

Annual Report



CONTINENTAL VENTURE CAPITAL LIMITED 2001

ACN 002 700 361

Company Particulars

DIRECTORS

Vanda Russell Gould
John Scott Leaver
John Douglas Read
Alexander Damien Harry Beard

SECRETARY

Alexander Damien Harry Beard
Carolyn Beth Deitz

SENIOR MANAGEMENT TEAM

Vanda Russell Gould
John Scott Leaver
Alexander Damien Harry Beard
Carolyn Beth Deitz
Andrew Duncan Harris

PRINCIPAL & REGISTERED OFFICE

Level 40
50 Bridge Street
SYDNEY NSW 2000
AUSTRALIA
Telephone: (02) 9223 8800
Facsimile: (02) 9223 9808

SHARE REGISTRY

Gould Ralph Pty Limited
Share Registry Division
Level 40
50 Bridge Street
SYDNEY NSW 2000
AUSTRALIA
Telephone: (02) 9231 0500
Facsimile: (02) 9231 0501

AUDITORS

Lord & Brown
Chartered Accountants

BANKERS

National Australia Bank Limited
Suncorp-Metway Limited

HOME STOCK EXCHANGE

Sydney



“We are delighted to report a strong profit for the group following a year of substantial development of future growth prospects. We take this opportunity to thank all our stakeholders for their continued support and contribution to the success of CVC.”

C O N T E N T S

Corporate Overview	2
Chairman’s Report	3
The Year in Review	5
Review of Operations	7
Directors’ Report	12
Statements of Financial Performance	14
Statements of Financial Position	15
Statements of Cash Flow	16
Notes to the Financial Statements	17
Independent Auditor’s Report	43
Corporate Governance Statement	44
Shareholders’ Information	45
Shareholding Statistics	45
Directors’ Shareholdings	45

Corporate Overview



VENTURE CAPITAL



LISTED INVESTMENTS



PROPERTY



On behalf of the Board, it is with pleasure that I report a profit of \$9.5 million for Continental Venture Capital Limited ("CVC"). The Directors currently intend to pay a dividend later in the year. This profit performance highlights the Company's commitment to



CHAIRMAN'S REPORT

sustainable growth and profitability over the long term and confirms CVC's place as one of the most successful managers in the Australian venture capital industry.

During the 2001 financial year CVC embarked on a number of initiatives to lay the foundation for future performance. Last year the Australian Government awarded the REEF (Renewable Energy Equity Fund) license to CVC Investment Managers Pty Limited. It is our intention to develop renewable energy as a core venture capital investment activity. I am pleased to report that over the past 12 months CVC REEF has made key investments which have the capacity to contribute to Australia's renewable energy industry and CVC's long term profit growth. These investments span a range of technologies including wind, biomass, geothermal and energy enabling technologies. CVC has committed to invest not less than \$3,000,000 into the CVC REEF Fund which is leveraged by Government debt of \$17,700,000.

Management has also established a new pooled development fund, The Eco Fund, which has an ethical investment focus. At the time of this report the prospectus is open for subscriptions and I commend the fund to CVC shareholders. CVC Biz Vision Limited, another pooled development fund, has already established a highly profitable track record. CVC is a substantial investor in CVC Biz Vision Limited along with many CVC shareholders and these pooled development funds give us the ability to provide tax advantages to shareholders that are not directly available via investing in CVC.

In the semi-arid regions of Australia grows a wonderful tree called the scrub mallee. Due to the mallee tree's value to the early settlers, particularly its root system, it has largely been lost to the Australian landscape. The great mallee root system, however, is a key feature of a single stand of trees. As Australians, we should be just as proud of the scrub mallee tree as the Californian is of his redwood tree.

CVC is somewhat like a stand of scrub mallee in that the asset we are creating is not visible and indeed it may be years before it becomes visible. CVC is in substance the sole survivor of the Australian Government's MIC program of 1985 and this largely reflects our ability to grow both in good times as well as bad, just like a scrub mallee stand.



CHAIRMAN'S REPORT

“...are very pleased with the progress of the entire team who have worked hard over the past year to achieve an excellent result...”

Modern financial accounting is yet to develop the methodology to reflect asset creation that takes place within a venture capital fund until a disposal or realisation of the asset takes place. CVC also adopts a conservative approach to profit recognition. Shareholders should appreciate these principles as they read this Annual Report.

The time has come to recognise the outstanding work of Sandy Beard, who has become a driving force in CVC as the principal operational Director, by appointing him Chief Executive Officer. Indeed, John Leaver and I are very pleased with the progress of the entire team who have worked hard over the past year to achieve an excellent result and laid the foundation for future success and profitability.

It was also pleasing to see the recognition given to one of our former managers, John Read, who, whilst remaining a non-executive Director of CVC, has become a Director of the Australian Government's CSIRO based upon his experience at CVC.

We have many exciting initiatives as the Review of Operations illustrates. The venture capital industry, like the Australian economy, is now going into recession and our industry will enter a phase of consolidation out of which CVC will emerge even stronger. Many recent entrants to the venture capital industry will leave, as occurred during the last recession, but just like the scrub mallee, CVC will thrive during this phase in the economy. We thank you for your continued support.

VANDA GOULD

Chairman

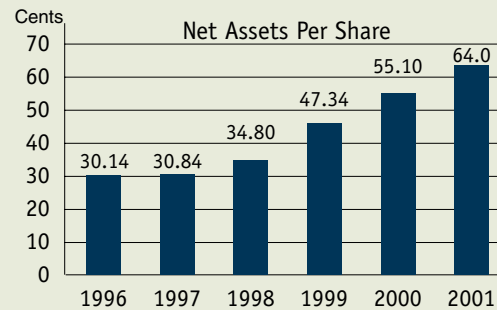
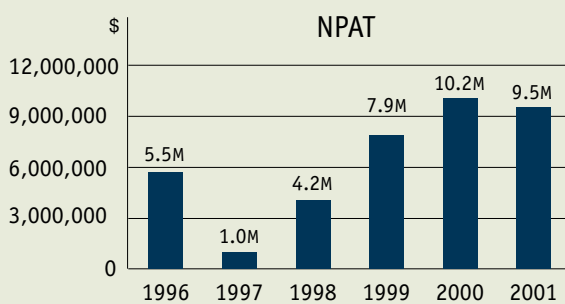
30 June 2001



THE YEAR IN REVIEW

HIGHLIGHTS

- > An operating profit after tax and abnormals of \$9.5 million
- > Earnings per share has remained steady at 8.6 cents in 2001
- > Completion of Cape Cabarita residential development
- > Acquisition of Clinical Waste Australia Limited
- > Investment in CVC REEF and CVC Biz Vision
- > Partial realisation of Stargames investment at a profit of \$1.7 million
- > Acquisition of 25% share in Chevron Renaissance Shopping Centre
- > Success of Vita Life Sciences Limited



Group Summary

	2001	2000
Earnings Per Share	8.6 cents	9.1 cents
Total Assets Employed	\$91.42M	\$78.56M
Shareholders Equity	\$69.5M	\$60.0M
Shares on Issue	109.736M	109.736M
NTA per Share	\$0.64	\$0.55
Dividends per Share	TBA	\$0.012



OUR APPROACH

We believe that CVC's optimal future performance will be derived from a mix of growth and income producing assets, with a particular focus on private equity / venture capital assets that have historically outperformed the rest of our portfolio.

We adopt a value based approach where the investment decision is based on fundamentals such as low PE multiple, consistent earnings growth, relativity of price to net tangible assets, multiples of free cash flow, dividend history and arbitrage opportunities.

Quality investment targets usually take considerable effort to identify, target and structure into a suitable entry mechanism. Accordingly CVC adopts a disciplined and patient approach to each part of the identification, targeting and structuring phases and an equally patient approach to the realisation phase. We have dedicated considerable effort over the past two years into the strengthening of this process and believe that we will continue to reap the benefits of this approach over the coming years.

OUR FOCUS

CVC seeks to provide patient capital to outstanding managers who have developed or are developing companies with significant growth opportunities and with the potential for ultimate realisation via an initial public offering or trade sale.

We seek to identify potential investee companies with revenue models that are scalable, recurrent, profitable and defensible. In addition, we seek opportunities where a synergistic fit exists with our existing portfolio, or where our management team can provide complementary skills to the existing management team.

Over the past 15 years we have developed a substantial deal flow network of advisers, consultants and other contacts that continue to provide quality identification and referrals of potential investment opportunities capable of meeting our return requirements of a potential minimum IRR of 25% per annum over the life of the investment.

OUR PEOPLE

Over 15 years we have developed an expertise in the Australian venture capital industry and have maintained essentially the same team since inception. Our team comprises many skills and a depth of experience across a range of disciplines that enable us to offer an effective and active management approach. These skills, experience and dedication are the foundations upon which the success of the Company has been possible.



REVIEW OF OPERATIONS

PRIVATE EQUITY

CVC have a special focus on the further development of the venture capital portfolio and believe it to have the greatest potential for delivering superior returns. Our active management style is particularly suited to the sector and works towards mitigating risk and ensuring strong alignment of investee goals and our performance expectations.

Our current portfolio spans a wide range of industry segments and our intention is to further develop the depth of the portfolio, particularly in areas such as technology and the environment and to build significant capital growth to our solid profit base.

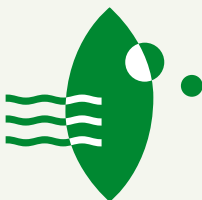
DIRECT INVESTMENTS

Vita Life Sciences Limited

CVC owns 14.1% of Vita Life Sciences limited. CVC was instrumental in structuring the company prior to its listing on the Australian Stock Exchange in April 2000. The company was formed via the amalgamation of a medical device business and a pharmaceutical company. For the half year ended 30 June 2001, Vita had a market capitalisation of \$133 million, generated revenues of \$22.08 million, up 31% on the previous half year, and recorded a net profit after tax of \$2.57 million.



VITA LIFE
SCIENCES



Probiotec

CVC have a 10% interest in the Probiotec Group following conversion of a convertible note into ordinary shares. Probiotec has a niche business in the manufacture, processing and distribution of dairy proteins, vitamins and nutraceuticals.

Probiotec continues to experience strong growth and recently negotiated a joint venture agreement with Dairy Farmers to build and operate a specialised dairy protein plant utilising the waste streams from a whey process at Dairy Farmer's QLD Malanda plant. The joint venture will produce Lactalbumin and other specialist proteins of which the plant will be the only Australian manufacturer. Group profit for the year ended 30 June 2001 was \$2 million representing 100% profit growth, the third successive year in which profits have grown by more than 50%. Management believes the 2002 financial year will again achieve 100% profit growth and if successful in this objective and in establishing the Maindura joint venture, the company will look towards an IPO.

Clinical Waste Australia Limited

CVC invested \$3.7 million for a 100% interest in specialised medical waste company Clinical Waste Australia (CWA) in the year to 2001.

CWA operates an established high temperature incineration facility for the disposal of clinical and related wastes and is focused on the development and construction of a new facility based on the commercialisation of new environmental waste disposal technology. Revenues for the group since acquisition in January 2001 were \$2.9 million with EBITDA of \$280,000. In September 2001 Clinical Waste was successful in being awarded the contract for waste services for a majority of NSW public hospitals. This contract is anticipated to be worth at least \$2 million per annum for the next 3 years. We believe Clinical Waste Australia will form an initial building block for a substantial environmental services company.





INDIRECT INVESTMENTS

CVC REEF Limited

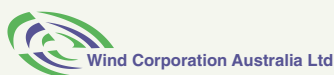
CVC has invested approximately \$700,000 in CVC REEF (Renewable Energy Equity Fund). CVC Investment Managers (managers of CVC Ltd) are the managers of the \$26.5 million renewable energy fund established by the Australian Federal Government in 1999 to provide funding to high growth Australian companies with domestic and global market potential in the renewable energy industry. CVC is of the belief that companies emerging in this sector offer compelling growth prospects and return potential.

CVC REEF has to date made a range of investments across the renewable energy spectrum that include the following:



Battery Energy Power Solutions

Company commercialising battery technology for electricity storage in remote area power systems.



Wind Corporation Australia

Wind technology company providing small scale wind farms either connected to the grid or located in remote areas.



Primergy

Renewable energy company with a portfolio of renewable energy assets including organic energy (biomass) and natural energy (wind/hydro/wave) assets.



Geodynamics

Company commercialising renewable energy technology, specifically in the generation of electricity via hot dry rocks.



Superior Energy Systems

Engineering and technology company providing equipment, services and renewable energy enabling technologies to the waste industry. Currently commercialising hybrid energy storage system for waste collection vehicles.



CVC Biz Vision Limited

CVC has an investment of \$2 million in CVC Biz Vision, an unlisted pooled development fund. The fund has a generalist focus and invests across a variety of industry sectors and business stages with a particular focus on businesses with proven management and outstanding growth potential. The fund, which opened to investment in July 1999 has performed extremely well to date as a result of the underlying performance of its cornerstone investment, Vita Life Sciences Limited. The fund reported a profit of \$1.05 million as at 30 June 2001 and the 30 June 2001 valuation of the share price based on unrealised investments and after providing for a 5 cent dividend is \$1.36 representing a 36% uplift since inception.

CVC expects Biz Vision to further grow in value over the next 12 months as it continues to realise the value of its existing investments and adds selected value opportunities to the portfolio. A number of opportunities are currently in the pipeline including an investment in the photonics industry, a waste management company in the aggregation phase and a turnaround company in the food industry.



STRATEGIC LISTED EQUITY INVESTMENTS

As part of an overall investment strategy CVC holds a portfolio of listed investments including participation in initial public offerings. The performance of the listed portfolio to 30 June 2001 has been pleasing with a realised profit on investment of \$5.31 million.

Over the past year we have realised or partially realised holdings in Kaz and Stargames, whilst continuing to seek opportunities where we believe either arbitrage or strong growth are probable.

Stargames Limited

CVC holds a 14.7% interest in Stargames, an entertainment services company. Over the past 12 months Stargames has made significant progress within its gaming division with revenue up 9.7% to \$34.4 million as at 30 June 2001. The company is in a sound position to grow its business further across Australia and New Zealand and is progressing a strategic alliance with WMS Gaming Inc., to expand its technologies, products and services to international markets.



PROPERTY

Over the past year CVC has been involved in financing a number of property related transactions including:

Cape Cabarita	Sydney prestige residential development
Chevron Renaissance	Shopping centre located on the Gold Coast
Bel Air, Skyline and Platinum	Developments on the Gold Coast
Legends Hotel	403 room Gold Coast Hotel
CVC Newcastle	Potential 1,000+ lot residential sub division near Newcastle NSW

Sunland Group Limited

CVC has a 26.42% interest in Sunland Group, an ASX listed Gold Coast based property developer. The group operates four key divisions - Urban Development, Residential Housing, Multi Storey Projects, Hotels and Management. Traditionally a property developer operating mainly in Queensland, Sunland has recently undertaken strategic expansion into the Melbourne market. Sunland has two hotels under management, Legends Hotel and Palazzo Versace, a 6 star, 205 room resort on the Gold Coast that opened in September 2000.



The company has a market capitalisation of \$60 million with revenues in the order of \$140 million. For the year to June 30, 2001, the group reported a net operating profit of \$7.04 million representing a 42% decrease on 2000 results, largely attributable to a general economic slow down, the introduction of the GST and timing of new project commencements.

Chevron Renaissance

CVC has a 25% interest in Chevron Renaissance Shopping Centre, a development that was completed and opened for trading on 2 October 2000. The property, located within the Surfers Paradise CBD, comprises a newly completed, open style retail centre which has been designed in basically two components in order to capture both the local shopping trade and the tourist/leisure market. Chevron Renaissance has attracted a number of national and international retailers, in addition to a variety of experienced locally based traders. The centre also incorporates upper level office accommodation and a basement level commercial car park. In total, the complex contains a gross lettable area of approximately 12,678 sqm, of which 2,879 sqm is let to the centres major tenant, Coles supermarket. In addition there are 52 specialty shops, 14 office tenancies and car parking for 360 vehicles provided on site.

CVC Newcastle

CVC formed a joint venture in 1999 to develop a large residential property north of Newcastle, advancing approximately \$1 million as initial finance. Subsequently the joint venture broke down partly as a result of a dispute over management of the project. CVC sought to have its interest acquired by the joint venturer, Howship Holdings Pty Limited (Howship). The facts are complex but, agreement was reached during 1999 for CVC to exit the joint venture for a substantial profit, but the agreement as negotiated between both parties lawyers was subsequently breached by Howship at the completion date.

CVC commenced litigation to protect its interest in the development and was successful in December 2000 when the Supreme Court ruled in CVC's favour. In March 2001 Howship sought to defeat CVC's rights as a joint venturer and second mortgagee, as we have alleged in recent proceedings conspiring to sell the development at a less than market valuation and in spite of CVC arranging to refinance the entire development. Accordingly, CVC immediately appointed a receiver to Howship and is seeking to set aside the sale and claim damages against a number of parties including Howship. CVC's legal team is confident that it will be completely successful in this action.

The property has the potential to be sub-divided into approximately 1,000 coastal residential development lots within close proximity to Newcastle. A development of this scale, with a coastal aspect is widely sought after due to a scarcity of quality development lots in the region, and has the potential to provide significant profits for up to 10 years.

CVC believes the development has the potential to contribute significant profit to CVC for the next decade, and is determined to enforce its full rights to profitably develop the land.

**CONTINENTAL VENTURE CAPITAL LIMITED
AND ITS CONTROLLED ENTITIES**



**FOR THE YEAR ENDED
30 JUNE, 2001**

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Your Directors present the Financial Report of Continental Venture Capital Limited (CVC) and the Consolidated Financial Statements of the Consolidated Entity being the Company and its controlled entities, for the year ended 30 June, 2001 together with the Auditors' Report thereon.

DIRECTORS

The names of Directors in office at the date of this report are Vanda Russell Gould (Chairman), John Scott Leaver, John Douglas Read and Alexander Damien Harry Beard.

DIRECTORS MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

	Directors' meetings	
	No. of meetings attended	No. of meetings held
Vanda Russell Gould	10	10
John Scott Leaver	10	10
John Douglas Read	10	10
Alexander Damien Harry Beard	10	10

PRINCIPAL ACTIVITIES

The Company's principal activity is the provision of investment capital to companies with substantial profit growth prospects.

The principal activities of companies to which capital has been provided include waste management, tourism, infrastructure and services, biotechnology, building products, vitamins and nutraceuticals and information technology products and services.

The principal activities of the corporations in the Consolidated Entity during the year were manufacture, distribution and sale of health and medical devices, nutritional and nutraceutical products, financing, property related investments and waste management.

REVIEW OF OPERATIONS

The Chairman's Report, Review of Operations and the annexure to the Financial Report contain details of the Consolidated Entity's operations during the year.

CONSOLIDATED RESULT

The consolidated profit for the year attributable to the members of CVC was:

	2001	2000
	\$	\$
Operating profit after income tax	9,575,525	10,225,782
Outside equity interests	(73,079)	(103,279)
Operating profit and extraordinary items after income tax attributable to members	<u>9,502,446</u>	<u>10,122,503</u>

DIVIDENDS

As proposed and provided for in last years report a final ordinary dividend of 1.25 cents per share amounting to \$1,371,700 in respect of the year ended 30 June, 2000 was paid on 2nd of November, 2000.

STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

- On 1 January 2001 the Consolidated Entity acquired 100% of the voting shares of Clinical Waste Pty Limited a waste collection and disposal operation located in New South Wales.
- On 31 May 2001 the Consolidated Entity disposed of its interest in the Regatta Point Unit Trust.
- During the financial year the Company invested by way of shares and convertible notes in CVC Reef Pty Limited, a Company licensed under the Australian Government's REEF program.
- The Consolidated Entity extended its borrowings by \$4,950,000. These funds were used for the acquisition of Prosperity Bonds.

LIKELY DEVELOPMENTS

The likely developments in the operations of the Consolidated Entity will involve an increase in the range of investment activities undertaken with the emphasis on obtaining higher yields. The profitability or otherwise of those investments cannot be meaningfully predicted at the date of this Report.

ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Directors are not aware of any breaches of any particular and significant environmental regulation affecting the group's operations. In making this report, the Directors note that the Company's operations involve the transport and disposal of clinical and cytotoxic waste. These activities occasionally require a licence, consent or approval from Commonwealth or State regulatory bodies. The Directors believe the environmental performance of the Company is sound and the Company has appropriate systems in place for the management of its ongoing corporate environmental responsibilities.

ENVIRONMENTAL MANAGEMENT

The Consolidated Entity is committed to achieving a high standard of environmental performance. At the end of the financial year the Consolidated Entity has committed \$1,601 962 to development of an advanced technology disposal plant.

EVENTS SUBSEQUENT TO BALANCE DATE

The Company made certain investments and loans in support of its existing investee businesses, acquired various short term interests in listed equities and realised a portion of its short term investments as part of its ordinary course of business subsequent to balance date.

Other than the matters discussed above, and in note 30 of the Financial Report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in subsequent financial years.

INFORMATION ON DIRECTORS

Vanda Russell Gould (Chairman)

B.Comm (Uni. of NSW); M.Comm (Uni of NSW)
Fellow of the Institute of Chartered Accountants in Australia,
Fellow of the Australian Institute of Certified Public Accountants, Licensed Securities Dealer.
Board Member since 1996. Chairman of Vita Life Sciences Limited and CVC Investment Managers Pty Limited and a Director of numerous private and public companies including educational establishments.

John Scott Leaver (Managing Director)

B.Ec. (Uni. of Sydney)
Licensed Securities Dealer
Board member since 1984. Chairman of Sunland Group Limited. Director of CVC Investment Managers Pty Limited.

John Douglas Read (Non Executive Director)

B.Sc. (Hons.) (Cant.), M.B.A. (A.G.S.M.)
Board Member since 1989. Chairman of the Environmental Group Limited, Director of the CSIRO,
Director of CVC Investment Managers Pty Limited.

Alexander Damien Harry Beard (Non Executive Director and Company Secretary)

B Com. (Uni. of NSW).
Member of the Institute of Chartered Accountants in Australia.
Director of numerous private and public companies.

SHARE OPTIONS

No Director has received, been granted or exercised any options during the year.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report.

Accordingly, there are no unissued shares for which options are outstanding at the date of this report.

DIRECTORS' INTERESTS AND BENEFITS

The relevant interest of each Director in the share capital of the Company as at the date of this report is as follows:

	Ordinary Shares
Mr V. R. Gould	14,438,135
Mr J. S. Leaver	14,563,082
Mr J. D. Read	14,126,444
Mr A. D. H. Beard	138,636

At the date of this report no Director held an interest in the share capital of any controlled entities, or associated entities other than Sunland Group Limited.

Directors benefits are set out in Notes 6 and 25.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying such persons against a liability, including costs and expenses in successfully defending legal proceedings.

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.

Continental Venture Capital Limited has paid insurance premiums in respect of Directors and Officers liability and legal expense insurance for Directors and Officers of the Company, its controlled entities and certain other directorships of associated companies.

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.

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

Dated at Sydney this 28th day of September 2001.

JOHN SCOTT LEAVER

Director

ALEXANDER DAMIEN HARRY BEARD

Director

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2001

	Notes	Consolidated		The Company	
		2001 \$	2000 \$	2001 \$	2000 \$
Revenue from Sale of Goods		2,921,821	2,962,925	-	-
Revenue from Rendering of Services		3,260,640	4,063,908	3,260,640	4,063,908
Proceeds from Share Sales		12,301,460	14,780,622	7,309,247	5,210,869
Other Revenue from Ordinary Activities		4,961,253	5,843,972	5,010,247	4,917,326
TOTAL REVENUE FROM ORDINARY ACTIVITIES	2	23,445,174	27,651,427	15,580,134	14,192,103
Cost of Shares Sold		(6,989,135)	(8,337,243)	(3,372,705)	(905,808)
Employee Expenses		(929,190)	(444,794)	-	-
Depreciation and Amortisation Expenses		(950,656)	(700,495)	(528,673)	(652,642)
Borrowing Costs		(1,076,212)	(1,012,961)	(1,427,151)	(1,009,766)
Management & Consultancy Fees		(1,972,071)	(1,943,476)	(1,123,247)	(1,152,547)
Other Expenses from Ordinary Activities		(4,204,400)	(6,827,904)	(3,626,889)	(2,882,496)
Share of Net Profits of Associates and Joint Ventures Accounted for Using the Equity Method		3,423,355	3,530,012	-	-
Profit from Ordinary Activities Before Related Income Tax Expense	3	10,746,865	11,914,566	5,501,469	7,588,844
Income Tax Expense	4	(1,171,340)	(1,688,784)	(328,880)	(1,412,789)
Net Profit		9,575,525	10,225,782	5,172,589	6,176,055
Net Profit Attributable to Outside Equity Interests	21	(73,079)	(103,279)	-	-
Net Profit Attributable to Members of the Parent Entity		9,502,446	10,122,503	5,172,589	6,176,055
Basic Earnings Per Share	8	0.0866	0.0912		
Diluted Earnings Per Share		0.0866	0.0912		

The statements of financial performance are to be read in conjunction with the notes to the Financial Statements set out on pages 17 to 41.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2001

	Notes	Consolidated		The Company	
		2001 \$	2000 \$	2001 \$	2000 \$
CURRENT ASSETS					
Cash Assets		6,292,097	2,115,384	2,928,636	727,806
Receivables	9	11,142,687	21,194,634	11,195,677	14,126,517
Inventories	10	85,969	251,303	36,006	251,303
Other Financial Assets	11	2,917,139	2,314,585	188,000	805,417
Current Tax Assets	4.2	292,295	-	256,115	-
Other Assets	12	66,599	18,100	16,523	18,100
Total Current Assets		20,796,786	25,894,006	14,620,957	15,929,143
NON-CURRENT ASSETS					
Receivables	9	15,850,568	4,494,410	15,850,568	4,494,410
Inventories	10	11,331,943	11,580,658	11,331,943	11,580,658
Other Financial Assets	11	39,917,266	36,233,923	16,682,633	11,157,683
Property, Plant and Equipment	13	3,154,932	-	-	-
Deferred Tax Assets	4.3	370,750	362,199	304,997	362,199
Total Non-Current Assets		70,625,459	52,671,190	44,170,141	27,594,950
TOTAL ASSETS		91,422,245	78,565,196	58,791,098	43,524,093
CURRENT LIABILITIES					
Payables	14	1,789,808	1,844,435	563,190	1,633,010
Current Tax Liabilities	4.2	-	783,044	-	783,044
Interest Bearing Liabilities	15	1,181,755	702,335	10,296,318	1,878,864
Provisions	16	664,982	2,048,207	286,493	1,552,978
Total Current Liabilities		3,636,546	5,378,021	11,146,001	5,847,896
NON-CURRENT LIABILITIES					
Interest Bearing Liabilities	15	17,733,367	12,724,979	17,421,290	12,624,979
Provisions	16	74,464	-	-	-
Total Non-Current Liabilities		17,807,831	12,724,979	17,421,290	12,624,979
TOTAL LIABILITIES		21,444,377	18,103,000	28,567,291	18,472,875
NET ASSETS		69,977,868	60,462,196	30,223,807	25,051,218
EQUITY					
Contributed Equity	17	26,633,636	26,633,636	26,633,636	26,633,636
Reserves	18	74,222	74,222	74,222	74,222
Retained Profits or (Accumulated Losses)	19	42,807,596	33,305,150	3,515,949	(1,656,640)
Total Parent Entity Interest		69,515,454	60,013,008	30,223,807	25,051,218
Outside Equity Interest	21	462,414	449,188	-	-
TOTAL EQUITY		69,977,868	60,462,196	30,223,807	25,051,218

The statements of financial position are to be read in conjunction with the notes to the Financial Statements set out on pages 17 to 41.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2001

	Notes	Consolidated		The Company	
		2001	2000	2001	2000
		\$	\$	\$	\$
CASH FLOWS RELATED TO OPERATING ACTIVITIES					
Cash Receipts in the Course of Operations		7,255,776	3,909,288	3,829,783	3,909,286
Cash Payments in the Course of Operations		(7,232,965)	(4,136,755)	(3,702,691)	(3,338,228)
Interest Received		1,093,879	3,327,530	771,040	2,359,666
Dividends Received		1,460,177	1,132,435	938,503	877,737
Interest Paid		(836,130)	(1,565,952)	(822,912)	(1,565,952)
Income Taxes Paid		(2,653,046)	-	(2,335,199)	-
Other		(51,424)	(5,982)	(49,977)	(31,647)
Net Cash (Used in)/ Provided by Operating Activities	24	(963,733)	2,660,564	(1,371,453)	2,210,862
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Property, Plant and Equipment		(554,900)	(37,442)	(63,578)	(37,442)
Payments for Equity Investments		(5,295,805)	(4,902,482)	(8,353,470)	(3,185,346)
Payment for Controlled Entity		(3,678,145)	-	-	-
Proceeds on Disposal of Equity Investments		15,507,930	5,940,164	8,339,794	5,193,166
Loans Provided		(20,909,818)	(12,996,523)	(12,506,296)	(6,461,239)
Loans Repaid		16,498,411	7,786,874	12,789,549	622,723
Other		296,890	(31,191)	-	(31,191)
Net Cash Provided by/(Used in) Investing Activities		1,864,563	(4,240,600)	205,999	(3,899,329)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Borrowings		14,357,794	41,209	14,184,400	-
Repayment of Borrowings		(9,695,795)	-	(9,432,000)	-
Share Buyback		-	(800,299)	-	(779,663)
Dividends Paid		(1,371,700)	(1,138,451)	(1,371,700)	(1,117,633)
Other		(14,416)	(293,838)	(14,416)	(293,838)
Cash Provided by/(Used in) Financing Activities		3,275,883	(2,191,379)	3,366,284	(2,191,134)
Net Increase/(Decrease) in Cash Held		4,176,713	(3,771,415)	2,200,830	(3,879,601)
Cash at the Beginning of the Financial Year		2,115,384	5,886,799	727,806	4,607,407
CASH AT THE END OF THE FINANCIAL YEAR	24.1	6,292,097	2,115,384	2,928,636	727,806

The statements of cashflows are to be read in conjunction with the notes to the Financial Statements set out on pages 17 to 41.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

Note	Contents
1.	Statement of Significant Accounting Policies
2.	Revenue from Ordinary Activities
3.	Profit from Ordinary Activities Before Income Tax Expense
4.	Taxation
5.	Dividends
6.	Remuneration of Directors and Executives
7.	Auditors' Remuneration
8.	Earnings Per Share
9.	Receivables
10.	Inventories
11.	Other Financial Assets
12.	Other Assets
13.	Property, Plant & Equipment
14.	Payables
15.	Interest Bearing Liabilities
16.	Provisions
17.	Contributed Equity
18.	Reserves
19.	Retained Profits
20.	Financing Arrangements
21.	Controlled Entities
22.	Operations by Segments
23.	Investments in Associated Companies
24.	Notes to the Statements of Cash Flows
25.	Related Party Information
26.	Commitments
27.	Contingent Liabilities
28.	Interest in Joint Venture
29.	Additional Financial Instruments Disclosure
30.	Events Subsequent to Balance Date
31.	Employee Entitlements

**NOTE 1:
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The significant policies which have been adopted in the preparation of this Financial Report are:

1.1 Basis of Preparation

The Financial Report is a general purpose Financial Report, which has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or, current valuations of non-current assets.

These accounting policies have been consistently applied by each entity in the Consolidated Entity and except where there is a change in accounting policy, are consistent with those of the previous year.

1.2 Principles of Consolidation

Controlled entities

The Financial Statements of controlled entities are included in the results only from the date control commences or up until the date control ceases.

Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the Consolidated Financial Statements.

Associates

Associates are those entities, other than partnerships, over which the Consolidated Entity exercises significant influence and which are not intended for sale in the near future.

In the Consolidated Financial Statements, investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The Consolidated Entity's accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves.

Joint venture operation

The Consolidated Entity's interest in an unincorporated joint venture is brought to account by including its proportionate share of the joint venture's assets, liabilities and expenses and the Consolidated Entity's revenue from the date of sale of its share of output on a line-by-line basis, from the date joint control commences to the date joint control ceases.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

Note 1: Statement of Significant Accounting Policies (Cont'd)

Unrealised gains resulting from transactions with associates and joint ventures are eliminated to the extent of the Consolidated Entity's interest. Unrealised gains relating associates and joint venture entities are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence a recoverable amount impairment.

1.3 Investments - Note 11

Controlled Entities:

Investments in controlled entities are carried in the Company's Financial Statements at the lower of cost and recoverable amount.

Associated Companies:

In the Company's Financial Statements investments in unlisted shares of associates are carried at the lower of cost and recoverable amount.

Investments in listed shares in associates are measured at fair value.

Joint ventures

In the Company's Financial Statements, investments in unlisted shares of associates are carried at the lower of cost and recoverable amounts.

In the Company's Financial Statements investments in joint venture operations are accounted for as set out in Note 28.

Other entities:

Investments in other listed companies are measured at the lower of cost and recoverable amount, being the current quoted market prices.

Investments in other unlisted entities are carried at the lower of cost and recoverable amount.

Investments in marketable securities held for the purpose of trading are measured at fair value.

1.4 Income Tax - Note 4

The Consolidated Entity adopts the liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for any permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt.

Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

1.5 Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments,

readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

1.6 Inventories - Note 10

Inventories are carried at the lower of cost and net realisable value.

Net Realisable Value

Net realisable value is determined on the basis of each entity's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

1.7 Payables - Note 14

Liabilities are recognised for amounts to be paid in the future for goods or services. Trade accounts payable are normally settled within 30 days.

1.8 Accounts Receivable - Note 9

Trade Debtors

Trade Debtors to be settled within 30 days are carried at amounts due.

Term Debtors

Term debtors are carried at amounts due and settled on completion of projects. A market rate of interest is charged on outstanding amounts and debtors are required to provide collateral.

Doubtful Debts

The collectability of debts is assessed at year end and specific provision is made for any doubtful accounts.

1.9 Property, Plant and Equipment - Note 13

Acquisition

Items of property, plant and equipment are recorded at cost and depreciated as outlined below.

The cost of property, plant and equipment constructed by controlled entities includes the cost of materials and direct labour and an appropriate proportion of fixed and variable overheads.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Leased Plant and Equipment

Leases of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the statement of financial performance. Contingent rentals are expensed as incurred. Also refer to Note 27.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

Note 1: Statement of Significant Accounting Policies (Cont'd)

Payments made under operating leases are charged against profits in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1.10 Employee Entitlements- Note 16 ***Wages, Salaries, Annual Leave and Sick Leave***

The provision for employee entitlements in relation to wages, sick leave and annual leave represent present obligations resulting from employee's services provided up to balance date, undiscounted amounts based on current wage and salary rates.

Long Service Leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to the balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

1.11 Land Held for Sale

Valuation

Development properties are carried at the lower of cost and net realisable value. Cost includes the costs of acquisition, development, and holding costs such as interest, rates and taxes. Interest and other holding costs incurred after completion of development are expensed as incurred.

1.12 Revenue and Revenue Recognition

Revenues are recognised at fair value of the consideration received net of this amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Interest Income

Interest income is recognised as it accrues unless collectability is in doubt, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Other Revenue

Revenue recognition policies for investments and land held for resale are described in Note 1.11.

Research and development grants

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as revenue. Where a grant is received relating to research and development costs that have been deferred, the grant is deducted from the carrying amount of the deferred research and development.

Dividends

Revenue from dividends and distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities.

Revenue from dividends from associates is recognised by the parent entity when dividends are received.

Revenue from dividends from other investments are recognised when received.

Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

1.13 Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the asset. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

1.14 Non-Current Assets

The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

1.15 Depreciation and Amortisation

Complex Assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated/amortised using the straight line method over the estimated useful lives, with the exception of finance lease assets which are amortised over the term of the relevant lease, or where it is likely the Consolidated Entity will obtain ownership of the asset, the life of the asset.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

Note 1: Statement of Significant Accounting Policies (Cont'd)

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

The current depreciation rates for each classes of assets are as follows:

Plant and Equipment	5% to 50%
Leased Assets	15% to 25%

1.16 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

1.17 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Some line items and sub-totals reported in the previous financial year have been reclassified and repositioned in the Financial Statements as a result of the first time application, on 1 July 2000, of the revised standard AASB 1018 Statement of Financial Performance, AASB 1034 Financial Report Presentation and Disclosure and the new AASB 1040 Statement of Financial Position.

Adoption of these standards has resulted in the transfer of the reconciliation of opening to closing retained profits from the face of the statement of financial performance to Note 19.

The following assets and liabilities have been removed from previous classifications and are now disclosed as separate line items on the face of the statement of financial position:

Deferred tax assets, previously presented within other non-current assets.

Current tax liability previously presented within current provisions.

Deferred tax liability previously presented within non-current provisions.

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 2: REVENUE FROM ORDINARY ACTIVITIES				
Sale of goods revenue from operating activities	2,921,821	2,962,925	-	-
Rendering of services from operating activities	3,260,640	4,063,908	3,260,640	4,063,908
Proceeds from share sales	12,301,460	14,780,622	7,309,247	5,210,869
Other Revenues				
From operating activities:				
Dividends				
Related parties	-	-	1,886,599	997,614
Other parties	2,067,198	1,079,827	922,572	840,090
Interest:				
Related parties	275,312	2,783,308	356,763	2,792,155
Other parties	1,982,598	1,678,594	834,513	287,445
From outside Operating Activities				
Gross proceeds from sale of non-current Assets	79,508	-	-	-
Total Other Revenues	556,637	302,243	1,009,800	22
TOTAL REVENUE FROM ORDINARY ACTIVITIES	23,445,174	27,651,427	15,580,134	14,192,103

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 3: PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE				
Profit from ordinary activities before income tax expense has been arrived at after charging/ (crediting) the following items:				
Depreciation of:				
Plant and equipment	909,097	700,495	525,673	652,642
Amortisation of:				
Leased plant and equipment	41,559	-	-	-
Total Depreciation and Amortisation	950,656	700,495	525,673	652,642
Borrowing costs:				
Related parties	-	-	364,157	-
Bank loans and overdraft	1,062,994	1,012,961	1,062,994	1,009,766
Finance charges on capitalised leases	13,218	-	-	-
Net expense from movements in provision for:				
Employee entitlements	41,062	-	-	-
Provision for loans	(118,593)	1,251,219	468,064	(103,328)
Net (gain) on disposal of non-current assets:				
Property, plant and equipment	(49,047)	-	-	-
Investments	-	42,396	-	25,567
Unrealised loss on short term investments	520,060	556,840	55,717	65,230
Operating lease rental expense minimum lease rental expense	179,268	-	-	-

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 4: TAXATION				
4.1 Income Tax Expense:				
Prima facie income tax expense calculated at 34% (2000: 36%) on the profit from ordinary activities	3,653,934	4,289,244	1,870,500	2,731,984
Tax attributable to equity accounted profits	(218,420)	(1,268,710)	-	-
Increase in income tax expense due to:				
Write down of listed shares	(176,911)	377,177	(18,944)	(92,845)
Provision movements	34,299	1,301,118	227,638	(36,900)
Sundry items	450	126,000	450	126,000
Deferred expenditure	536	4,754	536	4,754
Decrease in income tax expense due to:				
Non deductible/(taxable) items	(596,507)	(18,685)	(309,940)	-
Dividend rebate	(493,060)	(780,026)	(339,455)	(661,573)
Capital loss	-	(535,382)	-	(247,329)
Division 43 allowance	(41,602)	(87,859)	(41,602)	(87,859)
Future income tax benefit not previously recognised	-	(353,500)	-	(353,500)
Tax losses transferred from related Company	-	-	(120,412)	(495,743)
Recovery of tax losses previously not brought to account	(1,115,718)	(1,986,713)	(1,064,230)	-
	1,047,001	1,067,418	204,541	886,989
Prior year under provision	124,339	621,366	124,339	525,800
Income tax expense attributable to operating profit	1,171,340	1,688,784	328,880	1,412,789
Income tax expense attributable to operating profit is made up of:				
Current income tax provision	1,064,204	1,437,324	147,340	1,249,187
Deferred income tax provision	(52,137)	13,510	(52,137)	28,332
Future income tax benefit	34,934	(383,416)	109,338	(390,530)
Over/(under) provision in prior year	124,339	621,366	124,339	525,800
	1,171,340	1,688,784	328,880	1,412,789

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
<i>Note 4: Taxation (Cont'd)</i>				
4.2 Current Tax (Assets)/ Liabilities:				
Provision for current income tax				
Movements during the year:				
Balance at beginning of year	783,044	155,081	783,044	97,539
Income tax paid				
Operating activities	(2,263,882)	(1,430,727)	(1,310,838)	(1,089,482)
	(1,480,838)	(1,275,646)	(527,794)	(991,943)
Current years income tax expense on operating profit	1,064,204	1,437,324	147,340	1,249,187
Under provision in prior year	124,339	621,366	124,339	525,800
	(292,295)	783,044	(256,115)	783,044

4.3 Deferred Tax Assets:

Future income tax benefit

Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% (2000: 34%) on the following items:

Provisions and accrued employee entitlements not currently deductible	252,860	390,530	252,860	390,530
Tax losses carried forward	-	-	-	-
Sundry items	117,890	(28,331)	52,137	(28,331)
	370,750	362,199	304,997	362,199
Future income tax benefits not taken to account				
Tax losses carried forward	1,090,161	2,363,597	Nil	Nil

The potential future income tax benefit will only be obtained if:

- (i) the relevant Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another Company in the Consolidated Entity in accordance with Division 36 of the Income Tax Assessment Act 1997;
- (ii) the relevant Company and/or the Consolidated Entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the relevant Company and/or the Consolidated Entity in realising the benefit.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

NOTE 5: DIVIDENDS

Dividends proposed or paid and not provided for in previous years by the Company are:

	Cents per share	Total \$'000	Date of payment	Tax rate for franking credit	Percentage franked
2000					
Final - ordinary	1.25	1,371,700	2 November 2000	34% (Class C)	100%

The Company	
2001	2000
\$	\$

Dividend Franking account

Class C (30% (2000: 34%)) franking credits available to shareholders for subsequent financial years

4,207,322	158,579
-----------	---------

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax
- franking debits that will arise from the payment of dividends recognised as liability at year-end
- franking credits that will arise from the receipt of dividends recognised as receivables at year end
- 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.

Consolidated		The Company	
2001	2000	2001	2000
\$	\$	\$	\$

NOTE 6: REMUNERATION OF DIRECTORS AND EXECUTIVES

6.1 Directors' Remuneration

The number of Directors of the Company whose income from the Company or any related party falls within the following bands:

	Number	Number	Number	Number
\$0 - \$9,999	3	3	3	3
\$20,000 - \$29,999	1	1	1	1
\$50,000 - \$59,999	1	1	-	-
\$80,000 - \$89,999	1	-	-	-

Total income paid or payable, or otherwise made available to all Directors of the Company from the Company or any related party. This amount includes the value of insurance premiums paid for the benefit of Directors.

38,035	30,165
--------	--------

Total income paid or payable, or otherwise made available to all Directors of each entity in the Consolidated Entity from the Company, or any related parties or controlled entities.

121,818	80,229
---------	--------

Management Fees were paid to CVC Investment Managers Pty Limited as disclosed in Note 25.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

6.2 Executive Officers' Remuneration

No amounts were paid or payable, directly or indirectly to executive Officers of the Company whose income from the Company or any related parties exceeded \$100,000.

The number of executive Officers of the Consolidated Entity whose income from controlled entities within the Consolidated Entity exceeded \$100,000 falls within the following bands:

	Consolidated	
	2001	2000
	\$	\$
Total income paid or payable, directly or indirectly to executive Officers of the Economic Entity from the Company, Consolidated Entity or any related party in connection with the management of the affairs of the Consolidated Entity whose incomes exceed \$100,000	Nil	Nil

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$

NOTE 7: AUDITOR'S REMUNERATION

Amounts received or due and receivable for audit services by:

Auditors of the Company	46,279	30,000	44,279	22,938
Other auditors	5,700	14,980	-	-
	51,979	44,980	44,279	22,938

Amounts received or due and receivable for other services by the Auditors of the Company

	Nil	13,437	Nil	Nil
--	-----	--------	-----	-----

The Auditors received no other benefits.

	The Consolidated	
	2001	2000
	\$	\$

NOTE 8: EARNINGS PER SHARE

Basic Earnings per Share (dollars per share)	0.0866	0.0912
Reconciliation of earnings used in the calculation of earnings per share:		
Operating profit after income tax	9,575,525	10,225,782
Less: Outside equity interests	(73,079)	(103,279)
Earnings used in the calculation of basic earnings per share and diluted	9,502,446	10,122,503

	Number of Shares	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	109,736,032	110,878,577

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 9: RECEIVABLES				
Current				
Other debtors	1,361,130	809,696	486,895	809,597
Loans to other corporations (a) (c) (d)	10,266,149	9,561,660	5,656,307	-
Loans to controlled entities	-	-	5,620,184	14,391,937
Loans to associated entities	1,169,651	13,080,434	975,372	-
Provision for loans to related corporations	-	-	(1,122,191)	(1,075,017)
Provision for loans to other corporations	(1,654,243)	(2,257,156)	(420,890)	-
Total Current Receivables	11,142,687	21,194,634	11,195,677	14,126,517
Non-Current				
Loans to joint venture (b)	4,921,253	4,494,410	4,921,253	4,494,410
Loans to associated entities (a)	10,929,315	-	10,929,315	-
Total Non-Current Receivables	15,850,568	4,494,410	15,850,568	4,494,410

Further details of loans from related entities are set out in Note 25.

Term Debtors

The weighted average effective interest rate on term debtors, is current 7.50%, and non-current 4% at 30 June 2001.

Collateral is obtained for all loans and includes:

- Second registered fixed and floating mortgage over assets, land and improvements (\$14,664,676).
- Right to register a second mortgage over the real property subject of the development projects (\$4,921,253).
- Registered charge over listed shares (\$3,435,417).
- Right to recover receivables under security deed (\$2,220,890).

Other Debtors

Other debtors represent interest, dividend, trust distribution and property settlement receivables.

NOTE 10: INVENTORIES

Current				
Finished goods - at cost	85,969	251,303	36,006	251,303
Total Current Inventories	85,969	251,303	36,006	251,303
Non-Current				
Land for development at cost	1,688,430	1,688,430	1,688,430	1,688,430
Development costs capitalised	9,643,513	9,892,228	9,643,513	9,892,228
Total Non-Current Inventories	11,331,943	11,580,658	11,331,943	11,580,658

Development costs include holding costs, rates, interest, taxes and other amounts are capitalised. Also within development costs capitalised are items of plant and equipment that are being depreciated.

Land and development costs are considered by the Directors to have a value of \$16,250,000. This is based on an independent valuation as at August 2000. The valuation has not been updated or recognised in the Financial Statements and was based on the estimated fair value of the land in an open market.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 11: OTHER FINANCIAL ASSETS				
Current				
Shares in listed corporations				
at cost	2,881,139	289,530	152,000	289,530
at market value	36,000	2,025,055	36,000	515,887
	2,917,139	2,314,585	188,000	805,417
Market value of shares in listed corporations	13,071,350	3,335,328	254,000	1,826,160
Non-Current				
Investments comprise shares in:				
Controlled entities (refer Note 21)				
Unlisted - at cost	-	-	5,000,273	96,048
Shares in listed corporations - at cost	3,249,009	-	400,034	-
Other investments at cost	14,742,296	11,501,547	5,872,271	5,674,854
Associates:				
Equity accounted shares in associated companies	21,925,961	20,690,944	-	-
Equity accounted units in associated unlisted unit trusts	-	4,041,432	-	-
Shares in associated companies at cost	-	-	5,410,055	5,386,781
Total Non-Current Investments	39,917,266	36,233,923	16,682,633	11,157,683
Market value of shares in listed corporations:				
Associated companies	17,869,528	28,879,090	14,894,404	24,066,389
Other investments	27,717,498	24,558,476	7,989,483	6,289,389
	45,587,026	53,437,566	22,883,887	30,355,778

The Directors have valued shares in listed corporations at the lower of cost and net fair value as at 30 June 2001.

NOTE 12: OTHER ASSETS

Current				
Prepayments and deposits	66,599	18,100	16,523	18,100

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 13: PROPERTY, PLANT AND EQUIPMENT				
<i>Plant and Equipment</i>				
At cost	5,387,585	-	-	-
Accumulated depreciation	(3,126,699)	-	-	-
	2,260,886	-	-	-
<i>Leased Plant and Equipment</i>				
At cost	466,992	-	-	-
Accumulated depreciation	(152,313)	-	-	-
	314,679	-	-	-
<i>Capital Works in Progress</i>				
At cost	579,367	-	-	-
Total property, plant and equipment net book value	3,154,932	-	-	-
Reconciliations				
<i>Plant and Equipment</i>				
Carrying amount at beginning of year	-	-	-	-
Assets acquired in business acquisition	2,868,434	-	-	-
Additions	103,869	-	-	-
Disposals	(401,302)	-	-	-
Depreciation	(310,115)	-	-	-
Carrying amount at end of year	2,260,886	-	-	-
<i>Leased Plant and Equipment</i>				
Carrying amount at beginning of year	-	-	-	-
Assets acquired in business acquisition	381,998	-	-	-
Additions	-	-	-	-
Disposals	(25,760)	-	-	-
Amortisation	(41,559)	-	-	-
Carrying amount at end of year	314,679	-	-	-
<i>Capital Works in Progress</i>				
Carrying amount at beginning of year	-	-	-	-
Assets acquired in business acquisition	385,594	-	-	-
Additions	193,773	-	-	-
Disposals	-	-	-	-
Amortisation	-	-	-	-
Carrying amount at end of year	579,367	-	-	-
Total Property, Plant & Equipment	3,154,932	Nil	Nil	Nil

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 14: PAYABLES				
Current				
Trade creditors	1,101,952	1,244,828	138,190	1,208,010
Sundry creditors and accruals	687,856	599,607	425,000	425,000
Total Current Accounts Payable	1,789,808	1,844,435	563,190	1,633,010

NOTE 15: INTEREST BEARING LIABILITIES

Current				
Lease liability (Note 26)	103,191	-	-	-
Loans from other persons	69,400	104,495	69,400	104,496
Loans from controlled entities	-	-	9,217,754	1,176,538
Loans from associated entities	1,009,164	597,840	1,009,164	597,830
Total Current Interest Bearing Liabilities	1,181,755	702,335	10,296,318	1,878,864
Non-Current				
Bank loans (Note 20)	17,412,475	12,624,979	17,421,290	12,624,979
Lease liability (Note 26)	220,892	-	-	-
Loans from other persons	100,000	100,000	-	-
Total Non-Current Interest Bearing Liabilities	17,733,367	12,724,979	17,421,290	12,624,979

NOTE 16: PROVISIONS

Current				
Employee entitlements	185,295	-	-	-
Dividends	-	1,371,700	-	1,371,700
Other	479,687	676,507	286,493	181,278
Total Current Provisions	664,982	2,048,207	286,493	1,552,978
Non-Current				
Employee entitlements	74,464	-	-	-
Total Non-Current Provisions	74,464	Nil	Nil	Nil

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 17: CONTRIBUTED EQUITY				
Issued and Paid-Up Share Capital				
109,736,032 (2000: 109,736,032)				
ordinary shares	26,633,636	26,633,636	26,633,636	26,633,636
Ordinary Shares				
Balance at beginning of year	26,633,636	27,658,365	26,633,636	27,658,365
Transfer from reserves	-	-	-	-
Shares redeemed (2000: 2,441,240)	-	(1,024,729)	-	(1,024,729)
Balance at end of year	26,633,636	26,633,636	26,633,636	26,633,636

On 21 February 1996 the Company commenced an on-market share buyback scheme. The initial scheme ended on 21 August 1996. A new scheme commenced on 12 December 1996 and ended on 12 June 1998. A further scheme commenced on 13 June 1998 and ended on 14 December 1998. A further scheme commenced on 15 December 1998 and ended on 15 June 1999. Another scheme commenced on 16 June 1999 and ended on the 20th December 1999. The current scheme commenced on 21st December 1999 and is for an unlimited duration but is limited to 7,000,000 shares.

No shares were bought back during the year ended 30 June 2001.

NOTE 18: RESERVES

Capital Profits Reserve	74,222	74,222	74,222	74,222
Capital Profits Reserve				
Balance at the beginning of the year	74,222	74,222	74,222	74,222
Transfer to share capital	-	-	-	-
Provision for capital expenditure	-	-	-	-
Balance at the end of the year	74,222	74,222	74,222	74,222

NOTE 19: RETAINED PROFITS

Retained profits at the beginning of the year	33,305,150	24,550,207	(1,656,640)	(6,465,135)
Net profit attributable to members of the parent Company	9,502,446	10,122,503	5,172,589	6,176,055
Dividends	-	(1,367,560)	-	(1,367,560)
Retained profits at the end of the year	42,807,596	33,305,150	3,515,949	(1,656,640)

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 20: FINANCING ARRANGEMENTS				
The Consolidated Entity has access to the following lines of credit:				
Total facilities available:				
Bank overdraft	-	2,000,000	-	2,000,000
Joint venture - Finance loans	7,962,475	4,062,479	7,962,475	4,062,479
- Bank loans	-	4,062,500	-	4,062,500
Bank finance	9,450,000	4,500,000	9,450,000	4,500,000
	17,412,475	14,624,979	17,412,475	14,624,979
Facilities utilised at balance date:				
Joint venture - Finance loans	7,962,475	4,062,479	7,962,475	4,062,479
- Bank loans	-	4,062,500	-	4,062,500
Bank finance	9,450,000	4,500,000	9,450,000	4,500,000
	17,412,475	12,624,979	17,412,475	12,624,979
Facilities not utilised at balance date:				
Bank overdraft	-	2,000,000	-	2,000,000
Joint venture - Finance loans	-	-	-	-
- Bank loans	-	-	-	-
Bank finance	-	-	-	-
	Nil	2,000,000	Nil	2,000,000

Bank Overdraft

The bank overdraft to the extent of \$2,000,000 was secured by a registered mortgage over certain assets of CVC. The facility and security is subject to annual review. Interest on bank overdrafts is charged at prevailing market rates.

Bank Finance

The bank finance loans are secured by a registered charge over Prosperity Bonds, the carrying amount at 30 June 2001 was \$12,197,413.

Joint Venture - Bank Finance

The bank finance is secured by a first mortgage over Legends Hotel the carrying value of our interest in the hotel at balance date is \$11,331,943.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
<i>Note 21: Controlled Entities (Cont'd)</i>				
21.3 Acquisition of controlled entities				
The following controlled entities were acquired during the year:				
During the financial year the Consolidated Entity purchased 100% of the voting shares of Clinical Waste Australia Pty Limited. Details of the acquisition are as follows:				
Consideration	3,703,386	-	-	-
Cash acquired	(25,241)	-	-	-
Outflow of cash	3,678,145	Nil	Nil	Nil
Fair value of net assets acquired:				
Property plant and equipment	4,065,904	-	-	-
Other non-current assets	569,961	-	-	-
Cash assets	25,241	-	-	-
Inventory	54,481	-	-	-
Trade debtors	1,137,190	-	-	-
Trade creditors	(877,107)	-	-	-
Other provisions	(355,646)	-	-	-
	4,620,024	-	-	-
Discount on acquisition	(916,638)	-	-	-
Consideration	3,703,386	Nil	Nil	Nil

Clinical Waste Australia Pty Limited was acquired on 1 January 2001 and the operating results of the entity from that date have been included in consolidated operating profit. The entities main activities are the collection and disposal of clinical and cytotoxic waste.

The discount on acquisition was applied against the non monetary assets on consolidation.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

NOTE 22: OPERATIONS BY SEGMENTS

22.1 Geographical Segments

The Consolidated Entity operates predominantly in Australia.

22.2 Industrial Segments

	Waste Processing	Hotel	Investment and Venture Capital	Property Development	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
2001:						
Revenue from customers outside the group	2,921,821	3,260,641	12,301,460	-	-	18,483,922
Associates net profits	-	-	-	3,423,335	-	3,423,355
Intersegment revenue	105,071	1,580	5,696,872	-	(842,271)	4,961,252
Total revenue	3,026,892	3,262,221	17,998,332	3,423,355	(842,271)	26,868,529
Segment result	(223,383)	(1,133,219)	7,435,692	3,423,355	-	9,502,445
Segment assets	5,485,751	12,046,805	41,456,049	32,141,345	Nil	91,129,950

	Medical	Hotel	Investment and Venture Capital	Electronics	Property Development	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$	\$
2000:							
Revenue from customers outside the group	2,962,925	4,069,304	14,775,226	-	-	-	21,807,455
Associates net profits	-	-	5,818	-	3,524,194	-	3,530,012
Intersegment revenue	102,691	-	6,516,022	30,228	-	(804,969)	5,843,972
Total revenue	3,065,616	4,069,304	21,297,066	30,228	3,524,194	(804,969)	31,181,439
Segment result	237,168	(201,765)	6,556,306	6,600	3,524,194	Nil	10,122,503
Segment assets	Nil	12,469,509	41,363,311	Nil	24,732,376	Nil	78,565,196

Inter - segment pricing is determined on an arms length basis.

The Consolidated Entity operates predominantly in four industries as disclosed above. Waste Processing involving the processing of clinical and toxic waste products. Hotel Operations comprise a share of the ownership and operations of the Legends Hotel. Property Development comprises financing provided to property related entities and investments in property development companies. Investment and Venture Capital involves a range of activities including investments in short and long term listed entities, convertible notes to various entities, and dividends received. During the year ended 30 June 2000 we disclosed two additional sectors, Medical Operations, sold in February 2000 and Electronics, are no longer material segments.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

NOTE 23: INVESTMENTS IN ASSOCIATED COMPANIES

Associated Companies

Details of material interests in associated companies are as follows:

Name	Principal Activities	Class of Share	Ownership Interest			
			Consolidated		The Company	
			2001 %	2000 %	2001 %	2000 %
Sunland Group Limited	Property development	Ord	31.70	32.06	26.42	26.72
Regatta Point Unit Trust	Property development	Units	-	30.00	-	-
Chevron Developments Pty Limited	Property development	Ord	50.00	50.00	50.00	50.00
Belair Real Estate Pty Limited	Property development	Ord	50.00	50.00	50.00	50.00
Skyline Investments	Property development	Ord	50.00	-	50.00	-

The balance date of the associated companies is 30 June 2001 and all were incorporated in Australia.

Name	Investment Carrying Amount				Dividends Received/Receivable			
	Consolidated		The Company		Consolidated		The Company	
	2001 \$	2000 \$	2001 \$	2000 \$	2001 \$	2000 \$	2001 \$	2000 \$
Sunland Group Limited**	20,765,615	20,690,944	5,410,055	5,386,781	1,155,604	1,010,107	963,096	835,090
Regatta Point Unit Trust*	-	4,041,432	-	-	1,350,170	-	923,503	-
Chevron Developments Pty Limited	1,006,611	-	1	1	-	-	-	-
Belair Real Estate Pty Limited	151,577	-	1	1	-	-	-	-
Skyline Investments	2,158	N/A	1	N/A	-	N/A	-	N/A

*During the year the Consolidated Entity sold its interest in the Regatta Point Unit Trust.

**Due to the June 2001 financial information for Sunland Group Limited not being publicly available at the time of the preparation of this report, the investment has only been accounted for up to and including 31 December 2000.

Equity Information

Investments in associated companies are accounted for on a cost basis in the Company accounts and the consolidated accounts. Information about the investments under the equity accounting method is set out below.

Share of associated Company's operating profit and extraordinary items after income tax	3,423,355	3,530,012
Aggregate dividend revenue	(2,505,774)	(1,137,054)
	917,581	2,392,958
Aggregate share of retained profits at the beginning of the year	12,674,061	11,028,376
Aggregate share of retained profits not reflected in the investment carrying accounts	13,591,642	13,421,334
Aggregate carrying amount of investments in associated companies	8,334,319	11,311,042
Aggregate amount of investments in associated companies, as determined under the equity method of accounting	21,925,961	24,732,376

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 24: NOTES TO THE STATEMENT OF CASH FLOWS				
24.1 Reconciliation of Cash				
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:				
Cash Assets				
Cash on hand	6,091,483	2,111,256	2,728,022	723,678
Cash on deposit	200,614	4,128	200,614	4,128
	6,292,097	2,115,384	2,928,636	727,806
24.2 Reconciliation of profit from ordinary activities after income tax to the net cash provided by operating activities				
Profit from ordinary activities after income tax	9,575,524	10,225,782	5,172,590	6,176,055
Add/(less) non-cash items:				
Share of associates profits	(917,581)	(3,526,211)	-	-
Depreciation and amortisation of property plant and equipment	1,289,264	613,327	733,351	613,327
Amortisation - other	22,577	39,317	19,658	39,317
(Profit)/loss on sale/writedown of property, plant & equipment	347,554	-	-	-
Unrealised (loss) on short term investments	(2,140,059)	426,383	(808,554)	(65,230)
Dividends credited to loans	(1,415,263)	(959,966)	(998,397)	(959,966)
Profit on disposal of investments	(6,372,625)	(4,248,893)	(3,961,699)	(2,606,962)
Loss on disposal of short term investments	287,869	7,200	-	-
Loan provisions	(1,591,054)	2,381,245	266,835	(103,328)
Borrowing costs in operating profits	6,979	-	3,823	-
Interest income not received	(1,554,122)	(2,547,103)	(667,180)	(1,311,920)
Movement in income tax provision	(1,301,089)	-	(1,235,336)	-
Movement in deferred tax	-	-	-	-
Changes in assets and liabilities:				
Trade receivables	2,768,692	(627,001)	682,468	(30,284)
Inventories	4,517	-	-	-
Trade creditors	(787,460)	456,236	(593,246)	(941,181)
Provisions	601,517	420,248	(127,369)	1,401,034
Prepayments	211,027	-	141,603	-
Net cash provided by/(used in) operating activities	(963,733)	2,660,564	(1,371,453)	2,210,862

24.3 Financing Facilities - Refer Note 20.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

NOTE 25: RELATED PARTY INFORMATION

Directors

The names of each person holding the position of Director of CVC during the financial year are:

Vanda Russell Gould
John Scott Leaver
John Douglas Read
Alexander Damien Harry Beard

Details of Directors' remuneration, superannuation and retirement payments are set out in Note 6.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or the Consolidated Entity since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Directors' Loans

There were no loans to Directors during the year or existing at the end of the financial year.

Other Transactions

CVC Investment Managers Pty Limited, of which Messrs Gould, Read and Leaver were Directors during the relevant period, is entitled to a management fee of 4% of the funds under management of CVC for providing fund raising, accounting, secretarial and management services. CVC Investment Managers Pty Limited is also entitled to a further payment (Incentive Fee) assessed at 20% of the increment in the net asset value of the Company during the year. No Incentive Fee has been paid or provided against for the year to 30 June 2001. CVC Investment Managers Pty Limited is responsible for the remuneration of several Directors and Executive Officers of CVC together with the provision of administration and management services.

Management fees of \$1,065,345 (2001: \$1,146,077) were paid to CVC Investment Managers Pty Limited by CVC during the year.

CVC Investment Managers Pty Limited received management fees from the controlled entities and associated companies of CVC for the provision of services directly to those companies totalling \$848,824 (2000: \$783,898).

During prior years CVC lent \$6,740,806 to The Keriland Joint Venture of which it has a 50% interest. The balance of the loan at 30 June 2001 was \$9,842,505 (2000: \$8,988,819) including capitalised interest. The balance of the interests in The Keriland Hotel Joint Venture are held by Sunland Group Limited ("Sunland"). Mr Leaver is a Director of CVC and Sunland.

During the year 30 June 2000, CVC lent funds to the controlled entity CVC Communication & Technology Pty Limited at 9% interest. These funds were repaid including accrued interest during the year ended 30 June 2001. Subsequently, to repayment of this loan, CVC Communications & Technology Pty Limited loaned a further \$9,217,754, including accrued interest to CVC on the same terms.

During the year ended 30 June 1999 advances totalling \$2,001,043 were made by CVC Communication & Technology Pty Limited to the Broadway Development Unit Trust for a residential property development. Broadway Development Pty Limited, a Controlled Entity of CVC Communication & Technology Pty Limited, is the trustee of the Broadway Development Unit Trust. At 30 June 2001 the balance of the advance including capitalised interest of \$2,090,023 was written of as not recoverable. Mr Read is a Director of CVC and Broadway Development Pty Limited. The loan and has been fully provided against.

CVC and CVC Communication & Technology Pty Limited purchased and sold shares in Sunland and Vita Life Sciences Limited during the year. All transactions were made at market prices on the Australian Stock Exchange Limited. Mr Leaver is a Director of Sunland, Mr Gould is a Director of Vita Life Sciences Limited. Sunland is an associate of CVC.

During the year CVC Communication & Technology Pty Limited held an interest of 30% in the Regatta Point Unit Trust for an investment of \$3,000,000 which it sold to CVC for \$3,054,300. CVC subsequently sold its interest in the Regatta Point Unit Trust. The trustee of the Unit Trust is Regatta Point Pty Limited. Mr Read is a Director of the above companies.

Partly-Owned Controlled Entities

Balances with Entities within Partly Owned Group

The aggregate amounts receivable from, and payable to partly owned controlled entities by the Company at balance date:

	The Company	
	2001	2000
	\$	\$
Receivables -		
Current (net of provisions)	4,921,253	4,494,410
Borrowings - Non-current	1,078,564	702,326

Interest revenue brought to account by the Company in relation to partly owned controlled entities was \$356,763 (2000: \$2,792,155).

Ownership Interests

The ownership interests in related parties are set out in Note 21 (controlled entities), Note 23 (associated entities) and Note 28 (joint ventures).

Transactions with Associated Entities

Dividends of \$963,096 (2000: \$835,090) were received from Sunland, an associated Company of CVC.

CVC Communication & Technology Pty Limited received dividends of \$192,508 (2000: \$175,017) from Sunland, an associated Company of CVC.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$
NOTE 26: COMMITMENTS				
Capital Expenditure Commitments				
Contracted but not provided for and payable: not later than one year	250,858	-	-	-
Finance Lease Payment Commitments				
Finance lease commitments are payable as follows:				
within one year	125,945	-	-	-
Later than one year but not later than five years	243,696	-	-	-
	369,641	-	-	-
Less: Future lease finance charges	45,558	-	-	-
	324,083	Nil	Nil	Nil
Lease Liabilities Provided for in the Financial Statements				
Current (Note 15)	103,191	-	-	-
Non-Current (Note 15)	220,892	-	-	-
Total Lease Liabilities	324,083	Nil	Nil	Nil
Non-cancellable operating lease expense commitments				
Future operating lease commitments not provided for in the Financial Statements and payables:				
within one year	367,678	-	-	-
later than one year but not later than five years	82,249	-	-	-
	449,927	Nil	Nil	Nil

NOTE 27: CONTINGENT LIABILITIES

The Company has a 50% interest in the "Keriland Joint Venture" as disclosed in Note 28. The Company is severably liable for its share of the liabilities incurred by the Joint Venture. As at 30 June 2001 the assets of the Joint Venture were sufficient to meet all external liabilities.

The Company is a defendant in an action brought in the Supreme Court of New South Wales by the liquidator of Amann Aviation Pty Limited (in liquidation) ('Amann'). The liquidator alleges, that certain group companies were involved in an alleged failure to pay tax on damages awarded to Amann as a result of proceedings brought by CVC against the Commonwealth in 1987. The liquidator alleges in the statement of claim that CVC repay to him amounts paid to CVC as a result of the 1987 proceedings, together with damages, interest and the costs of these proceedings. The Directors deny any liability and further CVC holds a secured charge over Amann so that in the event that monies were found to be repayable to Amann, they must be paid back to CVC because of the security held by CVC, which has not been challenged.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

NOTE 28: INTEREST IN JOINT VENTURE

The Company holds an interest of 50% (2000: 50%) in a joint venture, "The Keriland Joint Venture", whose principal activity is the ownership and operation of a 403 room hotel on the Gold Coast, Queensland. For the year ended 30 June 2001 the Joint Venture incurred an operating loss of \$1,133,219 (2000: \$201,765).

Included in the assets and liabilities of the Company and the Consolidated Entity are the following items which represent the Company's and the Consolidated Entity's interest in the assets and liabilities employed in the Joint Venture, recorded in accordance with the accounting policies described in Note 1:

	Consolidated		The Company	
	2001 \$	2000 \$	2001 \$	2000 \$
CURRENT ASSETS				
Cash Assets	192,945	171,485	192,945	171,485
Receivables	469,388	447,964	469,388	447,964
Other	52,529	269,402	52,529	269,402
Total Current Assets	714,862	888,851	714,862	888,851
NON-CURRENT ASSETS				
Inventories	11,331,943	11,580,658	11,331,943	11,580,658
Total Non-Current Assets	11,331,943	11,580,658	11,331,943	11,580,658
Total Assets	12,046,805	12,469,509	12,046,805	12,469,509
CURRENT LIABILITIES				
Payable	99,881	135,157	99,881	135,157
Interest Bearing Liabilities	1,153,564	777,326	1,153,564	777,326
Provisions	286,496	181,278	286,496	181,278
Total Current Liabilities	1,539,941	1,093,761	1,539,941	1,093,761
NON CURRENT LIABILITIES				
Interest Bearing Liabilities	12,883,726	12,619,389	12,883,726	12,619,389
Total Non-Burrent Liabilities	12,883,726	12,619,389	12,883,726	12,619,389
Total Liabilities	14,423,667	13,713,150	14,423,667	13,713,150

Refer Notes 26 and 27 for details of commitments and contingent liabilities.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

NOTE 29: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

a) Interest rate risk

The Consolidated Entity exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

		Fixed Interest Rate Maturing in:			
	Floating	1 year	Over	Non-	TOTAL
Note	Interest	or	1 to 5	interest	
	Rate	less	years	bearing	
	\$	\$	\$	\$	\$
2001:					
Financial Assets					
Cash Assets	6,292,097	-	-	-	6,292,097
Other Financial Assets	11	-	-	42,834,405	42,834,405
Receivables	9	-	10,208,400	5,208,340	11,576,515
					26,993,255
Weighted Average Interest Rate	4.75%	7.50%	10.39%		
Financial Liabilities					
Bank Overdraft and Loans	15	-	1,078,564	17,521,315	18,599,879
Accounts Payable	14	-	-	1,780,993	1,780,993
Lease Liabilities	26	-	-	324,057	324,057
Dividends Payable	5	-	-	-	-
Weighted Average Interest Rate	-	10.67%	7.49%		
2000:					
Financial Assets					
Cash Assets		2,115,384	-	-	2,115,384
Other Financial Assets	11	-	10,515,775	-	28,032,733
Receivables	9	-	20,384,938 (i)	4,494,410	809,697
					25,689,045
Weighted Average Interest Rate			4.75%	7.14%	11.00%
Financial Liabilities					
Bank Overdraft and Loans	15	702,338	-	12,724,979	13,427,317
Accounts Payable	14	-	-	1,844,435	1,844,435
Lease Liabilities	26	-	-	-	-
Dividends Payable	5	-	-	1,371,700	1,371,700
Weighted Average Interest Rate		10.24%	-	8.24%	

(i) Includes interest rates on loans which are interest bearing but where interest has not been recognised in the accounts due to uncertainty of receipts.

(b) Credit Risk Exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the Consolidated Entity which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

Collateral is obtained. Refer Note 9.

10% of total assets relate to loans to the property industry (net of provisions) of which 33% is concentrated in Sydney and 67% on the Gold Coast. Loans are made to two companies on the Gold Coast and two companies in Sydney.

46% of the long-term investments are in companies/trusts in the property development industry in Sydney and the Gold Coast.

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

Note 29: Additional Financial Instruments Disclosure (cont'd)

(c) Net Fair Value of Financial Assets and Liabilities

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. The carrying amounts of bank term deposits, accounts receivable, loans receivable accounts payable, dividends payable and employee entitlements approximate net fair value.

The net fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

NOTE 30: EVENTS SUBSEQUENT TO BALANCE DATE

Since 30 June 2001, the Consolidated Entity has bought and sold shares in listed entities at market prices on the Australian Stock Exchange Limited.

	Consolidated		The Company	
	2001	2000	2001	2000
	\$	\$	\$	\$

NOTE 31: EMPLOYEE ENTITLEMENTS

Aggregate liability for employee entitlements including on-costs

Current	185,295	-	-	-
Non-current	74,465	-	-	-

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

Assumed rate of increase in wages & salaries	1.00%	-	-	-
Discount rate	6.03%	-	-	-
Settlement term (years)	15	-	-	-
Number of employees at year end	30	-	-	-

CONTINENTAL VENTURE CAPITAL LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2001

1. In the opinion of the Directors of Continental Venture Capital Limited:
 - (a) the Financial Statements and notes, set out in pages 14 to 41, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and Consolidated Entity as at 30 June 2001 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (iii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 28th day of September 2001.

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

John Scott Leaver
Director

Alexander Damien Harry Beard
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONTINENTAL VENTURE CAPITAL LIMITED

SCOPE

We have audited the Financial Report of Continental Venture Capital Limited for the financial year ended 30 June 2001, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes, and the Directors' declaration set out on pages 14 to 42. The Financial Report includes the Consolidated Financial Statements of the Consolidated Entity comprising the Company and the entities it controlled at the end of the year or from time to time during the financial year. The Company's Directors are responsible for the Financial Report. We have conducted an independent audit of this Financial Report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the Financial Report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the Financial Report is presented fairly in accordance with accounting standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position and the performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the Financial Report of Continental Venture Capital Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company and the Consolidated Entity's financial position as at 30 June 2001, and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

Dated at Sydney this 28th day of September 2001.

LORD & BROWN
Chartered Accountants

AG BROWN
Partner

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated.

BOARD OF DIRECTORS AND ITS COMMITTEES

The Board is responsible for the overall Corporate Governance of the Consolidated Entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Composition of the Board

The names of the Directors of the Company in office at the date of this statement are set out in the Directors' Report of this Financial Report.

The Company has no employees. The Company is managed by CVC Investment Managers Pty Limited, pursuant to a Management Agreement dated 30 December 1986. Three Directors of the Company are also Directors of CVC Investment Managers Pty Limited.

The Board is comprised using the following principals:

- * the Board should comprise of not less than three nor more than ten Directors.
- * the Board should comprise Directors with a broad range of expertise both nationally and internationally.
- * the Board should comprise of at least two employees/Directors of the management Company.
- * the Board should comprise of at least one other non-executive Director not related to the management Company. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.
- * at least one third of the Directors shall retire from office and be eligible for re-election at every annual general meeting. No Director shall retain office for more than three years without submitting to re-election unless they are the managing Director who can be appointed for a fixed term not exceeding five years or a period without limitation.

The composition of the Board is reviewed annually. When a vacancy exists, through whatever cause, the Directors review the appropriateness of appointing a new Director. If a new Director is to be appointed, via a vacancy or where it is considered that the Board would benefit from the service of a new Director with particular skills, the Board identifies, reviews and appoints the most suitable candidate who must then stand for election at the next general meeting of shareholders.

Role of the Board

The Board of Directors is responsible for setting the strategic direction and establishing the policies of the Company. It is responsible for overseeing the financial position, and for monitoring the business and affairs of the Company on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable. It also addresses issues relating to internal controls and approaches to risk management.

At all Directors meetings held throughout the financial year Directors discuss any major risks affecting the Consolidated Entity. If a risk is identified one or more Directors are nominated to develop strategies to mitigate these risks and take corrective action. The Board is informed of actions taken.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Consolidated Entity's expense. However, prior approval of the Chairman is required, which is not to be unreasonably withheld.

Remuneration

The employees/Directors of CVC Investment Managers Pty Limited who are appointed to the Board are not directly remunerated by the Company.

Non-executive Directors that are not related to the management Company are remunerated by the Company. The current remuneration for non-executive Directors in aggregate must not exceed \$50,000 per annum to be divided amongst the non-executive Directors as they see fit. This level of remuneration was approved at the 1995 Annual General Meeting. Further details of Director's remuneration are set out in Note 6 of the Financial Statements.

Audit Committee

The Directors review the performance of the external auditor on an annual basis and one or more Directors meet with the auditor during the year in connection with the following;

- review of audit plan, fees, scope and effectiveness;
- review of accounting policies adopted or proposed changes thereto;
- review of financial information and Financial Statements.

ETHICAL STANDARDS

All Directors are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Consolidated Entity.

THE ROLE OF SHAREHOLDERS

The Board of Directors aims to ensure those shareholders are informed of all major developments affecting the Consolidated Entity's state of affairs. Information is communicated to shareholders as follows:

- the annual report;
- the half-yearly report;
- proposed major changes in the Consolidated Entity which may impact on share ownership rights are submitted to a vote of shareholders; and
- announcements to the Australian Stock Exchange Limited.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Consolidated Entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

Dated at Sydney the 28th day of September 2001.

CONTINENTAL VENTURE CAPITAL LIMITED

ADDITIONAL INFORMATION

1. Distribution of Shareholders as at 24th day of September 2001:

Category (Size of Holding)	Number of Ordinary Shareholders
1 - 1,000	18
1,001 - 5,000	111
5,001 - 10,000	91
10,001 - 100,000	175
100,001 and over	78
	473

As at 24th day of September 2001, 12 shareholders held less than a marketable parcel.

2. The names of the substantial shareholders at 24th day of September, 2001 as advised to the Australian Stock Exchange Limited.

Shareholder	Number of Ordinary Shares in Which Interest Held
Penalton Limited	15,575,978
John Scott Leaver	14,563,082
Vanda Russell Gould	14,438,135
John Douglas Read	14,126,444
CVC Investment Managers Pty Limited	13,863,082
Joseph David Ross	11,439,044
Derin Brothers Properties Limited	10,523,200
Abasus Investments Limited	6,256,000
Southgate Investment Funds Limited	5,000,000

3. 20 Largest Shareholders - Ordinary Capital:

Shareholder	Number of Ordinary Shares Held	% of Issued Capital Held
Penalton Limited	15,575,978	14.19
CVC Investment Managers Pty Limited	13,863,082	12.63
Derin Brothers Properties Limited	10,523,200	9.59
Abasus Investments Limited	6,256,000	5.70
LJK Nominees Pty Limited	6,104,681	5.56
Southgate Investment Funds Limited	5,000,000	4.56
Bank of Industry & Commerce Limited	4,731,704	4.31
Southsea (Aust.) Limited	4,600,000	4.19
Huang Xio Sheung Limited	4,000,000	3.65
Hua Wang Bank Berhard	3,000,000	2.73
Dr Joseph David Ross	2,741,173	2.50
Indo-Suez Investments Pty Ltd	1,528,362	1.39
Kirman Traders Pty Ltd	1,500,000	1.37
Tifu Pty Limited	1,435,544	1.31
Pacific Securities Inc	1,200,000	1.09
Chemical Trustee Limited	1,144,471	1.04
Mr Brian Sherman	1,073,860	0.98
LJK Investments Pty Limited	1,034,363	0.94
Mr Nigel Stokes	1,006,363	0.92
Wenola Pty Limited Pension Fund	700,000	0.64
	87,018,781	79.29%

The 20 largest shareholders held 79.29% of the shares of the Company.

4. Voting Rights

Continental Venture Capital Limited's Constitution details the voting rights of members. Article 71 states that every member, present in person or by proxy, shall have one vote for every ordinary share registered in his or her name.

5. Directors' Interests in Equity

The interests of each Director in the share capital of Continental Venture Capital Limited as at 24th September 2001 is as follows:

Director	Personally Held Interests in Ordinary Shares	Non-Beneficially Held Interests in Ordinary Shares
Vanda R. Gould	354,616	14,083,519
John S. Leaver	-	14,563,082
John D. Read	-	14,126,444
Alexander D. H. Beard	68,636	70,000

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of Continental Venture Capital Limited will be held in the Board Room of the Company at Level 40, AMP Centre, 50 Bridge Street, Sydney on the 28th of November 2001 at 11:00 am.

BUSINESS

1. To receive, consider and adopt the Financial Report of the Company and of the Consolidated Entity for the year ended 30 June, 2001 and the Reports by Directors and Auditors thereon.
2. To elect Directors for the forthcoming year ending 30 June, 2001:
Vanda Russell Gould who retires in accordance with the Company's Constitution, and, being eligible, offers himself for re-election.
3. To elect auditors for the forthcoming year:
Lord & Brown has resigned as statutory auditor of Continental Venture Capital Limited and its controlled entities and as such the Company has received a nomination for the appointment of HLB Mann Judd as the statutory auditors of the Company. (Copy of notice of nomination included below)
4. General Business: To transact any other business that may be brought forward in accordance with the Constitution of the Company.

By Order of the Board

Alexander Damien Harry Beard
Company Secretary

Sydney this 28th day of September 2001.

NOTES

A separate proxy form is enclosed.

Nominations for the office of Director close fifteen working days before the Meeting and must be lodged at the registered office of the Company by that date.

Copies of the Company's Constitution are available for inspection at the registered office of the Company.

PROXIES

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights and the proportion stated on each proxy form. A proxy need not be a member.

The instrument appointing a proxy must be in writing under the hand of the appointor or the appointor's attorney or if such appointor is a corporation under its common seal or the hand of its attorney or secretary.

To be effective, the instrument appointing a proxy (and the power of attorney, if any, under which it is signed) must be received by either of the following:

- (a) mailed to the office of the Company, Level 40, AMP Centre, 50 Bridge Street, Sydney 2000; or
- (b) sent by facsimile on (02) 9223 9808

not less than forty-eight hours before the time for holding the meeting.

NOMINATION OF AUDITOR

I, Melbourne Corporation of Australia Pty Ltd, hereby nominate HLB Mann Judd as statutory auditor of Continental Venture Capital Limited and its controlled entities.

Yours faithfully,
Melbourne Corporation of Australia Pty Ltd

CONTINENTAL VENTURE CAPITAL LIMITED ACN 002 700 361

Incorporated in New South Wales
Registered Office: Level 40, AMP Centre, 50 Bridge Street, Sydney, 2000.

PROXY FORM

I _____
FULL NAME - BLOCK LETTERS

of _____

being a shareholder of Continental Venture Capital Limited

SECTION A HEREBY APPOINT _____

of _____

or, failing him, the Chairman of the Meeting, as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on 28th day of November 2001 at eleven o'clock in the morning, or at any adjournment thereof. The proxy so appointed shall represent all my voting rights except those (if any) specified in B below.

SECTION B and I further appoint _____

of _____

**DO NOT
complete
unless you
wish to
appoint
two proxies**

as my proxy to vote for me and on my behalf at the said meeting or at any adjournment thereof.
The proxy, appointed by this Section B shall represent my voting rights in respect of _____ shares.

My proxy is instructed to vote as indicated below. If no specific direction to vote is given the proxy holder may vote as he or she thinks fit or abstain from voting.

	First or Sole Proxy		Second Proxy	
	For	Against	For	Against
Resolution 1 Accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 General Business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this _____ day of _____, 2001

Signature of Shareholder

Signature of Witness



Continental Venture Capital Limited

Level 40, 50 Bridge Street

Sydney NSW 2000

Ph: 61 2 9223 8800 Fax: 61 2 9223 9808

Website: www.cvcltd.com.au