



CONTINENTAL VENTURE CAPITAL LIMITED

HALF YEARLY REPORT FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2002

ACN 002 700 361

CHAIRMAN'S REPORT & PROFIT DOWNGRADE

Dear Shareholder,

On behalf of the board of Continental Venture Capital Limited ("CVC"), I am pleased to present the interim report for the six months ended December 31, 2002. Our profit result of \$1.39M after tax, whilst a decrease on the corresponding period it is our 20th consecutive half year profit.

The result declined from the previous corresponding period due to the absence of realisations from the portfolio, the absence of Clinical Waste (realised last period) from the result and write-downs incurred upon realisation of our interest in Legends Hotel. Also included is a write-down of a portion of our listed portfolio reflecting prevailing market values.

As at December 31, 2002 reported NTA (net tangible assets) is 70.31 cents per share. If market values of listed investments and our interest in the Renaissance shopping centre were taken into account we consider that our NTA would exceed 90 cents per share.

COMMENTARY

Highlights of the six month period include:

Private Equity Portfolio

- Probiotec increased sales and profit during the six month period and commenced production of specialty dairy proteins from their JV with Dairy Farmers. Probiotec continue to prepare for an IPO when favourable market conditions prevail.
- CVC REEF continues to progress, with investee companies Geodynamics, Battery Energy and Wind Corporation all making significant progress during the 6 months. Geodynamics successfully floated in September 2002 and has traded at a premium of at least 5% since listing. Battery Energy continues to achieve sales and profit growth whilst Wind Corporation has successfully negotiated a 10 year power purchase agreement on favourable terms for the offtake of 48MW of power from its Black Springs development in the Blue Mountains.

Listed Portfolio

- Greens Foods reported a 292% increase in EBIT for the six months to December 31, 2002, resulting in an improved share price and underlying unrealised profit of \$1.32M as at December 31, 2002.
- Stargames reported a 31.5% increase in revenue and 178.5% increase in net profit after tax for the six months to December 31, 2002 and are forecasting a full year result of \$5M. Unrealised profit on our holding in Stargames totalled \$8.4M as at December 31, 2002.

Property

- Annualised leasing income increased by 6% from June 30, 2002 on the Chevron Renaissance shopping centre, which capitalised at market rates imputes an increase over cost in excess of \$3M.
- Mezzanine financing provided to develop the three Skyline Towers adjacent to the Chevron Renaissance shopping centre will continue to contribute profits for future periods.
- Sunland realised a \$7.3M half year profit after tax for the six months to December 31, 2002. Our equity accounted share of \$2.1M of this result is not reflected in the half year results. Sunland is forecasting a full year profit after tax of \$16M.

Balance Sheet

Our Balance Sheet has strengthened significantly since June 30, 2002 with in excess of \$9M in cash as at the date of this report, placing us in an excellent position for acquisition opportunities.

Outlook

The outlook for the following six months will see CVC focus on the following:

- Further strengthening of the Balance Sheet.
- Realisation of a portion of our listed portfolio if prevailing market conditions are favourable.
- Full consolidation of Laserex Group Ltd into CVC Ltd following a capital reduction completed in March 2003.
- Continued evaluation of suitable acquisition targets in the private equity sector, aimed to increase both recurrent earnings and capital growth profile of the group.
- Continued building and development of both the CVC REEF and CVC Biz Vision portfolios.

In view of the nature of our portfolio and its current skew towards long term capital growth assets, it is probable that unless there are realisations of our listed or private equity portfolio, our 2003 annual profit will be lower than our 2002 annual profit. Whilst it is not possible to meaningfully forecast the 2003 annual profit at this stage it would be likely to be more than 15% lower than the 2002 annual profit.

As highlighted in our 2002 Annual Report shareholders should appreciate that value is not often created over short periods of time. Our team is actively managing both the performing and under performing assets to create long term value. We are confident that the fruits of our labour will be realised profitably as markets give us the opportunity to maximise the returns.

We appreciate the support of shareholders and look forward to continuing to exceed shareholder expectations for your investment in CVC.

Vanda Gould
Chairman
March 26th, 2003

CONTINENTAL VENTURE CAPITAL LIMITED

**CONSOLIDATED STATEMENT OF
FINANCIAL PERFORMANCE**
FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2002

	Six Months Ended 31 December 2002 \$'000	Six Months Ended 31 December 2001 \$'000
Revenue		
Sales Revenue	-	3,400
Other Revenue	1,377	5,542
Total Revenue	1,377	8,942
Operating Profit after Tax but before Outside Equity Interests	1,415	2,984
Outside Equity Interests in Profit after Tax	(27)	(91)
Operating Profit after Tax Attributable to Members of the Company	1,388	2,893
Dividends Paid	1,646	1,372
	Six Months Ended 31 December 2002	Six Months Ended 31 December 2001
Earnings per Share (Basic)	1.26 cents	2.64 cents
Net Tangible Assets per Share	70.3 cents	64.7 cents

INDUSTRIAL SEGMENTS	PROPERTY DEVELOPMENT \$'000	VENTURE CAPITAL & INVESTMENT \$'000	ELIMINATIONS \$'000	TOTAL \$'000
Sales Outside the Group	551	1,246	(420)	1,377
Associates Net Profits	3,564	-	-	3,564
Total Revenue	4,115	1,246	(420)	4,941
Segment Result	2,799	(1,031)	-	1,768

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

AS AT 31 DECEMBER 2002

	31 December 2002 \$'000	30 June 2002 \$'000
CURRENT ASSETS		
Cash Assets	1,519	4,439
Receivables	17,106	9,629
Inventories	-	-
Other Financial Assets	10,649	9,686
Current Tax Assets	80	1,899
Other Assets	123	322
Total Current Assets	29,477	25,975
NON-CURRENT ASSETS		
Receivables	15,302	21,542
Other Financial Assets	34,764	33,331
Deferred Tax Assets	3	3
Total Non-Current Assets	50,069	54,876
TOTAL ASSETS	79,546	80,851
CURRENT LIABILITIES		
Payables	1,434	1,425
Total Current Liabilities	1,434	1,425
NON-CURRENT LIABILITIES		
Interest Bearing Liabilities	100	100
Deferred Tax Liabilities	213	491
Total Non-Current Liabilities	313	591
TOTAL LIABILITIES	1,747	2,016
NET ASSETS	77,799	78,835
EQUITY		
Contributed Equity	26,634	26,634
Retained Profits	50,526	51,589
Members of Parent Equity Interest	77,160	78,223
Outside Equity Interest	639	612
TOTAL EQUITY	77,799	78,835

**CONSOLIDATED STATEMENT
OF CASH FLOWS**
FOR THE SIX MONTH PERIOD ENDED
31 DECEMBER 2002

	Six Months Ended 31 December 2002 \$	Six Months Ended 31 December 2001 \$
CASH RELATING TO OPERATING ACTIVITIES		
Cash Receipts in the Course of Operations	-	2,912
Cash Payments in the Course of Operations	(1,362)	(3,825)
Interest Received	251	882
Dividends Received	1,222	506
Interest Paid	-	(174)
Income Taxes Paid	(119)	(822)
Income Taxes Repaid	1,307	-
Other	6	46
Net Cash Provided/(Used in) by Operating Activities	1,305	(475)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Property, Plant & Equipment	-	(1,144)
Payments for Equity Investments	(1,829)	(1,895)
Proceeds on Disposal of Equity Investments	56	13,043
Loans Provided	(7,008)	(5,329)
Loans Repaid	6,147	1,718
Other	56	-
Net Cash (Used in)/Provided by Investing Activities	(2,578)	6,393
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Borrowings	-	(9,450)
Dividends Paid	(1,646)	(1,372)
Cash Used in Financing Activities	(1,646)	(10,822)
Net Decrease in Cash Held	(2,919)	(4,904)
Cash at the Beginning of the Period	4,438	6,292
CASH AT THE END OF THE PERIOD	1,519	1,388