

## RESULTS ANNOUNCEMENT FOR THE 6 MONTHS ENDED 31 DECEMBER 2015

### INTRODUCTION

CVC Limited (ASX: CVC) [the Company] today reports a statutory net profit after tax of \$10.2 million (31 December 2014: \$14.6 million<sup>1</sup>) for the six months ended 31 December 2015. After factoring in movements from the revaluation of investments, total comprehensive income for the half year was \$11.6 million (31 December 2014: loss of \$3.1 million).

The operating performance after considering movements in reserves can be summarised as follows:

	<b>31 Dec 2015</b>	31 Dec 2014
Shareholders of CVC	<b>\$9.2 million</b>	(\$4.3 million)
Non-controlling interest	<b>\$2.4 million</b>	\$1.2 million
	<hr/>	<hr/>
Total comprehensive income	<b><u>\$11.6 million</u></b>	<b><u>(\$3.1 million)</u></b>

Statutory Net Tangible Assets per share (NTA), increased by 4 cents per share in the six month period to \$1.59 per share (31 December 2014: decrease of 6 cents) after providing for the payment of a dividend of 3 cents per share in September 2015.

### COMMENTARY

Highlights during the half year were:

#### **Balance Sheet Strength**

Closing cash balances decreased by \$21.5 million to \$33.0 million as at 31 December 2015. Shareholders' equity increased by \$4.7 million to \$190.4 million over the six month period, after dividend payments of \$3.6 million.

#### **Listed Investments**

The contribution from listed investments to comprehensive income for the six month period was a profit of \$1.6 million (31 December 2014: loss of \$2.6 million). This contribution comprised \$0.1 million from the sale of investments and an increase in the value of shares of \$1.5 million. During the period CVC has continued to make acquisitions in listed companies that are considered to

<sup>1</sup> The 31 December 2014 results include the operating results of CVC Property Fund for the half year amounting to \$1.1 million which was sold on 22 April 2015 and is classified as discontinued operations.

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be undervalued, which included the exercise of the call options held in Lantern Hotel Group.

## Property

Property investments contributed \$10.8 million (31 December 2014: \$2.8 million) to comprehensive income. This included interest related income generated from the provision of mezzanine finance facilities of \$4.8 million, exit from commercial building investments of \$3.6 million and profit recognised from the construction of the South Nowra property of \$1.9 million.

During the period CVC sold the South Nowra retail property and entered into a development and delivery agreement for the construction and delivery of the site. Progress continues on the planning approval process to achieve a residential rezoning of both the Marsden Park North and Donnybrook subdivision development sites.

During the period CVC funded the acquisition of two sites: a 15 hectare site in Caboolture, Queensland; and an industrial site in East Bentleigh, Victoria. Both projects provide long term development pipelines once a rezoning has been achieved of combined retail, commercial and residential uses.

## Private Equity

The contribution to comprehensive income for the period was \$1.6 million (31 December 2014: \$0.9 million).

During the period, Ron Finemore Transport Pty Limited completed the acquisition of the remaining shares for proceeds of \$7.5 million, generating a profit of \$1.2 million. CVC received a distribution from Green's Foods Holdings Pty Limited of \$3.5 million.

CVC made an investment in PAFtec Pty Limited, an Australian patented and developed breathing device manufacturer primarily sold internationally.

## Funds Management

The contribution to comprehensive income was \$0.2 million (31 December 2014: \$0.4 million).

## Consolidated Trading Operations

Cellnet Group Limited (ASX: CLT) provided a contribution to comprehensive income of \$1.6 million (31 December 2014: \$1.7 million) for the period. The Cellnet Group Limited result was achieved despite difficult trading conditions exacerbated by the Dick Smith group suspending all purchasing in the lead up to the Christmas trading period.

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## **2016 OUTLOOK**

CVC continues to focus on delivering pre-tax investment returns in excess of 15% per annum over the investment cycle.

## **CAPITAL MANAGEMENT**

A fully franked dividend of 3 cents per share was paid to shareholders on 11 September 2015 for the year ended 30 June 2015. On 19 February 2016, the Directors resolved to pay an interim dividend of 5 cents per share payable on 8 March 2016.

ADH Beard  
Director  
29 February 2016

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## Appendix 4D

### Half-Yearly Report Results for announcement to the market

CVC Limited		
ABN	Half-Year ended (‘Reporting Period’)	Previous Half-Year ended (‘Corresponding period’)
34 002 700 361	31 December 2015	31 December 2014

#### Results

Income from continuing operations	up	19.0%	to	88,883,212
Profit before tax from continuing operations	down	36.0%	to	11,668,337
Profit after tax attributable to members	down	41.3%	to	7,865,867
Net profit attributable to members	down	41.3%	to	7,865,867

The preliminary half-yearly report is based on accounts which have been reviewed.

#### Dividends (distributions)

	Amount per security	Franked amount per security
Interim dividend	5.0 cents	5.0 cents
Prior year Special dividend	10.0 cents	10.0 cents
Prior year interim dividend	2.0 cents	2.0 cents
Prior year final dividend	3.0 cents	3.0 cents

#### Information on dividends:

On 19 February 2016 the directors resolved to pay an interim dividend of 5 cents per share, fully franked, payable on 8 March 2016.

As previously advised the Dividend Reinvestment Plan has been suspended until such time as there is a better correlation between the share price and the underlying net asset value of CVC Limited. As a result, the Dividend Reinvestment Plan will not be in operation.

Ex-Dividend date for the purpose of receiving the dividend	24 February 2016
Record date for determining entitlements to the dividend	26 February 2016
Payment Date	8 March 2016

#### Commentary

Brief explanation of any of the figures reported above:

Please refer to the attached commentary for a detailed review.

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**CVC LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**HALF-YEAR FINANCIAL REPORT**

For the half-year ended  
31 December 2015

## COMPANY PARTICULARS

### CVC LIMITED

ACN 002 700 361

### DIRECTORS

John Read  
Alexander Beard  
Ian Campbell

### SECRETARIES

Alexander Beard  
John Hunter

### MANAGEMENT TEAM

Alexander Beard  
Mark Avery  
Michael Bower  
William Highland  
Andrew Harris

John Hunter  
Elliott Kaplan  
Christian Jensen  
Charles Williams

### PRINCIPAL AND REGISTERED OFFICE

Level 6, Gold Fields House  
1 Alfred Street  
SYDNEY NSW 2000 AUSTRALIA  
Telephone: (02) 9087 8000  
Facsimile: (02) 9087 8088

### SHARE REGISTRY

RB NSW Pty Limited  
Level 29, 259 George Street  
SYDNEY NSW 2000 AUSTRALIA  
Telephone: (02) 9032 3000  
Facsimile: (02) 9032 3088

### AUDITORS

HLB Mann Judd  
Chartered Accountants  
Level 19, 207 Kent Street  
SYDNEY NSW 2000 AUSTRALIA

### BANKERS

Westpac Banking Corporation Limited  
Bank of Western Australia Limited

### STOCK EXCHANGE LISTING

Australian Securities Exchange Limited

## CVC LIMITED & CONTROLLED ENTITIES DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for CVC Limited and its controlled entities ("CVC") for the half-year ended 31 December 2015 and the independent review report thereon.

### Directors

The directors of CVC throughout and since the end of the half-year are:

John Douglas Read (Non Executive Director)  
Alexander Damien Harry Beard (Executive Director and Company Secretary)  
Ian Houston Campbell (Non Executive Director)

### Operating Results

The net profit after tax attributable to shareholders for the six months ended 31 December 2015 of CVC amounted to \$7.9 million (2014: \$13.4 million).

CVC provided a number of mezzanine loans to development projects, generating \$4.8 million of interest income and fees. It also sold the property at 190-198 Princes Highway South Nowra for \$5.5 million on 7 August 2015 and entered into a development delivery agreement for the construction of the site, which is expected to be completed by July 2016 and exited from commercial building investments. Overall, property related investments contributed \$10.8 million to pre-tax profits during the period.

In addition, Ron Finemore Transport Pty Limited bought back all remaining shares held by CVC for total proceeds of \$7.5 million and Cellnet Group Limited contributed \$1.6 million to pre-tax profit despite difficult trading conditions exacerbated by the Dick Smith group suspending all purchasing in the lead up to the Christmas trading period.

As always the results of CVC are significantly impacted by the timing of major investment realisations. The Board remains cognisant of the need to continue the development and attraction of investees so as to provide regular realisation opportunities. However, in pursuing this strategy the Board remains steadfastly committed to developing longer term value for shareholders rather than on timing realisations for accounting outcomes. During the period CVC has continued to be focused on the development of its core investments, assisting management to restructure and strengthen operations in the face of the current economic climate and to take advantage of opportunities presented to build the companies.

A more detailed review of operations and developments is included in the commentary that accompanies the ASX release of these results.

### Dividends

Since the end of the period, the directors have determined to pay an interim dividend in respect of the half-year ended 31 December 2015 of 5 cents per share, fully franked, payable on 8 March 2016. During the period, directors paid a final fully franked dividend in respect of the year ended 30 June 2015 of 3 cents per share on 11 September 2015.

### Events subsequent to balance date

Since the end of the period, the directors have determined to pay an interim dividend in respect of the half-year ended 31 December 2015 of 5 cents per share, fully franked, payable on 8 March 2016.

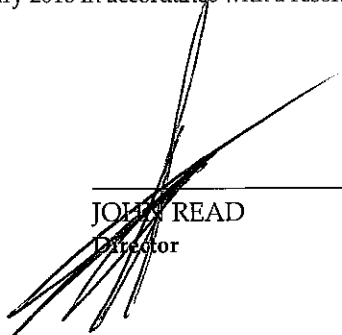
There are no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in the financial period subsequent to 31 December 2015.

### Auditor's Independence Declaration

A copy of the Independence Declaration given to the directors by the auditor for the review undertaken by HLB Mann Judd Chartered Accountants is included on page 23.

Signed and Dated Sydney this 29<sup>th</sup> day of February 2016 in accordance with a resolution of directors.

  
\_\_\_\_\_  
ALEXANDER BEARD  
Director

  
\_\_\_\_\_  
JOHN READ  
Director

**CVC LIMITED & CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	31 Dec 2015	31 Dec 2014
		\$	\$
<b>INCOME</b>			
Revenue from services		837,745	712,677
Contract revenue		22,489,924	-
Rental income		86,737	150,562
Outgoings recovered		1,812	-
Net gain on sale of equity investments		-	13,473,798
Interest income		5,540,458	3,512,468
Dividends received		4,875,551	2,227,390
Recovery of investments in unrelated entities		8,771,423	3,672,007
Recovery of loans in unrelated entities		-	15,626
Finance income		579,687	1,337,934
Sale of goods		41,262,411	43,042,148
Sale of land		2,408,911	2,805,957
Net realised foreign exchange gain		573,721	973,275
Other income		462,854	408,791
		<hr/>	<hr/>
<b>Total income</b>		<b>87,891,234</b>	<b>72,332,633</b>
		<hr/>	<hr/>
<b>Equity accounted profits</b>			
Share of net profit of associates	7	991,978	2,389,297
<b>EXPENSES</b>			
Cost of goods sold	12	32,837,593	33,933,167
Cost of land sold	12	1,928,643	2,752,905
Contract costs		20,549,299	-
Net loss on sale of equity investments		7,152,778	-
Audit fees		129,221	133,629
Depreciation expense		204,440	243,729
Directors fees		90,943	321,900
Employee costs		6,040,207	6,032,418
Finance costs		914,541	819,044
Impairment of listed investments		2,646,101	3,672,881
Impairment of unlisted investments		27,354	120,004
Impairment of investments in associated entities		-	374,782
Impairment of loans to other corporation		-	3,315,219
Insurance		181,274	198,174
Legal costs		199,822	178,790
Management and consultancy fees		293,687	137,541
Operating lease expense		376,167	588,215
Travel and accommodation		328,165	285,914
Other expenses		3,314,640	3,381,129
		<hr/>	<hr/>
<b>Total expenses</b>		<b>77,214,875</b>	<b>56,489,441</b>
		<hr/>	<hr/>
<b>Profit before related income tax expense</b>		<b>11,668,337</b>	<b>18,232,489</b>
Income tax expense	2	1,504,347	4,668,847
		<hr/>	<hr/>
<b>Net profit from continuing operations for the half-year</b>		<b>10,163,990</b>	<b>13,563,642</b>
Net profit from discontinued operation for the half-year		-	1,066,387
		<hr/>	<hr/>
<b>Net profit for the half-year</b>		<b>10,163,990</b>	<b>14,630,029</b>
Net profit attributable to:			
Members of the parent entity	18	7,865,867	13,407,786
Non-controlling interest		2,298,123	1,222,243
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<b>Net profit for the half-year</b>		<b>10,163,990</b>	<b>14,630,029</b>
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The above statement of financial performance should be read in conjunction with the accompanying notes to the Half-Year Report.



**CVC LIMITED & CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
	\$	\$
<b>Profit for the half-year</b>	<b>10,163,990</b>	<b>14,630,029</b>
<b>Other comprehensive income/(loss)</b>		
<b>Items that may be reclassified to profit or loss</b>		
- "Available-for-sale" investments:		
- Decrease/(increase) in fair values recognised in other reserves	3,422,578	(1,420,319)
- Amounts transferred from other reserves to the income statement on sale	(1,956,542)	(16,295,933)
<b>Other comprehensive income/(loss) for the half-year, net of tax</b>	<b>1,466,036</b>	<b>(17,716,252)</b>
<b>Total comprehensive income/(loss) for the half-year</b>	<b>11,630,026</b>	<b>(3,086,223)</b>
<b>Total comprehensive income/(loss) for the half-year is attributable to:</b>		
Members of the parent entity	9,227,726	(4,280,210)
Non-controlling interest	2,402,300	1,193,987
	<b>11,630,026</b>	<b>(3,086,223)</b>
<b>Total comprehensive income/(loss) for the period attributable to members of the parent entity arises from:</b>		
Continuing operations	9,227,726	(4,387,994)
Discontinued operation	-	107,784
	<b>9,227,726</b>	<b>(4,280,210)</b>
Basic and diluted earnings per share for profit from continuing operations attributable to the members of the parent entity (cents)	4	6.58
Basic and diluted earnings per share for profit attributable to the members of the parent entity (cents)	4	6.58

The above statement of comprehensive income should be read in conjunction with the accompanying notes to the Half-Year Report.

**CVC LIMITED & CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Notes	31 Dec 2015 \$	30 Jun 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	33,030,738	54,456,733
Loans and other receivables	6	77,857,389	47,419,357
Financial assets - "at fair value through profit or loss"	9	3,918,098	2,652,580
Derivative financial instrument		-	261,000
Investment properties	10	-	10,094,592
Inventories	12	17,538,047	14,965,524
Other assets		631,536	238,035
<b>Total current assets</b>		<b>132,975,808</b>	<b>130,087,821</b>
<b>NON-CURRENT ASSETS</b>			
Loans and other receivables	6	23,917,670	27,768,088
Financial assets - "available-for-sale"	8	50,046,328	48,678,295
Inventories	12	10,711,608	10,591,070
Investments accounted for using the equity method	7	16,697,844	16,269,678
Property, plant and equipment	11	846,463	970,878
Investment properties	10	12,659,307	6,502,477
Intangible assets	13	50,358	26,816
Deferred tax assets		2,048,079	1,774,138
<b>Total non-current assets</b>		<b>116,977,657</b>	<b>112,581,440</b>
<b>TOTAL ASSETS</b>		<b>249,953,465</b>	<b>242,669,261</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	13,737,108	16,445,452
Interest bearing loans and borrowings	15	6,572,749	1,027,893
Derivative financial instrument		513,000	-
Provisions	16	894,812	1,055,386
Current tax liabilities		1,864,270	689,603
<b>Total current liabilities</b>		<b>23,581,939</b>	<b>19,218,334</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings	15	20,696,192	20,433,814
Provisions	16	253,558	216,810
Deferred tax liabilities		949,098	1,941,519
<b>Total non-current liabilities</b>		<b>21,898,848</b>	<b>22,592,143</b>
<b>TOTAL LIABILITIES</b>		<b>45,480,787</b>	<b>41,810,477</b>
<b>NET ASSETS</b>		<b>204,472,678</b>	<b>200,858,784</b>
<b>EQUITY</b>			
Contributed equity	17	103,646,848	103,646,848
Retained profits	18	72,810,751	68,530,868
Other reserves	19	13,950,283	13,535,731
Parent entity interest		190,407,882	185,713,447
Non-controlling interest		14,064,796	15,145,337
<b>TOTAL EQUITY</b>		<b>204,472,678</b>	<b>200,858,784</b>

The above statement of financial position should be read in conjunction with the accompanying notes to the Half-Year Report.

**CVC LIMITED & CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Contributed equity \$	Retained earnings \$	Asset revaluation \$	Employee equity benefit \$	Foreign exchange translation \$	Owners of the parent \$	Non-controlling interest \$	Total \$
<b>At 1 July 2015</b>	<u>103,646,848</u>	<u>68,530,868</u>	<u>7,585,634</u>	<u>5,981,880</u>	<u>(31,783)</u>	<u>185,713,447</u>	<u>15,145,337</u>	<u>200,858,784</u>
<b>Profit for the half-year</b>	-	7,865,867	-	-	-	7,865,867	2,298,123	10,163,990
<b>Other comprehensive income</b>	-	-	1,007,584	-	354,275	1,361,859	104,177	1,466,036
<b>Total comprehensive income for the half-year</b>	-	<u>7,865,867</u>	<u>1,007,584</u>	-	<u>354,275</u>	<u>9,227,726</u>	<u>2,402,300</u>	<u>11,630,026</u>
Transactions with shareholders:								
Acquisition of interest in controlled entities	-	-	(462,304)	-	-	(462,304)	(4,235,796)	(4,698,100)
Disposal of interest in controlled entities	-	-	(532,448)	-	-	(532,448)	1,480,941	948,493
Return of capital	-	-	-	-	-	-	(500,000)	(500,000)
Dividend paid	-	(3,585,984)	-	-	-	(3,585,984)	(253,159)	(3,839,143)
Share based payment	-	-	-	47,445	-	47,445	25,173	72,618
<b>At 31 December 2015</b>	<u>103,646,848</u>	<u>72,810,751</u>	<u>7,598,466</u>	<u>6,029,325</u>	<u>322,492</u>	<u>190,407,882</u>	<u>14,064,796</u>	<u>204,472,678</u>
<b>At 1 July 2014</b>	<u>103,646,848</u>	<u>68,137,401</u>	<u>23,006,152</u>	<u>235,388</u>	<u>112,140</u>	<u>195,137,929</u>	<u>17,825,232</u>	<u>212,963,161</u>
<b>Profit for the half-year</b>	-	13,407,786	-	-	-	13,407,786	1,222,243	14,630,029
<b>Other comprehensive (loss)/income</b>	-	-	(17,839,451)	10,814	140,641	(17,687,996)	(28,256)	(17,716,252)
<b>Total comprehensive (loss)/income for the half-year</b>	-	<u>13,407,786</u>	<u>(17,839,451)</u>	<u>10,814</u>	<u>140,641</u>	<u>(4,280,210)</u>	<u>1,193,987</u>	<u>(3,086,223)</u>
Transactions with shareholders:								
Acquisition of interest in controlled entities	-	-	(24,702)	-	-	(24,702)	(697,286)	(721,988)
Employee share options	-	-	-	10,546	-	10,546	(7,184)	3,362
Dividend paid	-	(3,585,984)	-	-	-	(3,585,984)	(343,345)	(3,929,329)
<b>At 31 December 2014</b>	<u>103,646,848</u>	<u>77,959,203</u>	<u>5,141,999</u>	<u>256,748</u>	<u>252,781</u>	<u>187,257,579</u>	<u>17,971,404</u>	<u>205,228,983</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes to the Half-Year Report.

**CVC LIMITED & CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	31 Dec 2015 \$	31 Dec 2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations		44,343,635	54,580,586
Cash payments in the course of operations		(53,755,130)	(51,075,444)
Payments for land held for resale		-	(3,964,739)
Proceeds on disposal of land held for resale		1,715,289	-
Proceeds on disposal of financial assets at fair value through profit or loss		483,286	1,128,747
Payment for financial assets at fair value through profit or loss		(1,898,817)	(169,793)
Proceeds on construction contract		1,099,084	-
Interest received		5,362,488	3,055,050
Interest paid		(195,499)	(892,998)
Dividends received		12,907,845	4,746,679
Income taxes paid		(1,612,933)	(430,320)
<b>Net cash flows provided by operating activities</b>	5(b)	<u>8,449,248</u>	<u>6,977,768</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital expenditure for investment properties		(750,204)	(539,640)
Payments for property, plant and equipment		(70,589)	(73,251)
Payments for investment property		(5,350,000)	-
Proceeds from disposal of investment properties		8,700,000	-
Payments for equity investments		(29,813,598)	(25,821,506)
Proceeds on disposal of equity investments		28,784,125	46,975,372
Acquisition of intangibles		(23,542)	-
Payment for acquisition of controlled entities		-	(169,012)
Loans provided		(52,263,173)	(28,361,797)
Loans repaid		23,100,378	22,483,287
<b>Net cash flows (used in)/provided by investing activities</b>		<u>(27,686,603)</u>	<u>14,493,453</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(13,312,808)	(2,822,486)
Proceeds from borrowings		18,662,000	-
Dividends paid		(3,842,600)	(3,929,329)
Proceeds from issues of shares		1,463,695	-
Payments for share buybacks		(5,732,648)	(552,793)
<b>Net cash flows used in financing activities</b>		<u>(2,762,361)</u>	<u>(7,304,608)</u>
<b>Net (decrease)/increase in cash held</b>		<u>(21,999,716)</u>	<u>14,166,613</u>
<b>Foreign exchange gain on cash</b>		573,721	973,275
<b>Cash at the beginning of the half-year</b>		<u>54,456,733</u>	<u>48,683,783</u>
<b>CASH AT THE END OF THE HALF-YEAR</b>	5(a)	<u><u>33,030,738</u></u>	<u><u>63,823,671</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes to the Half-Year Report.

**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**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 2015 and any public announcements made by CVC 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, other than the construction contract policy.

Certain comparatives balances have been changed in order to achieve consistency and comparability with the current period's amounts.

*Construction contract*

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

	<b>31 Dec 2015</b>	31 Dec 2014
	\$	\$
<b>NOTE 2: INCOME TAX EXPENSE</b>		
Profit from continuing operations before income tax expense	11,668,337	18,232,489
Profit from discontinued operation before income tax expense	-	1,066,387
	<hr/>	<hr/>
Accounting profit before income tax	11,668,337	19,298,876
	<hr/>	<hr/>
<b>Income tax expense:</b>		
Prima facie income tax expense at 30% on profit before income tax	3,500,501	5,789,663
<b>Increase in income tax expense due to:</b>		
Sundry items	88,256	40,149
Deferred tax balances not recognised	489,238	1,353,107
<b>Decrease in income tax expense due to:</b>		
Franked dividends received	(1,881,736)	(1,721,015)
Trust profit not assessable	(529,996)	(408,306)
Effect of lower tax rate in New Zealand (28%)	(3,738)	-
Tax losses recouped	(363,558)	(26,186)
	<hr/>	<hr/>
	1,298,967	5,027,412
Adjustment in respect of current income tax of previous years	205,380	(358,565)
	<hr/>	<hr/>
<b>Income tax expense for the half-year</b>	<b>1,504,347</b>	<b>4,668,847</b>
	<hr/> <hr/>	<hr/> <hr/>

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**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

**NOTE 3: DIVIDENDS**

Dividends proposed or paid and not provided for in previous periods by CVC are:

CVC paid a final dividend of 3 cents per share on 11 September 2015 in respect of the year ended 30 June 2015.

On 19 February 2016, CVC declared an interim dividend of 5 cents per share, fully franked, to be paid on 8 March 2016 to shareholders registered on 26 February 2016.

	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
<b>Dividend franking account</b>		
Franking credits available to shareholders of CVC Limited for subsequent financial years	<u><b>14,201,205</b></u>	<u><b>12,843,599</b></u>

The franking account is stated on a tax paid basis. The balance comprises the franking account at period-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 the reporting date
- (d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date
- (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 profits to declare dividends.

	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
<b>NOTE 4: EARNINGS PER SHARE</b>		
<b>Basic and diluted earnings per share</b>	<b>Cents</b>	<b>Cents</b>
From continuing operations attributable to the members of the parent entity	<b>6.58</b>	<b>10.42</b>
From discontinued operations attributable to the members of the parent entity	<b>-</b>	<b>0.80</b>
	<hr/>	<hr/>
Total basic and diluted earnings per share attributable to the members of the parent entity	<u><b>6.58</b></u>	<u><b>11.22</b></u>
	<hr/>	<hr/>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of earnings used in calculation of earnings per share:</b>		
Profit after income tax from continuing operations	<b>10,163,990</b>	<b>13,563,642</b>
Less: non-controlling interest in continuing operations	<b>(2,298,123)</b>	<b>(1,114,459)</b>
	<hr/>	<hr/>
Net profit from continuing operations attributable to members of the parent entity	<u><b>7,865,867</b></u>	<u><b>12,449,183</b></u>
	<hr/>	<hr/>
Profit after income tax from discontinued operation	<b>-</b>	<b>1,066,387</b>
Less: non-controlling interest in discontinued operation	<b>-</b>	<b>(107,784)</b>
	<hr/>	<hr/>
Net profit from discontinued operation attributable to members of the parent entity	<u><b>-</b></u>	<u><b>958,603</b></u>
	<hr/>	<hr/>
Net profit attributable to members of the parent entity	<u><u><b>7,865,867</b></u></u>	<u><u><b>13,407,786</b></u></u>
	<hr/>	<hr/>
	<b>Number of Shares</b>	
Weighted average number of ordinary shares – Basic and Diluted	<b>119,532,788</b>	<b>119,532,788</b>
Number of shares on issue at the end of the half-year	<u><b>119,532,788</b></u>	<u><b>119,532,788</b></u>

**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

**NOTE 5: NOTES TO THE CASH FLOW STATEMENT**

**(a) Reconciliation of Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call. Cash as at the end of the interim reporting period is reconciled to the related items in the statement of financial position as follows:

	31 Dec 2015	30 Jun 2015
	\$	\$
Cash on deposit	31,349,188	52,850,183
Funds held by bank	1,681,550	1,606,550
	<u>33,030,738</u>	<u>54,456,733</u>

**(b) Reconciliation of profit after income tax to the net cash provided by operating activities:**

	31 Dec 2015	31 Dec 2014
	\$	\$
<b>Profit after income tax</b>	<b>10,163,990</b>	<b>14,630,029</b>
<b>Add/(less) non-cash items:</b>		
Share of equity accounted profits	(991,978)	(2,389,297)
Depreciation and amortisation of plant and equipment	204,440	243,729
Non-cash employee benefits expense-share based payments	55,820	3,179
Impairment expenses on financial instruments	2,673,455	7,482,886
Impairment recoveries	(8,771,423)	(3,687,633)
Net (loss)/profit on disposal of investments	7,152,778	(13,473,798)
Interest income not received	(177,970)	(457,723)
Interest expense not paid	184,728	386,303
Dividend income	1,125,607	5,975
Foreign exchange profit on cash	(573,721)	(973,275)
Movement in income tax provision	1,134,290	3,687,400
Movement in deferred tax assets and liabilities	(1,241,890)	550,660
<b>Changes in assets and liabilities:</b>		
Inventories	(2,449,103)	1,968,957
Financial assets at fair value through profit or loss	(1,417,375)	958,954
Trade and other receivables	(2,133,125)	(1,808,238)
Trade and other payables	4,028,050	(36,254)
Provisions	(123,825)	28,010
Other assets	(393,500)	(142,096)
	<u>8,449,248</u>	<u>6,977,768</u>

**NOTE 6: LOANS AND OTHER RECEIVABLES**

	31 Dec 2015	30 Jun 2015
	\$	\$
<b>Current</b>		
Trade receivables	16,833,715	9,815,080
Allowance for impairment loss	(78,043)	(104,486)
Amounts due from customers for contract work (a)	2,303,687	-
Other receivables and prepayments	5,345,510	11,641,623
Loans to other corporations	53,452,520	26,372,019
Impairment of loans to other corporations	-	(304,879)
	<u>77,857,389</u>	<u>47,419,357</u>

Trade and other receivables don't have any retention amounts related to construction contracts in progress.

**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

31 Dec 2015  
\$

30 Jun 2015  
\$

**NOTE 6: LOANS AND OTHER RECEIVABLES (CONT.)**

**Current (cont.)**

(a) Construction contract

On the balance sheet, CVC reports the net contract position as an asset. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings. The net balance sheet position for ongoing construction contract relates to:

The aggregate costs incurred and recognised profits (less recognised losses) to date	20,989,924	-
Less: Progress billings	(18,686,237)	-
Net balance sheet position for ongoing contracts	<u>2,303,687</u>	<u>-</u>

*Measurement of construction contract revenue and expense*

CVC uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

**Non-Current**

Loans to associated entities	15,247,100	12,411,823
Loans to other corporations	8,670,570	16,557,873
Impairment of loans to other corporations	-	(1,201,608)
	<u>23,917,670</u>	<u>27,768,088</u>

**NOTE 7: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

Equity accounted interests in joint ventures	3,565,927	-
Equity accounted shares in other associated companies	13,131,917	16,269,678
	<u>16,697,844</u>	<u>16,269,678</u>

Details of investments accounted for using the equity method are as follows:

	% Ownership at		Carrying value		Contribution to	
	end of half-year				net profit/(loss)	
	31 Dec 15	30 Jun 15	31 Dec 15	30 Jun 15	31 Dec 15	31 Dec 14
<b>Associated entities</b>			\$	\$	\$	\$
Concise Asset Management Limited	42.0	42.0	1,085,253	1,081,096	172,157	297,447
Green's Foods Holdings Pty Limited	43.5	43.5	11,303,308	14,660,528	123,567	1,774,712
JAK Investment Group Pty Ltd	40.0	50.0	381,356	168,054	488,508	115,702
Ryedale Road Trust	-	-	-	-	-	201,436
Londonderry Unit Trust	30.0	30.0	-	-	641,819	-
Urban Properties Pty Limited	33.0	33.0	362,000	360,000	-	-
Urban Properties Cairns Pty Limited	20.0	20.0	-	-	-	-
Urban Properties Centenary Pty Limited	20.0	20.0	-	-	-	-
BioPower Systems Pty Limited	25.1	25.1	-	-	-	-
Donnybrook JV Pty Ltd	49.0	49.0	-	-	-	-
<b>Joint Ventures</b>						
MAKE EBRB Dev Nominee Pty Ltd	50.0	-	3,565,927	-	(434,073)	-
			<u>16,697,844</u>	<u>16,269,678</u>	<u>991,978</u>	<u>2,389,297</u>



**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

	31 Dec 2015	30 Jun 2015
	\$	\$
<b>NOTE 8: FINANCIAL ASSETS - "AVAILABLE-FOR-SALE"</b>		
<b>Non-Current</b>		
Shares in listed corporations – at market value	40,267,841	41,062,295
Other investments - at cost	9,223,414	7,080,936
Impairment of other investments – at cost	(711,175)	(683,821)
Public unlisted investments – at market value	1,266,248	1,218,885
	<u>50,046,328</u>	<u>48,678,295</u>

**NOTE 9: FINANCIAL ASSETS - "AT FAIR VALUE THROUGH PROFIT OR LOSS"**

<b>Current</b>		
Shares in listed corporations – at market value	3,918,098	2,652,580
	<u>3,918,098</u>	<u>2,652,580</u>

**NOTE 10: INVESTMENT PROPERTIES**

Investment properties (note 23)		
Current	-	10,094,592
Non-current	12,659,307	6,502,477
	<u>12,659,307</u>	<u>16,597,069</u>

Reconciliation:

Investment properties at beginning of the half-year	16,597,069	41,733,439
Additions – acquisition of properties	5,350,000	-
Additions – capital expenditure	883,821	2,418,495
Carrying value of investment property sold	(10,162,147)	-
Disposal of properties arising from disposal of controlled entity	-	(28,250,000)
Depreciation	(9,436)	-
Fair value adjustment	-	695,135
	<u>12,659,307</u>	<u>16,597,069</u>

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT**

Total property, plant and equipment	846,463	970,878
	<u>846,463</u>	<u>970,878</u>
<i>Plant and equipment:</i>		
At amortised cost (a)	1,483,180	1,550,844
Accumulated depreciation	(873,333)	(849,683)
	<u>609,847</u>	<u>701,161</u>

- (a) The carrying amount of specific items of plant and equipment were impaired by \$389,091 during 2015 financial year which had been included in the statement of financial performance, which was based an independent expert's report as at 24 April 2015.

**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

	31 Dec 2015	30 Jun 2015
	\$	\$
<b>NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONT.)</b>		
<i>Leasehold improvements:</i>		
At cost	319,954	319,954
At fair value	(110,338)	(77,237)
	209,616	242,717
<b>Total properties</b>	<b>209,616</b>	<b>242,717</b>
<i>Properties:</i>		
At amortised cost (a)	27,000	27,000
	27,000	27,000
<p>(a) The carrying value of land was determined with reference to rating values as at 31 December 2014 resulting in an impairment charge of \$67,959 included in the statement of financial performance in 2015 financial year. The valuation was supported by an independent expert report as at 24 April 2015.</p>		
<i>Reconciliation:</i>		
<i>Plant and equipment:</i>		
Carrying amount at the beginning of the half-year	701,161	1,303,516
Additions	103,765	190,552
Disposals	(40,985)	-
Depreciation	(154,094)	(403,816)
Impairment	-	(389,091)
	609,847	701,161
<b>Carrying amount at the end of the half-year</b>	<b>609,847</b>	<b>701,161</b>
<i>Leasehold improvements</i>		
Carrying amount at the beginning of the year	242,717	308,920
Depreciation	(33,101)	(66,203)
	209,616	242,717
<b>Carrying amount at the end of the year</b>	<b>209,616</b>	<b>242,717</b>
<i>Properties:</i>		
Carrying amount at the beginning of the half-year	27,000	94,959
Impairment	-	(67,959)
	27,000	27,000
<b>Carrying amount at the end of the half-year</b>	<b>27,000</b>	<b>27,000</b>
<b>NOTE 12: INVENTORIES</b>		
<b>Current</b>		
Stock on hand	12,281,558	8,347,883
Provision for obsolescence	(503,751)	(257,200)
Land and development held for resale	5,760,240	6,874,841
	17,538,047	14,965,524
<b>Total inventories at the lower of cost and net realisable value</b>	<b>17,538,047</b>	<b>14,965,524</b>
<b>Non-current</b>		
Land and development held for resale	10,711,608	10,591,070
	10,711,608	10,591,070

Inventories recognised as an expense for the period ended 31 December 2015 totalled \$34,766,236 (2014: \$36,686,072). This expense has been included in the cost of goods sold in the Statement of Financial Performance.

**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

	31 Dec 2015	30 Jun 2015
	\$	\$

**NOTE 13: INTANGIBLE ASSETS**

Intangible assets	50,358	26,816
<i>Reconciliation:</i>		
Carrying amount at the beginning of the half-year	26,816	-
Additions	31,351	26,816
Depreciation	(7,809)	-
Carrying amount at the end of the half-year	50,358	26,816

**NOTE 14: TRADE AND OTHER PAYABLES**

**Current**

Trade and other payables	10,522,558	8,231,225
Sundry creditors and accruals	3,214,550	8,214,227
	<u>13,737,108</u>	<u>16,445,452</u>

**NOTE 15: INTEREST-BEARING LOANS AND BORROWINGS**

**Current**

Secured bank loan	100,000	473,385
Trade finance facility	6,472,749	554,508
	<u>6,572,749</u>	<u>1,027,893</u>

**Non-current**

Secured loans	10,908,908	10,374,594
Unsecured loan from associated entity	9,787,284	10,059,220
	<u>20,696,192</u>	<u>20,433,814</u>

**NOTE 16: PROVISIONS**

**Current**

Employee entitlements	894,812	1,055,386
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**Non-current**

Employee entitlements	253,558	216,810
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	31 Dec 2015		31 Dec 2014	
	Number	\$	Number	\$

**NOTE 17: CONTRIBUTED EQUITY**

**Issued and paid-up ordinary share capital**

Balance at the beginning and end of the half-year	119,532,788	103,646,848	119,532,788	103,646,848
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**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2015 (CONTINUED)**

	31 Dec 2015	31 Dec 2014
	\$	\$
<b>NOTE 18: RETAINED PROFITS</b>		
Balance at the beginning of the half-year	68,530,868	68,137,401
Net profit attributable to shareholders	7,865,867	13,407,786
Dividends	(3,585,984)	(3,585,984)
	<u>72,810,751</u>	<u>77,959,203</u>

**NOTE 19: OTHER RESERVES**

	Asset Revaluation Reserve \$	Employee Equity Benefit Reserve \$	Foreign Exchange Reserve \$	Total \$
<i>Half-year ended 31 December 2015:</i>				
Balance at the beginning of the half-year	7,585,634	5,981,880	(31,783)	13,535,731
Share based payments	-	47,445	-	47,445
Net unrealised gain on "available-for-sale" investments	2,974,457	-	448,121	3,422,578
Net unrealised (gain)/loss on "available-for-sale" investments – non-controlling interest	15,016	-	(93,846)	(78,830)
Acquisition of interest in controlled entities	(462,304)	-	-	(462,304)
Disposal of interest in controlled entities	(532,448)	-	-	(532,448)
Realised gain on "available-for-sale" investments reclassified to the income statement	(1,956,542)	-	-	(1,956,542)
Realised loss on "available-for-sale" investments reclassified to the income statement – non-controlling interest	(25,347)	-	-	(25,347)
	<u>7,598,466</u>	<u>6,029,325</u>	<u>322,492</u>	<u>13,950,283</u>
<i>Half-year ended 31 December 2014:</i>				
Balance at the beginning of the half-year	23,006,152	235,388	112,140	23,353,680
Share based payments	-	10,546	-	10,546
Net unrealised gain/(loss) on "available-for-sale" investments	(1,700,917)	-	280,598	(1,420,319)
Net unrealised (gain)/loss on "available-for-sale" investments – non-controlling interest	29,110	-	(10,221)	18,889
Acquisition of interest in controlled entities	(24,702)	-	-	(24,702)
Realised (gain)/loss on "available-for-sale" investments reclassified to the income statement	(16,176,973)	10,814	(129,774)	(16,295,933)
Realised gain on "available-for-sale" investments reclassified to the income statement – non-controlling interest	9,329	-	38	9,367
	<u>5,141,999</u>	<u>256,748</u>	<u>252,781</u>	<u>5,651,528</u>

**NOTE 20: ASSETS PER SECURITY**

	31 Dec 2015	31 Dec 2014
	\$	\$
Net assets per share attributable to members of the parent entity	1.59	1.57
Net tangible assets per share attributable to members of the parent entity	1.59	1.57
	<u>1.59</u>	<u>1.57</u>

The figures above are calculated based on the consolidated financial position of CVC Limited.

**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

**NOTE 21: SEGMENT REPORTING**

The revenues and results by business segments are as follows:

	Private Equity and Venture Capital \$	Listed Investments \$	Property \$	Funds Management \$	Consolidated Trading Operations \$	Controlled Eliminations \$	Consolidated \$
<i>Half-year ended 31 December 2015:</i>							
<b>Revenues:</b>							
Total revenue for reportable segments	1,547,125	9,933,900	33,559,684	29,885	42,320,495	-	87,391,089
Inter-segment revenue	-	-	161,565	5,964,956	-	(6,126,521)	-
Unallocated amounts:							
Interest income							488,976
Other income							11,169
Consolidated revenue							87,891,234
Equity accounted income	123,567	-	696,254	172,157	-	-	991,978
<b>Results:</b>							
Total profit for reportable segments	1,434,185	107,667	10,098,016	29,885	1,624,721	-	13,294,474
Share of profit of equity accounted investees	123,567	-	696,254	172,157	-	-	991,978
	1,557,752	107,667	10,794,270	202,042	1,624,721	-	14,286,452
Unallocated amounts: corporate expenses							(2,618,115)
Consolidated profit before tax							11,668,337

Segment results are shown before related income tax expense.

**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

**NOTE 21: SEGMENT REPORTING (CONT.)**

	Private Equity and Venture Capital \$	Listed Investments \$	Property \$	Funds Management \$	Consolidated Trading Operations \$	Controlled Eliminations \$	Consolidated \$
<i>Half-year ended 31 December 2014:</i>							
<i>Continuing operations</i>							
<b>Revenues:</b>							
Total revenue for reportable segments	2,501,211	18,900,969	5,151,088	125,770	44,591,786	-	71,270,824
Inter-segment revenue	-	-	1,427,473	4,425,211	-	(5,852,684)	-
Unallocated amounts:							
Interest income							930,935
Other income							130,874
Consolidated revenue							72,332,633
Equity accounted income	1,774,712	-	317,138	297,447	-	-	2,389,297
<b>Results:</b>							
Total profit for reportable segments	(829,351)	15,108,083	1,433,707	56,416	1,736,939	-	17,505,794
Share of profit of equity accounted investees	1,774,712	-	317,138	297,447	-	-	2,389,297
	945,361	15,108,083	1,750,845	353,863	1,736,939	-	19,895,091
Unallocated amounts: corporate expenses							(1,662,602)
Consolidated profit before tax							18,232,489
<i>Discontinued operations</i>							
Revenue							2,003,757
Net profit before tax							1,066,387

Segment results are shown before related income tax expense.

**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

**NOTE 22: DISCONTINUED OPERATION**

**22.1 Description**

On 22 April 2015 CVC sold 52% of its holding in CVC Property Fund. Refer 30 June 2015 financial statements for further information.

**22.2 Financial performance and cash flow information**

The financial performance and cash flow information presented are for the half –year periods ended 31 December 2014 and 31 December 2015.

	<b>31 Dec 2015</b>	31 Dec 2014
	\$	\$
Revenue	-	2,003,757
Expenses	-	(937,370)
	<hr/>	<hr/>
Profit before income tax	-	1,066,387
Income tax benefit	-	-
	<hr/>	<hr/>
Profit from discontinued operation	-	1,066,387
	<hr/> <hr/>	<hr/> <hr/>
Attributable to		
Shareholders	-	958,603
Non-controlling interest	-	107,784
	<hr/>	<hr/>
	-	1,066,387
	<hr/> <hr/>	<hr/> <hr/>
Net cash inflow from operating activities	-	1,202,696
Net cash outflow from financing activities	-	(1,200,000)
	<hr/>	<hr/>
Net increase in cash generated by the subsidiary	-	2,696
	<hr/> <hr/>	<hr/> <hr/>

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**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

**NOTE 23: FAIR VALUE MEASUREMENTS**

The fair values of the financial assets and liabilities of CVC 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, CVC 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.

The fair value of the assets and liabilities 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
	\$	\$	\$	\$
<b>At 31 December 2015</b>				
<b>Financial assets</b>				
<i>“Available-for-sale” investments</i>				
Shares in listed corporations – at market value	8,219,063	32,048,778	-	40,267,841
Public unlisted investments – at market value	-	1,266,248	-	1,266,248
Other investments	-	38,824	8,473,415	8,512,239
<i>“Fair value through profit or loss” investments</i>				
Shares in listed corporations – at market value	3,918,098	-	-	3,918,098
<b>Non-financial assets</b>				
Investment properties	-	-	12,659,307	12,659,307
<b>Financial liabilities</b>				
Derivative financial instrument	-	(513,000)	-	(513,000)
	<u>12,137,161</u>	<u>32,840,850</u>	<u>21,132,722</u>	<u>66,110,733</u>
<b>At 30 June 2015</b>				
<b>Financial assets</b>				
<i>“Available-for-sale” investments</i>				
Shares in listed corporations – at market value	20,908,796	20,219,678	-	41,128,474
Public unlisted investments – at market value	-	1,218,885	-	1,218,885
Other investments	-	170,067	6,160,869	6,330,936
<i>“Fair value through profit or loss” investments</i>				
Shares in listed corporations – at market value	2,652,580	-	-	2,652,580
<i>Derivative financial instruments</i>	-	261,000	-	261,000
<b>Non-financial assets</b>				
Investment properties	-	-	16,597,069	16,597,069
	<u>23,561,376</u>	<u>21,869,630</u>	<u>22,757,938</u>	<u>68,188,944</u>

Reconciliation of Level 3 fair value movements:

	31 Dec 2015 \$	31 Dec 2014 \$
<b>Opening balance at the beginning of the period</b>	22,757,938	41,945,338
Purchases	9,414,637	5,155,869
Sales	(13,423,882)	-
Gains recognised in other comprehensive income	101,081	261,889
Depreciation	(9,436)	-
Transfer into Level 3 from Level 2	178,773	-
Transfer into Level 3 from loans and other receivables	2,113,611	-
Transfer out of Level 3 to Level 1	-	(65,000)
<b>Closing balance at the end of the period</b>	<u>21,132,722</u>	<u>47,298,096</u>



**CVC LIMITED & CONTROLLED ENTITIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

**NOTE 23: FAIR VALUE MEASUREMENTS (CONT.)**

The fair value of Level 2 financial instruments are determined using available prices where trading does not occur in an active market. The quantitative information about the significant unobservable inputs used in level 3 fair value measurements are as follows:

Description	Fair value		Unobservable inputs	Weighted average		Relationship of unobservable inputs to fair value
	31 Dec 2015	30 June 2015		31 Dec 2015	30 Jun 2015	
Leased properties	-	2,700,000	Capitalisation rate	-	10.55%	The higher the capitalisation rate, the lower the fair value
			Lease expiry	-	1.75 years	The longer the lease term, the higher the fair value
			Occupancy	-	100%	The higher the occupancy rate, the higher the fair value
Investment Properties	12,659,307	13,897,069	Capitalisation rate	8%	8%	The higher the capitalisation rate on completion of construction, the lower the fair value
	<u>12,659,307</u>	<u>16,597,069</u>				
Other investments – at cost	<u>8,294,642</u>	<u>6,160,869</u>	(a)			

(a) There is no quantitative information. Fair value has been determined based on acquisition cost.

**NOTE 24: SUBSEQUENT EVENTS**

Since the end of the period, the directors have determined to pay an interim dividend of 5 cents per share, fully franked, payable on 8 March 2016.

There are no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in the financial period subsequent to 31 December 2015.

**CVC LIMITED & CONTROLLED ENTITIES  
HALF YEARLY REPORT**

**DIRECTORS' DECLARATION**

In the opinion of the directors:

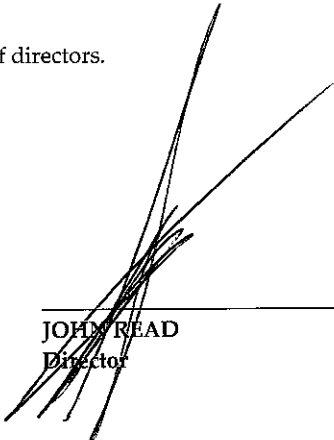
- (a) the interim financial statements and notes set out on pages 4 to 21, are in accordance with the *Corporations Act 2001* including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that CVC Limited will be able to pay its debts as when they become due and payable.

Dated at Sydney this 29<sup>th</sup> day of February 2016.

Signed in accordance with a resolution of the board of directors.



\_\_\_\_\_  
ALEXANDER BEARD  
Director



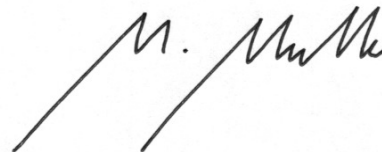
\_\_\_\_\_  
JOHN READ  
Director

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of CVC Limited for the half-year ended 31 December 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 review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of CVC Limited and the entities it controlled during the period.



**M D Muller**  
**Partner**

**Sydney, NSW**  
**29 February 2016**

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## CVC LIMITED

### INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of CVC Limited

We have reviewed the accompanying half-year financial report of CVC Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of financial performance, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 the company, 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.

#### Independence

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

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

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**CVC LIMITED**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
(continued)**

**Conclusion**

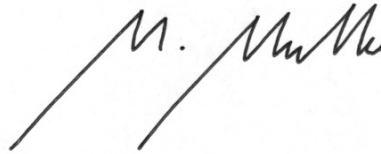
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CVC Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**HLB Mann Judd  
Chartered Accountants**

**Sydney, NSW  
29 February 2016**



**M D Muller  
Partner**

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