assets – “available-for-sale”		2,514,514	1,888,142
Investments accounted for using the equity method		180,000	180,000
Loans and receivables		-	720,625
Deferred tax assets		1,352,551	1,625,077
Total non current assets		<u>4,047,065</u>	<u>4,413,844</u>
TOTAL ASSETS		<u>13,867,601</u>	<u>12,593,718</u>
CURRENT LIABILITIES			
Trade and other payables		14,573	263,000
Other financial liabilities		70,350	-
Total current liabilities		<u>84,923</u>	<u>263,000</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		18,512	6,784
Total non-current liabilities		<u>18,512</u>	<u>6,784</u>
TOTAL LIABILITIES		<u>103,435</u>	<u>269,784</u>
NET ASSETS		<u>13,764,166</u>	<u>12,323,934</u>
EQUITY			
Contributed equity	5	18,241,665	17,866,883
Accumulated losses		(4,479,160)	(5,846,599)
Market revaluation reserve	6	1,661	303,650
TOTAL EQUITY		<u>13,764,166</u>	<u>12,323,934</u>

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

CVC Private Equity Limited

Condensed Statement of Changes in Equity For the Half Year Ended 31 December 2011

	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 period	-	1,822,066	-	1,822,066
Other comprehensive income	-	-	(301,989)	(301,989)
Total comprehensive income for the period	-	1,822,066	(301,989)	1,520,077
Shares issued	374,782	-	-	374,782
Dividend Paid	-	(454,627)	-	(454,627)
At 31 December 2011	18,241,665	(4,479,160)	1,661	13,764,166

	Contributed equity \$	Accumulated losses \$	Other reserves \$	Total \$
At 1 July 2010	18,983,385	(6,671,668)	693,024	13,004,741
Profit for the period	-	311,686	-	311,686
Other comprehensive income	-	-	(128,040)	(128,040)
Total comprehensive income for the period	-	311,686	(128,040)	183,646
At 31 December 2010	18,983,385	(6,359,982)	564,984	13,188,387

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

CVC Private Equity Limited

Condensed Statement of Cash Flows For the Half Year Ended 31 December 2011

	31 Dec 2011	31 Dec 2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments in the course of operations	(144,152)	(156,130)
Cash receipts in the course of operations	13,682	407,178
Interest received	196,420	121,713
Dividend received	-	81,273
Net cash from operating activities	65,950	454,034
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans repaid	(250,000)	3,946,407
Payments for equity investments	(684,901)	(281,273)
Proceeds on disposal of equity investments	4,040,020	-
Net cash from investing activities	3,105,119	3,665,134
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(79,846)	-
Net cash used in financing activities	(79,846)	-
Net increase in cash and cash equivalents	3,091,223	4,119,168
Cash at the beginning of the half-year	5,206,561	1,385,928
CASH AT THE END OF THE HALF-YEAR	8,297,784	5,505,096

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

CVC Private Equity Limited

Notes to the Financial Statements For the Half Year Ended 31 December 2011

Note 1: Basis of preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except as noted below.

(a) 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 value 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.

Note 2: Contingent liabilities

As at 31 December 2011, the Company had written put options against shares listed on the ASX. If exercised, the cost of the underlying shares would be \$1.85 million, of which a premium of \$72,475 has been received. The fair value of the options at the end of the period is \$70,350 which is included in other financial liabilities of the Statement of Financial Position.

There have been no other material changes to the contingent liabilities as disclosed in the 30 June 2011 financial report.

Note 3: Segment information

The company operates in Australia as an investment company.

Note 4: Subsequent events

Since the end of the period, the directors have determined to pay an interim dividend in respect of the year ended 30 June 2012 of 3.0 cents per share, partially franked to 5%, payable on 30 March 2012.

There are no matters or circumstances that have arisen since the end of the financial period 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 financial periods subsequent to 31 December 2011.

CVC Private Equity Limited

Notes to the Financial Statements For the Half Year Ended 31 December 2011

Note 5: Contributed equity

	31 Dec 2011		31 Dec 2010	
	Number	\$	Number	\$
Fully paid ordinary shares				
Balance at the beginning of the half-year	18,185,108	17,866,883	20,100,703	18,983,385
Shares issued under DRP at 72.4 cents per share	517,684	374,782	-	-
Balance at the end of the half-year	<u>18,702,792</u>	<u>18,241,665</u>	<u>20,100,703</u>	<u>18,983,385</u>

Note 6: Market revaluation reserve

	31 Dec 2011	31 Dec 2010
	\$	\$
At the beginning of the half-year	303,650	693,024
Increase/(decrease) in fair value of investments	3,091	(182,914)
Amounts transferred from other reserves to gain on sale of equity investments	(434,503)	-
Income tax on items taken directly to or from equity	129,423	54,874
At the end of the half-year	<u>1,661</u>	<u>564,984</u>

Note 7: Earnings per share

Basic and diluted earnings per share (cents)	<u>9.93</u>	<u>1.55</u>
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Amounts used in calculation of basic and diluted earnings per share:

Net profit attributable to shareholders	1,822,066	311,686
Weighted average number of shares on issue	<u>18,345,478</u>	<u>20,100,703</u>

Basic and diluted earnings per share amounts are calculated by dividing net profit for the year attributable to shareholders by the weighted average number of ordinary shares on issue during the year.

Note 8: Dividend

A fully franked dividend of 2.5 cents per share was paid to shareholders on 4 November 2011 for the year ended 30 June 2011. 517,684 ordinary shares have been issued to shareholders at 72.4 cents per share under Dividend Reinvestment Plan (DRP).

CVC Private Equity Limited

Directors' Declaration

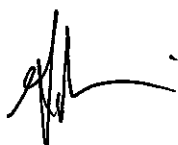
In the Directors' opinion:

- a) the financial statements and notes, set out on pages 2 to 7, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the financial position of the Company as at 31 December 2011 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

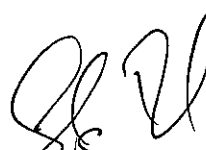
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated at Sydney this 28th day of February 2012.



Elliott Kaplan
Director



Alexander Beard
Director



Russell Bedford
New South Wales

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Sydney NSW 2000
Australia

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

**LEAD 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 half year ended 31 December 2011 there have been:

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

RUSSELL BEDFORD NSW
Chartered Accountants

A handwritten signature in black ink, appearing to read "Gregory C Ralph", written over a horizontal line.

GREGORY C RALPH M.Com., F.C.A.
Partner
Sydney, 28 February 2012





Russell Bedford
New South Wales

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To the members of CVC Private Equity Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CVC Private Equity Limited which comprises the condensed statement of financial position as at 31 December 2011, the condensed Statement of Comprehensive Income, condensed statement of changes in equity, condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration

Directors' Responsibility for the Half-Year Financial Report

The directors of the CVC Private Equity Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CVC Private Equity Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

Matters Relating to Electronic Publication of the Reviewed Financial Report

This review report relates to the financial report of CVC Private Equity Limited for the half year period ended 31 December 2011 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 reviewed financial report to confirm the information contained in this website version of the financial report.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CVC Private Equity Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RUSSELL BEDFORD NSW
Chartered Accountants



GREGORY C RALPH M.Com., F.C.A.
Partner
Sydney, 28 February 2012