

CVC PRIVATE EQUITY LIMITED

ACN 059 092 198

2015 Annual Report

The financial report was authorised for issue by the Directors on 29 September 2015.
The Company has the power to amend and reissue the financial report.

CVC Private Equity Limited

Company Particulars

REGISTERED OFFICE:

Level 6
1 Alfred Street
SYDNEY NSW 2000

DIRECTORS:

Alexander D H Beard
Elliott G Kaplan
John D Read
Vanda R Gould (Resigned 23 March 2015)

SECRETARIES:

Alexander D H Beard
John A H Hunter
Michal J Bower

BANKERS:

Westpac Banking Corporation Limited
Bank of Western Australia Limited

SOLICITORS:

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

AUDITORS:

HLB Mann Judd
Chartered Accountants
Level 19
207 Kent Street
Sydney NSW 2000

SHARE REGISTRY:

RB NSW Pty Limited
(Formerly Gould Ralph Pty Limited)
Level 29
259 George Street
SYDNEY NSW 2000

DOMICILE:

Australia

CVC Private Equity Limited

Directors' Report

For the Year Ended 30 June 2015

The Directors present their report together with the financial report of the Company for the year ended 30 June 2015 and the Auditors' Report thereon.

Directors

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

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 a non-executive director of Pro-Pac Packaging Limited and Cellnet Group Limited and formerly a non-executive director of Grays Ecommerce Group Limited (formerly Mnemon Limited) and Dolomatrix 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 and non-executive director of Cellnet Group Limited and managing director and Chief Executive Officer of CVC Limited and formerly a non-executive director of Grays Ecommerce Group Limited (formerly Mnemon Limited), Villa World Limited and Lonestar Resources Limited. 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 a non-executive director of CVC Limited and formerly a non-executive director of The Environmental Group Limited. Mr Read is Chairman of the Audit Committee of the Company.

Vanda Russell Gould B. Com. (UNSW) M. Com. (UNSW) FCA FCPA FAIM (Resigned 23 March 2015)

Fellow of the Institute of Chartered Accountants in Australia. He is Chairman of Vita Life Sciences Limited and Cyclopharm Limited and is a former Chairman of CVC Limited.

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 as holding senior finance roles in various other public and private companies.

Michael John Bower B.Sc. (Hons.) (Dunelm.), CA

Mr Bower has 25 years' experience in various senior financial roles, including in listed and pre-IPO companies, and roles in Australia, the United Kingdom and New Zealand.

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

CVC Private Equity Limited

Directors' Report

For the Year Ended 30 June 2015

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	2	2

Audit Committee meetings

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

Director's benefits

Information on Directors' remuneration is included in the remuneration report in the financial statement.

Director's 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 the remuneration report.

Principal activities

Investment in Australian listed companies and Australian unlisted businesses whose value can be increased by the provision of additional capital, appropriate management or general assistance and strategic direction.

Operating results

The Company recorded an after tax profit of \$857,995 (2014: \$6,678,970).

Dividends

A fully franked interim dividend of 4 cents per share amounting to \$738,970 in respect of the period ended 31 December 2014 was declared on 23 February 2015 and paid on 13 April 2015.

A fully franked final dividend of 5 cents per share amounting to \$923,712 in respect of the financial year ended 30 June 2014 was declared on 30 September 2014 and paid on 13 October 2014.

Review of Operations

During the financial year the following significant events occurred and transactions were entered into:

- The Company undertook an equal access share buy-back on 31 July 2014 which resulted in 608,253 shares being bought back.
- Green's Foods Holdings Pty Limited undertook a capital reduction resulting in a \$130,000 (2014: \$2,150,001) return of capital to the Company. A dividend of \$602,974 was received from Green's Food during the financial year.
- Ron Finemore Transport Pty Limited ("RFT") bought back \$1.6 million worth of shares from the Company.

CVC Private Equity Limited

Directors' Report

For the Year Ended 30 June 2015

Shares under option

At the date of this report, there were 3,150,000 share options over unissued shares exercisable at \$0.65 on or before 15 January 2016. Details of the options are disclosed in note 19.4 of the financial report. The options held by key management personnel of the Company directly or indirectly at year-end were as follows:

	Grant Date	Balance at start of the year	Options issued	Balance at the end of the year	Vested
ADH Beard	16 Jan 2013	1,200,000	-	1,200,000	1,200,000
EG Kaplan	16 Jan 2013	1,200,000	-	1,200,000	1,200,000
JA Hunter	16 Jan 2013	250,000	-	250,000	250,000
MJ Bower	16 Jan 2013	250,000	-	250,000	250,000
		<u>2,900,000</u>	<u>-</u>	<u>2,900,000</u>	<u>2,900,000</u>

Remuneration Report

This report sets out remuneration information for the key management personnel of the Company.

(a) Key management personnel

The Company has no employees and the only key management personnel of the Company are the Directors and company secretaries. 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:

	Post employment benefits – superannuation	Total
	\$	\$
2015		
John D Read	<u>15,000</u>	<u>15,000</u>
2014		
John D Read	<u>15,000</u>	<u>15,000</u>

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.

(b) Key management personnel holding of shares

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

	No. of Shares	
	2015	2014
E G Kaplan	123,751	123,751
A D Beard	247,946	247,946

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.

CVC Private Equity Limited

Directors' Report

For the Year Ended 30 June 2015

Likely developments and future expectations

In November shareholders will be provided with the opportunity to consider a proposed restructuring of the Company from a private equity investor to a property funding investor and to vote on a number of resolutions in relation there to.

Events subsequent to reporting date

Everten Group Pty Limited paid \$304,879 on 6 July 2015 and fully repaid its loan.

The Company received a dividend of \$800,000 from Green's Foods Holdings Pty Limited on 28 July 2015.

Ron Finemore Transport Pty Limited bought back all outstanding shares held by the Company for total proceeds of \$3,770,716 on 14 August 2015.

Subsequent to the financial year end, the Board has resolved to provide shareholders with the opportunity to consider a proposed restructuring of the Company from a private equity investor to a property funding investor and to vote on a number of resolutions in relation there to.

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.

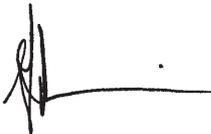
Insurance premiums have been paid in respect of director's and officer's liability and legal expense insurance for directors and officers of the Company. In accordance with subsection 300(9) of the Corporations Act 2001 further details have not been disclosed due to confidentiality provisions contained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

Auditor independence and non-audit services

The Company appointed HLB Mann Judd NSW as the auditors for the 2015 financial year. During the financial year, HLB Mann Judd did not provide non-audit services to the Company. A copy of the Independence Declaration is included on page 31. Further information on Auditors' Remuneration is included in note 2.

Signed in accordance with a resolution of Directors.

Dated at Sydney 29 September 2015



Elliott Kaplan
Director



Alexander Beard
Director

CVC Private Equity Limited

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2015

	Notes	2015 \$	2014 Restated* \$
INCOME			
Dividends received		783,301	4,084,182
Interest income		299,252	216,181
Net gain on sale of equity investments		25,818	5,820,575
Impairment recovery		338,215	284,891
Finance income		880,967	-
Other income		10,125	10,416
Total income		2,337,678	10,416,245
Share of net profit of associate accounted for using the equity method		-	217,431
EXPENSES			
Accounting fees		33,617	19,036
Audit fees	2	38,000	28,031
Legal fees		5,895	20,616
Directors fees	19	15,000	15,000
Finance cost		-	2,221,673
Management fees		181,818	181,818
Impairment of financial assets		1,489,199	325,354
Share based payment		6,306	6,306
Other expenses		28,238	17,669
Total expenses		1,798,073	2,835,503
Profit before income tax		539,605	7,798,173
Income tax profit/(expense)	3	318,390	(1,119,203)
Net profit after tax		857,995	6,678,970
Basic earnings per share (cents)	12	4.63	35.00
Diluted earnings per share (cents)	12	4.37	33.37
Other comprehensive income			
Movements in fair values of financial investments directly in equity		(339,115)	563,556
Amount transferred from other reserves to other comprehensive income on sale		(126,991)	-
Income tax on items taken directly from equity		139,832	(169,067)
Other comprehensive (loss)/ income for the year, net of tax		(326,274)	394,489
Total comprehensive income for the year		531,721	7,073,459

*See note 23 for details regarding the restatement of the 2014 financial statement.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 9 to 30.

CVC Private Equity Limited

Statement of Financial Position As at 30 June 2015

	Notes	2015 \$	2014 Restated* \$
CURRENT ASSETS			
Cash and cash equivalents	5	7,447,664	10,945,927
Trade and other receivables	6	3,212,571	44,407
Loans and receivables	10	304,879	304,879
Financial assets – “available-for-sale”	7	1,530,800	-
Financial assets – “at fair value through profit or loss”	8	482,700	-
Current tax assets	3	306,906	-
Total current assets		13,285,520	11,295,213
NON-CURRENT ASSETS			
Financial assets – “available-for-sale”	7	5,081,091	4,890,817
Trade and other receivables	6	-	3,829,190
Deferred tax assets	3	1,268,329	1,063,577
Total non-current assets		6,349,420	9,783,584
TOTAL ASSETS		19,634,940	21,078,797
CURRENT LIABILITIES			
Trade and other payables	11	561,532	74,472
Total current liabilities		561,532	74,472
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3	787,905	1,041,374
Total non-current liabilities		787,905	1,041,374
TOTAL LIABILITIES		1,349,437	1,115,846
NET ASSETS		18,285,503	19,962,951
EQUITY			
Contributed equity	13	18,001,875	18,554,668
Retained earnings	14	(5,483,508)	(5,483,508)
Profit distribution reserve	15	5,683,458	6,488,145
Other reserves	16	83,678	403,646
TOTAL EQUITY		18,285,503	19,962,951

*See note 23 for details regarding the restatement of the 2014 financial statement.

The above statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 9 to 30.

CVC Private Equity Limited

Statement of Changes in Equity For the Year Ended 30 June 2015

	Contributed equity \$	Retained earnings \$	Profit distribution reserve \$	Other reserves \$	Total \$
At 1 July 2014	18,554,668	(5,483,508)	6,488,145	403,646	19,962,951
Profit for the year	-	857,995	-	-	857,995
Other comprehensive loss	-	-	-	(326,274)	(326,274)
Total comprehensive income/(loss) for the year	-	857,995	-	(326,274)	531,721
Transactions with shareholders:					
Share buy-back	(547,428)	-	-	-	(547,428)
Transaction costs of share buy-back	(5,365)	-	-	-	(5,365)
Dividend provided or paid	-	-	(1,662,682)	-	(1,662,682)
Transfers (to)/from reserve	-	(857,995)	857,995	-	-
Share based payment	-	-	-	6,306	6,306
At 30 June 2015	18,001,875	(5,483,508)	5,683,458	83,678	18,285,503
At 1 July 2013	18,554,668	(5,483,508)	-	2,851	13,074,011
Profit for the year	-	6,678,970	-	-	6,678,970
Other comprehensive income	-	-	-	394,489	394,489
Total comprehensive income for the year	-	6,678,970	-	394,489	7,073,459
Transactions with shareholders:					
Dividend provided or paid	-	-	(190,825)	-	(190,825)
Transfers (to)/from reserve	-	(6,678,970)	6,678,970	-	-
Share based payment	-	-	-	6,306	6,306
At 30 June 2014	18,554,668	(5,483,508)	6,488,145	403,646	19,962,951

The above statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 9 to 30.

CVC Private Equity Limited

Statement of Cash Flows

For the Year Ended 30 June 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Cash receipts in the course of operations		10,125	8,750
Cash payments in the course of operations		(318,860)	(1,284,079)
Payment for financial assets at fair value through profit and loss		(491,693)	-
Proceeds from disposal of financial assets at fair value through profit and loss		5,903	-
Interest received		306,255	101,396
Dividends received		2,027,058	4,089,182
Income tax (paid)/refund		(306,905)	3,952
Net cash provided by operating activities	5(b)	1,231,883	2,919,201
Cash flows from investing activities			
Loan repaid		-	630,344
Payments for equity investments		(5,606,574)	(1,256,913)
Proceeds from sale of equity investments		3,091,903	6,780,019
Net cash (used in)/provided by investing activities		(2,514,671)	6,153,450
Cash flows from financing activities			
Dividends paid		(1,662,682)	(190,825)
Payments for share buy back		(547,428)	-
Transaction costs of share buy back		(5,365)	-
Net cash used in financing activities		(2,215,475)	(190,825)
Net (decrease)/increase in cash held		(3,498,263)	8,881,826
Cash and cash equivalents at the beginning of the financial year		10,945,927	2,064,101
Cash and cash equivalents at the end of the financial year	5(a)	7,447,664	10,945,927

The above statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 9 to 30.

CVC Private Equity Limited

Notes to the Financial Statements For the Year Ended 30 June 2015

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.

Some of the amounts reported for the previous period have been adjusted to restate the 2014 financial statement. Detail information about these adjustments can be found in Note 23.

Related Party Disclosures:

The Company notes the decision in *Hua Wang Bank Berhad v Commissioner of Taxation* [2014] FCA 1392 which was handed down on 19 December 2014 and that this decision is under appeal. If the trial judge's key findings are upheld on appeal, it may change the Company's assessment of which entities are related parties or associates of related parties and the shares in the Company in which they have a relevant interest and, as a result, change the disclosures of relevant interests in shares held by certain key management personnel contained in the Director's Report for the year ended 30 June 2015 and possibly prior years. The Company has undertaken procedures to confirm the current disclosures, which has not identified any required changes to the disclosure of the relevant interests of key management personnel.

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).

The Company has adopted the following standards and amendments for the first time for the annual reporting period commencing 1 July 2014:

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities which exempts ‘investment entities’ from consolidating controlled investees. Investment entities would account for controlled entities at fair value through profit or loss, except for subsidiaries that provide services which will continue to be consolidated. The Company obtains funds from different shareholders, invests funds solely for returns from capital appreciation and investment income and values all of its investments on a fair value basis. Hence, the Company concluded that it is an investment entity. Application of the standard does not have a significant impact on the financial statements.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities which clarifies when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet. Application of the standard does not have a significant impact on the financial statements.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets which introduces additional disclosure requirements where the recoverable amount of impaired assets is based on fair value less cost of disposal. Application of the standard does not have a significant impact on the financial statements.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 1: Statement of Accounting Policies (Cont.)

b) Statement of Compliance(Cont.)

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period:

AASB 9 *Financial Instruments* was released in late 2009 and is mandatory for periods beginning on or after 1 January 2018. The Standard 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 15 *Revenue from contracts with customers* was released in December 2014 and is mandatory for periods beginning on or after 1 January 2017. The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. 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 a contract of sale becomes unconditional. 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.

e) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and 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

Trade and other receivables, which generally have 3 - 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, with any difference between cost and recoverable value being recognised in net income over the period on an effective interest basis.

An allowance for doubtful debts 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.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 1: Statement of Accounting Policies (Cont.)

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, in case of investments not at fair value through profit or loss, 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 profit or loss and other comprehensive income – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as "available-for-sale" are not reversed through the statement of profit or loss and other comprehensive income.

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 profit or loss and other 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.

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.

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 profit or loss and other 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 profit or loss and other 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.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 1: Statement of Accounting Policies (Cont.)

g) Investments and Other Financial Assets (Cont.)

“At fair value through profit or loss”

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. After initial recognition “at fair value through profit or loss” assets are measured at fair value with gains or losses being recognised in the statement of financial performance.

The fair value of investments 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.

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 credits and tax losses 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.

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.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 1: Statement of Accounting Policies (Cont.)

j) 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.

k) Share-based Payments

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted, and amortised over the term of the plan.

l) Profit distribution reserve

Profits transferred to the profit distribution reserve are segregated to facilitate potential future dividend payments that may be declared by the directors.

Note 2: Auditor's Remuneration

The auditor of the Company is HLB Mann Judd NSW Partnership.

	2015 \$	2014 \$
<i>Amounts received or due and receivable by the auditors for:</i>		
Audit and review of financial report		
HLB Mann Judd NSW Partnership	38,000	14,000
Russell Bedford NSW	-	14,031
	<u>38,000</u>	<u>28,031</u>
<i>Amounts received or due and receivable by an associate of Russell Bedford NSW for (a):</i>		
Share registry services	-	12,661
Taxation services	-	6,375
	<u>-</u>	<u>19,036</u>

(a) Russell Bedford NSW was removed as the auditor of the Company effective from 17 July 2014.

Note 3: Income Tax

(a) Income tax expense

Accounting profit before income tax	539,605	7,798,173
Income tax expense at the statutory income tax rate of 30%	161,882	2,339,452
Adjustment to income tax benefit due to:		
- Franked dividends received	(482,164)	(1,224,505)
- Non-deductible items	1,892	1,892
Income tax (benefit)/expense on profit for the year	(318,390)	1,116,839
Adjustments in respect of current income tax of previous years	-	2,364
Income tax (benefit)/expense	<u>(318,390)</u>	<u>1,119,203</u>

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

	2015	2014
	\$	\$

Note 3: Income Tax (Cont.)

(a) Income tax expense (Cont.)

The major components of income tax expense are:

- Deferred income tax	(318,390)	1,116,839
- Adjustments in respect of current income tax of previous years	-	2,364
	(318,390)	1,119,203
	139,832	169,067

Income tax (benefit)/expense reported in the statement of profit or loss and other comprehensive income

(b) Deferred income tax

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

	2015	2015	Total	2014	2014	Total
	Included in	Included in	Total	Included in	Included in	Total
	income	equity	Total	income	equity	Total
	\$	\$	\$	\$	\$	\$
Deferred tax assets						
Provisions and accrued expenses	10,620	-	10,620	8,970	-	8,970
Impairment expenses	511,523	-	511,523	166,228	-	166,228
Tax losses	554,473	-	554,473	632,478	-	632,478
Other	191,713	-	191,713	255,901	-	255,901
	1,268,329	-	1,268,329	1,063,577	-	1,063,577
	1,268,329	-	1,268,329	1,063,577	-	1,063,577
Deferred tax liabilities						
Other	758,670	29,235	787,905	882,361	169,067	1,051,428
	758,670	29,235	787,905	882,361	169,067	1,051,428
	758,670	29,235	787,905	882,361	169,067	1,051,428

(c) Current Tax Assets

	2015	2014
	\$	\$
<i>Income tax receivable</i>		
Balance at the end of the year	306,906	-

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 4: Dividends

A fully franked interim dividend of 4 cents per share amounting to \$738,970 in respect of the period ended 31 December 2014 was declared on 23 February 2015 and paid on 13 April 2015.

A fully franked final dividend of 5 cents per share amounting to \$923,712 in respect of the financial year ended 30 June 2014 was declared on 30 September 2014 and paid on 13 October 2014.

	2014 \$	2014 \$
Dividend franking account: Franking credits available to shareholders for subsequent financial years	<u>1,729,839</u>	<u>1,753,614</u>

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 refund of overpaid tax instalments paid;
- (c) franking debits that will arise from the payment of dividends recognised as a liability at year end;
- (d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- (e) 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: 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 the end of the financial year:

Cash at bank	1,022,014	1,597,362
Cash on deposit	6,425,650	9,348,565
	<u>7,447,664</u>	<u>10,945,927</u>

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.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 5: Notes to the Statement of Cash Flows (Cont.)

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

	2015	2014
	\$	\$
Net profit after tax	857,995	6,678,970
<i>Adjustments for:</i>		
Recovery of equity investment impairment	(338,215)	(284,891)
Net gain on sale of equity investments	(25,818)	(5,820,575)
Impairment of financial assets	1,489,199	325,354
Share of equity accounted (profits)/losses	-	(217,431)
Non-cash finance cost	-	1,170,810
Non-cash employee share based payment	6,306	6,306
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in other assets	(1,484)	127
Decrease/(increase) in interest receivables	7,003	(23,704)
Increase in interest capitalised	-	(91,080)
Decrease/(increase) in GST	2,718	(4,913)
Decrease in dividend receivables	362,790	5,000
(Decrease)/increase in payables	(15,922)	37,470
(Decrease)/increase in deferred tax assets and liabilities	(318,389)	1,119,203
(Decrease)/increase in sundry creditors and accruals	(1,604)	14,603
Decrease in tax receivable	(306,906)	3,952
Increase in financial assets at fair value through profit or loss	(485,790)	-
	1,231,883	2,919,201
	1,231,883	2,919,201

Note 6: Trade and Other Receivables

Current:

Interest receivable	26,510	33,513
Goods and services tax	4,208	6,925
Dividends receivable	12,900	-
Prepayments	5,453	3,969
Other receivables(a)	3,163,500	-
	3,212,571	44,407
	3,212,571	44,407

Non-Current:

Other receivables (a)	-	3,829,190
	-	3,829,190
	-	3,829,190

(a) Other receivables:

On 13 June 2014, The Company entered into an agreement with Ron Finemore Transport Pty Limited ("RFT") whereby RFT agreed to buy-back the Company's shareholding in RFT, progressively within the ensuing five years at a total consideration of \$8,949,137, increasing by approximately 8% per annum. During the financial year, the Company received a payment of \$1,600,063 (2014: \$3,949,137). The fair value of the receivable has been recognised based on a yield to maturity of 15% per annum. Subsequent to year end, RFT bought back all outstanding shares held by the Company for total proceeds of \$3,770,716 on 14 August 2015.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 7: Financial Assets – “Available for Sale”

	2015 \$	2014 \$
Current:		
Listed shares at market value (a)	<u>1,530,800</u>	<u>-</u>
Non-Current:		
Listed shares at market value (a)	3,149,291	3,740,508
Unlisted shares in other corporations (b)	<u>1,931,800</u>	<u>1,150,309</u>
	<u>5,081,091</u>	<u>4,890,817</u>

(a) 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.

(b) Unlisted shares in other corporations comprise:

Green's Foods Holdings Pty Limited

893,827 ordinary shares in Green's Foods Holdings Pty Limited at a cost of \$1,020,309 (2014: \$1,150,309) representing a 10% ownership in the ordinary shares of that company.

OurCrowd Portfolio

During the financial year the Company invested US\$700,025 (2014: \$nil) in a portfolio of 15 investments through OurCrowd, an equity-based crowdfunding platform, built exclusively for a select group of accredited investors to provide venture capital funding for global venture capital start-ups. The investment was valued at cost at an exchange rate of 0.7680 at 30 June 2015, which was equivalent to AU\$911,491 as at 30 June 2015.

Note 8: Financial Assets – “At fair value through profit or loss”

	2015 \$	2014 \$
Current:		
Listed shares at market value	<u>482,700</u>	<u>-</u>

Note 9: Investments Accounted for Using the Equity Method

	Ownership Interest		Investment Carrying Amount	
	2015 %	2014 %	2015 \$	2014 \$
Interest in ordinary shares of associate				
Battery Energy Power Solutions Pty Limited (a)	-	-	-	-
Everten Group Pty Limited (b)	-	-	<u>-</u>	<u>-</u>

(a) The Company realised its investment in Battery Energy Power Solutions Pty Limited on 31 March 2014. The amount disclosed related to the period to 31 March 2014.

(b) The Company realised its investment in Everten Group Pty Limited on 30 June 2014.

CVC Private Equity Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2015

Note 9: 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 Limited		Everten Group Pty Limited	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Summarised statement of comprehensive income				
Revenue	-	8,625	-	5,266
Net profit/(loss)	-	1,181	-	(27)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	1,181	-	(27)
Dividends received	-	12	-	-

Note 10: Loans and Receivables

	2015 \$	2014 \$
Current:		
Secured loans to other corporation	609,758	609,758
Impairment of secured loans to other corporation	(304,879)	(304,879)
	<u>304,879</u>	<u>304,879</u>

When an entity does not pay a scheduled payment of principal and interest or management consider that there is evidence that an amount may not be recoverable then a review is conducted to determine if the loan is considered to be impaired. The carrying value of the loan to the other corporation has been determined in accordance with the repayment terms of the loan. On 6 July 2015 Everten Group Pty Limited fully repaid its loan of \$304,879.

Movements in the provision for impairment loss were as follows:

Carrying amount at the beginning of the year	304,879	-
Charge for the year	-	304,879
Carrying amount at the end of the year	<u>304,879</u>	<u>304,879</u>

Further details of loans are set out in note 17.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

	2015	2014
	\$	\$
Note 11: Trade and Other Payables		
Current:		
Sundry creditors and accruals	561,532	74,472

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

Note 12: Earnings per share

	Cents	Cents
Basic earnings per share	4.63	35.00
Diluted earnings per share	4.37	33.37
	\$	\$
Net profit attributable to shareholders used in calculation of basic and diluted earnings per share	857,995	6,678,970
	Number	Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	18,532,575	19,082,502
Adjustments for calculation of diluted earnings per share:		
Options*	1,081,818	930,000
Weighted average number of shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	19,614,393	20,012,502

**Options*

Options granted to employees under the Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

CVC Private Equity Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2015

Note 13: Contributed Equity

	2015		2014	
	Number of shares	\$	Number of shares	\$
Issued and paid up share capital:				
Ordinary shares fully paid	<u>18,474,249</u>	<u>18,001,875</u>	<u>19,082,502</u>	<u>18,554,668</u>
Ordinary shares:				
Balance at the beginning of the year	19,082,502	18,554,668	19,082,502	18,554,668
Share buy back	(608,253)	(547,428)	-	-
Transaction costs of share buy back	-	(5,365)	-	-
Balance at the end of the year	<u>18,474,249</u>	<u>18,001,875</u>	<u>19,082,502</u>	<u>18,554,668</u>

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:

	2015	2014
	\$	\$
Total equity	<u>18,285,503</u>	<u>19,962,951</u>
Net assets per share	<u>0.99</u>	<u>1.05</u>

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.

During the financial year the Company undertook an equal access share buy-back on 31 July 2014 which resulted in 608,253 shares being bought back.

A fully franked interim dividend of 4 cents per share amounting to \$738,970 in respect of the period ended 31 December 2014 was declared on 23 February 2015 and paid on 13 April 2015.

A fully franked final dividend of 5 cents per share amounting to \$923,712 in respect of the financial year ended 30 June 2014 was declared on 30 September 2014 and paid on 13 October 2014.

Note 14: Retained Earnings

Retained earnings at the beginning of the year	(5,483,508)	(5,483,508)
Net profit attributable to members	857,995	6,678,970
Transfers to profit distribution reserve	(857,995)	(6,678,970)
Retained earnings at the end of the year	<u>(5,483,508)</u>	<u>(5,483,508)</u>

CVC Private Equity Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2015

Note 15: Profit Distribution Reserve

	2015 \$	2014 \$
Profit distribution reserve at the beginning of the year	6,488,145	-
Transfers from retained earnings	857,995	6,678,970
Dividend paid	(1,662,682)	(190,825)
	<u>5,683,458</u>	<u>6,488,145</u>
Profit distribution reserve at the end of the year	<u>5,683,458</u>	<u>6,488,145</u>

Profits transferred to the profit distribution reserve are segregated to facilitate potential future dividend payments that may be declared by the directors.

Note 16: Other Reserves

	Market Value Reserve \$	Foreign Exchange Reserve \$	Share Based Payments Reserve \$	Total \$
Year ended 30 June 2015				
At the beginning of the year	394,489	-	9,157	403,646
(Decrease)/increase in fair value of investments	(403,181)	64,066	-	(339,115)
Income tax effect on (decrease)/increase in fair value of investments	120,954	(19,220)	-	101,734
Amount transferred from other reserves to other comprehensive income on sale	(126,991)	-	-	(126,991)
Income tax effect on amount transferred from other reserves to other comprehensive income on sale	38,098	-	-	38,098
Share based payments	-	-	6,306	6,306
	<u>23,369</u>	<u>44,846</u>	<u>15,463</u>	<u>83,678</u>
At the end of the year	<u>23,369</u>	<u>44,846</u>	<u>15,463</u>	<u>83,678</u>
Year ended 30 June 2014				
At the beginning of the year	-	-	2,851	2,851
Increase in fair value of investments	563,556	-	-	563,556
Income tax on items taken directly from equity	(169,067)	-	-	(169,067)
Share based payments	-	-	6,306	6,306
	<u>394,489</u>	<u>-</u>	<u>9,157</u>	<u>403,646</u>
At the end of the year	<u>394,489</u>	<u>-</u>	<u>9,157</u>	<u>403,646</u>

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.

Foreign Exchange Reserve

The foreign exchange reserve includes exchange differences arising on translation of foreign entities where their functional currency is different to the presentation currency of the Company.

Share based payments reserve

The share based payments reserve is used to record the value of share based payments for the Company provided to key management personnel.

CVC Private Equity Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2015

Note 17: Financial Instruments

The Company's activities expose it to a variety of financial risks: market risk (including market price risk and interest rate risk and currency 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, foreign exchange 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.

(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	1 to 5 years	Non- interest bearing	Total
		\$	\$	\$	\$	\$
2015						
Financial assets						
Cash and cash equivalents	5	1,022,014	6,425,650	-	-	7,447,664
Trade and other receivables	6	-	3,163,500	-	49,071	3,212,571
Loans and receivables	8	-	-	-	304,879	304,879
		<u>1,022,014</u>	<u>9,589,150</u>	<u>-</u>	<u>353,950</u>	<u>10,965,114</u>
Financial liabilities						
Trade and other payables	11	-	-	-	846,684	846,684
		<u>-</u>	<u>-</u>	<u>-</u>	<u>846,684</u>	<u>846,684</u>
2014						
Financial assets						
Cash and cash equivalents	5	1,597,362	9,348,565	-	-	10,945,927
Trade and other receivables	6	-	-	3,829,190	44,407	3,873,597
Loans and receivables	8	-	-	-	304,879	304,879
		<u>1,597,362</u>	<u>9,348,565</u>	<u>3,829,190</u>	<u>349,286</u>	<u>15,124,403</u>
Financial liabilities						
Trade and other payables	11	-	-	-	74,472	74,472
		<u>-</u>	<u>-</u>	<u>-</u>	<u>74,472</u>	<u>74,472</u>

The Company holds 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 a mix of fixed and floating rates.

CVC Private Equity Limited

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2015

Note 17: Financial Instruments (Cont.)

(a) Interest Rate Risk (Cont.)

Sensitivity

As the Company expects interest rates to stay the same during the 2015 financial year (2014: 25 basis points higher), at reporting date there would be no impact on the Company, with all other variables held constant. The impact for the 2014 financial year would be:

	Increase of 25 bp \$
2014	
Net loss	9,381
Equity decrease	9,381

(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 net of tax would be:

	Increase of 10% \$	Decrease of 10% \$
2015		
Net profit/(loss)	33,789	(33,789)
Equity increase/(decrease)	289,995	(289,995)
	<u> </u>	<u> </u>
2014		
Net profit/(loss)	-	-
Equity increase/(decrease)	261,835	(261,835)
	<u> </u>	<u> </u>

(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.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 17: Financial Instruments (Cont.)

(c) Credit Risk Exposure (Cont.)

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

	2015 \$	2014 \$
Cash and cash equivalents – investment grade	<u>7,447,664</u>	<u>10,945,927</u>
Trade and other receivables		
Government	4,208	6,925
Other – investment grade	26,510	33,513
Other – unrated	<u>3,181,853</u>	<u>3,833,159</u>
	<u>3,212,571</u>	<u>3,873,597</u>
Loans and receivables		
Other – unrated	<u>304,879</u>	<u>304,879</u>
Current tax asset		
Government	<u>306,906</u>	<u>-</u>

(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 \$	Total \$
2015		
Trade and other payables	<u>561,532</u>	<u>561,532</u>
2014		
Trade and other payables	<u>74,472</u>	<u>74,472</u>

Notes to the Financial Statements (Continued)

For the Year Ended 30 June 2015

Note 17: Financial Instruments (Cont.)

(e) Currency Risk

Currency risk is measured using sensitivity analysis. The Company makes investments that are exposed to a decline in the values of those currencies relative to the Australia dollar. Considering the quantum of the investments in absolute terms as well as relative terms compared to the Company's total investment portfolio it is not cost-effective to hedge against foreign exchange fluctuations.

Foreign currency sensitivity

The Company is exposed to the US dollar (USD). The following table details the Company's sensitivity to a 10% change in the Australian dollar against US dollar with all other variables held constant as at reporting date. A positive number indicates an increase in net profit/equity.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historic basis and market expectations for future movement.

	Increase in AUD of 10%	Decrease in AUD of 10%
	\$	\$
USD		
2015		
Net profit/(loss)	-	-
Equity increase/(decrease)	(127,488)	86,397

(f) Fair Value of Financial Assets and Liabilities

The fair values of the financial assets and liabilities of the Company are approximately equal to their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

Judgements and estimates were made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments and non-financial assets into three levels prescribed under the accounting standards.

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.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 17: Financial Instruments (Cont.)

(f) 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 2015				
Financial assets				
“Available-for-sale” investments				
Listed shares at market value	4,680,091	-	-	4,680,091
Unlisted shares in other corporation	-	-	1,931,800	1,931,800
“Fair value through profit or loss” investments				
Listed shares at market value	482,700	-	-	482,700
Loans and receivables				
Secured loan to other corporation	-	-	304,879	304,879
Total financial assets	5,162,791	-	2,236,679	7,399,470
Year ending 30 June 2014				
Financial assets				
“Available-for-sale” investments				
Listed shares at market value	3,740,508	-	-	3,740,508
Unlisted shares in other corporation	-	-	1,150,309	1,150,309
Loans and receivables				
Secured loan to other corporation	-	-	304,879	304,879
Total financial assets	3,740,508	-	1,455,188	5,195,696

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 17: Financial Instruments (Cont.)

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

Reconciliation of Level 3 fair value movements:

	2015	2014
	\$	\$
Balance at the beginning of the year	1,455,188	8,148,480
Interest income	-	91,779
Capital reduction	(130,000)	(2,150,001)
Loans repaid	-	(631,043)
Impairment	-	(304,879)
Shares purchased	847,425	303,575
Settlement	-	(1,875,000)
Transfer out of Level 3 to Level 1	-	(2,127,723)
Gain recognised in other comprehensive income	64,066	-
Balance at the end of the year	2,236,679	1,455,188

There is no quantitative information for level 3 financial instruments. The fair value has been determined based on either acquisition cost, which is considered to be a reasonable reflection of fair value or the terms of the loan agreement.

Note 18: Segmental Information

The Company operates in Australia as an investment company.

Note 19: Related Party Information

19.1 Key management personnel

Post-employment benefits – superannuation	15,000	15,000
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Detailed remuneration disclosures are provided in the remuneration report.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 19: Related Party Information (Cont.)

19.2 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. Effective 31 December 2010 the investment manager agreed to reduce the annual management fees to a pro-rata \$181,818 per annum. During the year management fees of \$181,818 (2014: \$181,818) were paid to CVC Managers Pty Limited. Messrs Beard and Read, directors of the Company were also directors of CVC Managers Pty Limited during the year.

During the 2014 financial year, a finance charge of \$1,050,863 was paid to CVC limited. The Directors of the Company were also key management personnel of CVC Limited during the year.

During the financial year, the Company received capital return of \$130,000 (2014: \$2,150,001) from Green's Foods Holdings Pty Limited ("GFH"), no management fees were received (2014: \$10,417) during the year. Mr Beard is a director of GFH and Mr Kaplan resigned on 13 December 2013.

Everten Group Pty Limited made a payment of \$609,758 during the 2014 financial year to reduce the loan facility. The balance of the loan provided to Everten Group Pty Limited was \$304,879 (2014: \$304,879) at the year end. Further, the Company realised its investment in Everten Group Pty Limited on 30 June 2014. No interest revenue (2014: \$72,716) has been received during the year in relation to the loan. Messrs Beard and Kaplan were directors of Everten Group Pty Limited until 17 July 2014.

19.3 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.

19.4 Share-based payments to key management personnel

The Company has an Option Plan which was approved by shareholders on 26 November 2012. The exercise price which is payable in cash and life of the options will be the amount specified by Directors at the time of issue. An option not exercised at the end of the term will lapse. The maximum number of options available to be issued under the plan is 3,700,000.

Options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share of the Company.

The following is a summary of options granted under the plan.

Grant Date	Exercise Date	Exercise Price (cents)(a)	Balance at start of year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of year	Vested
<i>Year ended 30 June 2015</i>								
16 Jan 2014	15 Jan 2016	65.0	3,150,000	-	-	-	3,150,000	3,150,000
<i>Year ended 30 June 2014</i>								
16 Jan 2014	15 Jan 2016	74.0	3,150,000	-	-	-	3,150,000	3,150,000

- (a) The exercise price reduced from 74 cents to 65 cents as a result of the dividends paid by the Company during the year.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 19: Related Party Information (Cont.)

19.4 Share-based payments to key management personnel (Cont.)

Messrs Beard and Kaplan have been issued 1,200,000 options each, and Mr Hunter and Mr Bower have been issued 250,000 options each. The assessed fair value per option at grant date is allocated equally over the period from grant date to vesting date.

The fair value per option was determined by using the Black Scholes option pricing model taking into account the exercise price, the term of the option, the share price and expected volatility of the underlying share and the risk-free interest rate for the term of the option. The theoretical value of the options were calculated as being 0.6 cents per option. Further terms and conditions include:

Price of the underlying shares - 62.66 cents;
Implied volatility - 5.28%;
The exercise price is adjusted for corporate actions; and
Risk-free interest rate for the life of the options – 3.25%.

Note 20: 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 2015 financial year.

Note 21: 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 6, 1 Alfred Street, Sydney, NSW 2000.

Note 22: Subsequent Events

Everten Group Pty Limited paid \$304,879 on 6 July 2015 and fully repaid its loan.

The Company received a dividend of \$800,000 from Green's Foods Holdings Pty Limited on 28 July 2015.

Ron Finemore Transport Pty Limited bought back all outstanding shares held by the Company for total proceeds of \$3,770,716 on 14 August 2015.

Subsequent to the financial year end, the Board has resolved to provide shareholders with the opportunity to consider a proposed restructuring of the Company from a private equity investor to a property funding investor and to vote on a number of resolutions in relation there to.

CVC Private Equity Limited

Notes to the Financial Statements (Continued) For the Year Ended 30 June 2015

Note 23: Amendment to Prior Year Financial Statements

On 3 September 2015, the Company received a private ruling from the Australian Tax Office regarding the tax treatment of the Ron Finemore Transport Pty Limited share buy-back. As a consequence, the dividend received and associated tax in relation to the 30 June 2014 financial year was required to be amended.

The adjustment has been made by restating each of the affected financial statement line items for the prior period as follows:

	2014 \$	Increase/ (Decrease) \$	2014 (Restated) \$
Statement of Financial Position (extract)			
Deferred tax assets	633,273	430,304	1,063,577
Deferred tax liabilities	(1,051,428)	10,054	(1,041,374)
Net assets	<u>19,522,593</u>	<u>440,358</u>	<u>19,962,951</u>
Retained earnings	<u>564,279</u>	<u>440,358</u>	<u>1,004,637</u>
Total equity	<u>19,522,593</u>	<u>440,358</u>	<u>19,962,951</u>
Statement of Profit or Loss and Other Comprehensive Income (extract)			
Dividend received	3,033,319	1,050,863	4,084,182
Finance cost	(1,170,810)	(1,050,863)	(2,221,673)
Profit before income tax	<u>7,798,173</u>	-	<u>7,798,173</u>
Income tax expense	(1,559,561)	440,358	(1,119,203)
Net profit after tax	<u>6,238,612</u>	<u>440,358</u>	<u>6,678,970</u>
Total comprehensive income for the year	<u>6,633,101</u>	<u>440,358</u>	<u>7,073,459</u>
Basic earnings per share (cents)	32.69	2.31	35.00
Diluted earnings per share (cents)	32.69	0.68	33.37

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 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporation Regulations 2001*.
- (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.

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

Dated at Sydney 29 September 2015.



Elliott Kaplan
Director



Alexander Beard
Director

CVC PRIVATE EQUITY LIMITED

ACN 059 092 198

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of CVC Private Equity Limited for the year ended 30 June 2015 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



**Sydney, NSW
29 September 2015**

**M D Muller
Partner**

CVC PRIVATE EQUITY LIMITED**ACN 059 092 198****INDEPENDENT AUDITOR'S REPORT**

To the members of CVC Private Equity Limited:

We have audited the accompanying financial report of CVC Private Equity Limited (“the company”), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other 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, for 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements of the company 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 judgment, 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 company’s preparation of the financial report that gives a true and fair view 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 company’s internal control. 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.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

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Liability limited by a scheme approved under Professional Standards Legislation

CVC PRIVATE EQUITY LIMITED

ACN 059 092 198

INDEPENDENT AUDITOR'S REPORT (continued)

Independence

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

Opinion

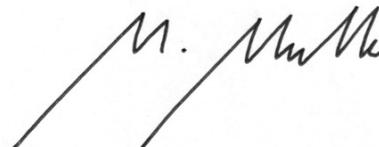
In our opinion:

- (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 2015 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

**Sydney, NSW
29 September 2015**

A handwritten signature in black ink that reads 'M. Muller'.

**M D Muller
Partner**