

**CONTINENTAL VENTURE CAPITAL LIMITED**  
ACN 002 700 361

**HALF YEARLY REPORT**  
**FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 1999**

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**CHAIRMAN'S LETTER**

Dear Shareholder

On behalf of the Board of Directors, I am pleased to present the interim report for the six months to 31 December 1999 of Continental Venture Capital Limited ("CVC").

The operating profit of \$5.25 million for the period is a significant improvement over the same period last year. The financial results for the period reflect the adoption of equity accounting in accordance with the Corporations Law which has had the effect of increasing operating profit before tax by \$1.0 million and retained earnings by \$10.8 million. Comparative results for last year do not reflect this change in accounting policy. Please refer to the note on page 4 for further detail.

Earnings per share were 4.7 cents for the period.

Net tangible assets, as at 31 December 1999 were 51.4 cents per share.

In conformity with previous periods, the directors have resolved not to declare an interim dividend.

***Commentary***

During the six months ended 31 December 1999, the Company continued its existing operations concentrating on investment and development capital activities. Our involvement in computer and internet activities have proved particularly rewarding.

The strategic long term investment in the Sunland Group Limited continues to show profit growth, with the Sunland Group Limited announcing a profit of \$6.7 million after tax for the six months to 31 December 1999.

On 2 February 2000, the Company sold its interest in Tetley Medical Limited to Macarthur National Limited, which is to be known as Vita Life Sciences Limited (Vita), for a consideration of \$2,286,793.67 cash and 5,335,852 Ordinary shares in Vita. We will be holding our Vita shares as a long term investment and are very excited about the future potential of this company.

***The Period Ahead***

The period ahead will be one of great excitement with new developments in the venture and development capital industry. In addition, our maturing investment portfolio could provide an opportunity, if the market remains strong, for the realisation of further capital gains that as yet are not reflected in our financial statements.

The outlook for the current financial year is very encouraging. The Director's anticipate profits for the full year to exceed the 30 June 1999 profits of \$7.7 million by not less than 15%.

Yours faithfully

VANDA GOULD  
Chairman

**CONTINENTAL VENTURE CAPITAL LIMITED**  
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**CONSOLIDATED PROFIT AND LOSS REPORT**  
**FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 1999**

	Six Months Ended 31 December 1999 \$'000	Six Months Ended 31 December 1998 \$'000
<b>Revenue</b>		
Sales Revenue	8,046	6,874
Other Revenue	4,089	2,250
<b>Total Revenue</b>	<b>12,135</b>	<b>9,124</b>
Operating Profit after Tax but before Outside Equity Interests	5,250	1,984
Outside Equity Interests in Profit after Tax	(53)	10
<b>Operating Profit after Tax Attributable to Members of the Company</b>	<b>5,197</b>	<b>1,994</b>

	Six Months Ended 31 December 1999	Six Months Ended 31 December 1998
Earnings per Share (Basic)	4.7 cents	1.8 cents
Net Tangible Assets per Share	51.4 cents	35.9 cents

Industrial Segments	Medical	Property Development	Venture Capital and Investment	Hotel	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue outside group	2,508	-	3,235	2,303	8,046
Associates net profits	-	1,019	-	-	1,019
Other revenue	120	-	2,950	-	3,070
<b>Total revenue</b>	<b>2,628</b>	<b>1,019</b>	<b>6,185</b>	<b>2,303</b>	<b>12,135</b>
<b>Segment result</b>	<b>138</b>	<b>1,019</b>	<b>4,248</b>	<b>(155)</b>	<b>5,250</b>
<b>Segment assets</b>	<b>3,280</b>	<b>21,312</b>	<b>33,106</b>	<b>12,686</b>	<b>70,384</b>

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**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 1999**

	31 December 1999 \$'000	31 December 1998 \$'000
<b>Current Assets</b>		
Cash	11,938	12,626
Receivables	11,364	4,072
Investments	5,729	5,129
Inventories	853	502
Other	756	84
<b>Total Current Assets</b>	<u>30,640</u>	<u>22,413</u>
<b>Non Current Assets</b>		
Receivables	5,846	5,375
Investments	23,073	10,993
Inventories	10,529	12,795
Property, Plant and Equipment	231	268
Other	65	58
<b>Total Non Current Assets</b>	<u>39,744</u>	<u>29,489</u>
<b>Total Assets</b>	<u>70,384</u>	<u>51,902</u>
<b>Current Liabilities</b>		
Accounts Payable	834	722
Borrowings	897	583
Provisions	1,077	456
<b>Total Current Liabilities</b>	<u>2,808</u>	<u>1,761</u>
<b>Non Current Liabilities</b>		
Borrowings	10,500	9,338
Provisions	27	42
<b>Total Non Current Liabilities</b>	<u>10,527</u>	<u>9,380</u>
<b>Total Liabilities</b>	<u>13,335</u>	<u>11,141</u>
<b>Net Assets</b>	<u>57,049</u>	<u>40,761</u>
<b>Shareholders' Equity</b>		
Capital	26,328	27,921
Reserves	117	323
Retained Profits	29,747	12,367
<b>Shareholders' Equity Attributable to Members of the Company</b>	<u>56,192</u>	<u>40,611</u>
Outside Equity Interest in Controlled Entities	857	150
<b>Total Shareholders' Equity</b>	<u>57,049</u>	<u>40,761</u>

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**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 1999**

	<b>Six Months Ended 31 December 1999 \$'000</b>	<b>Six Months Ended 31 December 1998 \$'000</b>
<b>Cash Flow Related to Operating Activities</b>		
Receipts from Customers	5,165	7,085
Interest Received	283	318
Payments to Suppliers	(3,681)	(5,423)
Dividends Received	1,019	792
Interest Paid	(551)	(340)
Income Tax Paid	(118)	(99)
Other	(33)	580
<b>Net Operating Cash Flows</b>	<b><u>2,084</u></b>	<b><u>2,913</u></b>
<b>Cash Flows Related to Investing Activities</b>		
Cash Paid for Purchase of Property, Plant and Equipment	(20)	(18)
Cash Proceeds from Sale of Property, Plant and Equipment	-	-
Cash Paid for Purchase of Equity Investments	(5,629)	(1,536)
Cash Proceeds from Sale of Equity Investments	5,606	2,939
Loans to Other Entities	(3,961)	(2,076)
Loans Repaid by Other Entities	7,348	5,730
<b>Net Investing Cash Flows</b>	<b><u>3,344</u></b>	<b><u>5,039</u></b>
<b>Cash Flows Related to Financing Activities</b>		
Borrowings	1,994	136
Repayment of Borrowings	49	(1,164)
Dividends Paid	(1,143)	(929)
Share Buy Back	(410)	(196)
Other	133	-
<b>Net Financing Cash Flows</b>	<b><u>623</u></b>	<b><u>(2,153)</u></b>
<b>Reconciliation of Cash</b>		
Net Increase/(Decrease) in Cash Held	6,051	5,799
Cash at Beginning of Period	5,887	6,827
<b>Cash at End of Period</b>	<b><u>11,938</u></b>	<b><u>12,626</u></b>

**Investments in Associated Companies**

**Equity Information**

The accounting policy of the economic entity's investment in associated entities has changed due to the mandatory adoption of Accounting Standard AASB1016 "Accounting for Investment in Associates." The economic entity now applies the equity method to its investments in associates. Previously, investments in associates were accounted using the cost method. The effect of the change in accounting policy is to increase operating profit before tax by \$1.0 million (tax effect: \$Nil), increase opening retained earnings by \$10.8 million and increase investments in associates by \$11.9 million. The 1998 comparatives do not include the equity accounted profits and investments in associates.