



CVC Limited

∴ Financial Report 2009 ∴

Half-yearly Financial Report

for the half-year ended 31 December 2009



CVC Limited and its Controlled Entities

directors' report

for the half-year ended 31 December 2009

Commentary on Results

Half-Year Result

The directors of CVC report a net profit after tax of \$5.9 million (2008: loss \$56.1 million) for the half-year ended December 31, 2009.

The result includes the recovery of previously impaired investments and a further \$8 million increase in the value of listed investments is included in reserves. Net tangible assets per share increased by 11% during the period to \$1.23.

Commentary on the Half Year, Capital Management, Future Expectations and Profit Outlook

The half year result reflects restoration in value of previously impaired investments, attributable to the general market improvement in the value of ASX listed equities, and specific improvements in core CVC investees including Pro-Pac Packing Limited and Cellnet Limited. In addition it includes recoveries from property backed investments which had previously been impaired. These recoveries were specific initiatives to first restore and then enhance value of our key investees, and the Company is pleased with the progress to date.

During the period the Company took advantage of a depressed market for commercial and industrial property and committed to the acquisition of two properties, one industrial in Victoria and one commercial in NSW, for a combined acquisition price of \$54 million, secured by long term tenants on attractive yields with development

upside. The Company expects that these investments, which are intended to be conservatively geared, will contribute meaningfully to the future profitability of CVC. In addition the Company realised in excess of \$11 million in cash from its Geelong and Shepparton property investments and advanced \$10 million of mezzanine funding at attractive rates to residential property backed projects during the period.

Since 1 July 2009, 6.9 million shares have been bought back on market at an average price of \$0.59 per share.

The Company will continue to focus on its main objective of generating shareholder returns in excess of 15% per annum over time.

At this stage the Company cannot meaningfully forecast a likely 2010 full year profit.

Dividend

The directors have resolved to pay an interim fully franked dividend in respect of the year ended 30 June 2010 of 2 cents per share with a record date of 15 March 2010 and payable on 19 March 2010.

ADH Beard
Director
26 February 2010

statement of financial performance (condensed)

for the half-year ended 31 December 2009

	Consolidated	
	31 Dec 2009	31 Dec 2008
	\$	\$
Revenue from services	233,683	1,337,216
Revenue from rental	1,060,320	594,394
Net gain on sale of equity investments	4,339,450	16,194,296
Interest income	2,168,810	6,939,809
Dividends received	2,700	2,212,820
Settlement proceeds	2,433,597	-
Recovery of investments in associated entities	3,474,087	-
Recovery of loans	121,154	-
Other income	819,703	442,760
Total income	14,653,504	27,721,295
Equity accounted profits/(losses)		
Share of net profits/(losses) of associates	2,081,859	(5,577,731)
EXPENSES		
Audit fees	56,410	48,250
Amortisation of intangible assets	-	58,500
Loans written off	-	301,506
Depreciation expense	10,172	14,114
Directors fees	17,000	23,468
Employee costs	733,116	915,552
Finance costs	2,548,785	1,114,002
Impairment of investment property	2,062,562	-
Impairment of investments in associated entities	556,293	17,391,732
Impairment of intangible assets	-	9,343,643
Impairment of listed investments	-	33,967,725
Impairment of loans to other corporations	101,110	5,963,143
Impairment of loans to related entities	33,365	4,296,896
Impairment of unlisted investments	-	3,000,000
Insurance	104,408	89,729
Legal costs	170,418	119,525
Management and consultancy fees	468,856	768,979
Operating lease expense	193,596	192,104
Travel and accommodation	37,206	42,581
Other expenses	521,827	413,330
Total expenses	7,615,124	78,064,779
Profit/(loss) before related income tax expense	9,120,239	(55,921,215)
Income tax expense	4,349,755	270,043
Net profit/(loss)	4,770,484	(56,191,258)
Net profit/(loss) attributable to:		
Members of the parent entity	5,868,926	(56,136,416)
Minority interest	(1,098,442)	(54,842)
Net profit/(loss)	4,770,484	(56,191,258)
Basic earnings per share (cents)	4.20	(34.81)
Diluted earnings per share (cents)	4.20	(34.81)
Dividends paid during period per share (cents)	-	3.00

statement of comprehensive income (condensed)

for the half-year ended 31 December 2009

	Consolidated	
	31 Dec 2009	31 Dec 2008
	\$	\$
Profit/(loss) for the half-year	4,770,484	(56,191,258)
<i>Other comprehensive income</i>		
"Available-for-sale" investments:		
- Increase/(decrease) in fair values recognised in other reserves	8,093,305	(30,616,716)
- Amounts transferred from other reserves to the income statement on sale	86,261	(13,490,592)
- Income tax on fair value movements taken to or from other reserves	(2,332,355)	11,328,534
- Value of equity based remuneration recognised in other reserves	424,626	(73,892)
- Value of associates equity based remuneration recognised in other reserves	338,240	(35,037)
- Value of associates foreign currency translation reserve recognised in other reserves	71,715	3,325,317
Other comprehensive income for the period, net of tax	6,681,792	(29,562,386)
Total comprehensive income for the period	11,452,276	(85,753,644)
Total comprehensive income for the period is attributable to:		
Members of the parent entity	12,157,181	(85,698,962)
Minority interest	(704,905)	(54,682)
	11,452,276	(85,753,644)

balance sheet (condensed)

as at 31 December 2009

	Consolidated	
	31 Dec 2009	30 Jun 2009
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	45,038,166	66,113,849
Trade and other receivables	18,719,681	22,538,594
Current tax assets	399,132	302,434
Other assets	55,940	90,679
Total current assets	64,212,919	89,045,556
NON-CURRENT ASSETS		
Trade and other receivables	4,059,055	1,858,357
Financial assets "available-for-sale"	69,876,283	47,325,991
Investments accounted for using the equity method	35,130,024	29,710,700
Investment properties	27,580,653	29,280,653
Property, plant and equipment	22,982	47,570
Deferred tax assets	3,206,209	-
Total non-current assets	139,875,206	108,223,271
TOTAL ASSETS	204,088,125	197,268,827
CURRENT LIABILITIES		
Trade and other payables	2,319,432	884,846
Interest bearing loans and borrowings	14,200,000	2,210,535
Provisions	174,183	188,986
Current tax liabilities	344,314	20,353
Total current liabilities	17,037,929	3,304,720
NON-CURRENT LIABILITIES		
Provisions	40,001	35,926
Interest bearing loans and borrowings	7,897,898	21,233,402
Deferred tax liabilities	7,150,112	6,573,253
Total non-current liabilities	15,088,011	27,842,581
TOTAL LIABILITIES	32,125,940	31,147,301
NET ASSETS	171,962,185	166,121,526
EQUITY		
Contributed equity	118,531,046	122,627,967
Retained profits	33,483,427	27,614,501
Other reserves	13,963,838	7,675,583
Parent entity interest	165,978,311	157,918,051
Minority interest	5,983,874	8,203,475
TOTAL EQUITY	171,962,185	166,121,526

cash flow statement (condensed)

for the half-year ended 31 December 2009

	Consolidated	
	31 Dec 2009	31 Dec 2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	1,497,730	1,973,550
Cash payments in the course of operations	(2,340,529)	(3,483,682)
Interest received	1,934,707	2,632,447
Dividends received	20,670	2,403,327
Interest paid	(2,073,576)	(364,351)
Income taxes paid	(9,258,101)	(4,613,490)
Net cash flows used in operating activities	(10,219,099)	(1,452,199)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(362,562)	(47,216)
Proceeds from disposal of property, plant and equipment	14,416	-
Payments for investment property	(3,274,951)	-
Payments for equity investments	(19,508,723)	(10,087,775)
Payments for acquisition of controlled entities net of cash	-	(1,064,526)
Proceeds on disposal of equity investments	13,488,547	47,629,919
Loans provided	(15,070,401)	(10,444,069)
Loans repaid	17,957,832	8,693,927
Net cash flows (used in)/provided by investing activities	(6,755,842)	34,680,260
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings repaid	-	(2,100,000)
Dividends paid to members of the parent entity	-	(4,839,069)
Payments for share buybacks	(4,098,710)	(11,092,861)
Net cash flows used in financing activities	(4,098,710)	(18,031,930)
Net (decrease)/increase in cash held	(21,073,651)	15,196,131
Cash at the beginning of the half-year	66,113,849	51,936,285
Foreign exchange (loss)/gain on cash	(2,032)	32,360
CASH AT THE END OF THE HALF-YEAR	45,038,166	67,164,776

statement of changes in equity (condensed)

for the half-year ended 31 December 2009

	Consolidated	
	31 Dec 2009	31 Dec 2008
	\$	\$
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11,452,276	(85,753,644)
TRANSACTIONS WITH SHAREHOLDERS IN THEIR CAPACITY AS SHAREHOLDERS		
Payments for share buybacks	(4,096,921)	(11,092,861)
Dividends paid to shareholders	-	(4,830,176)
Total transactions with shareholders in their capacity as shareholders	(4,096,921)	(15,923,037)
Other equity movements		
Increase in minority interest from acquisition of controlled entity	-	3,402,574
Decrease in minority interest following share buybacks of controlled entity	(1,481,041)	-
Decrease in minority interest in controlled entities	(33,655)	-
Net increase/(decrease) in equity for the half-year	5,840,659	(98,274,107)
Equity at the beginning of the half-year	166,121,526	274,443,097
EQUITY AT THE END OF THE HALF-YEAR	171,962,185	176,168,990