CVC Limited

RESULTS ANNOUNCEMENT FOR THE 6 MONTHS ENDED 31 DECEMBER 2019

RESULTS SUMMARY:

As highlighted at the 2019 Annual General Meeting, the first half of FY2020 saw a focus on the implementation of a new investment strategy, focusing effort and capital towards core competencies.

The repositioning of the Company brought with it further restructuring costs and a reallocation of the investment portfolio though the period. As a result, CVC has incurred a net loss after tax to shareholders of $2.7 million in the period (2018: net loss to shareholders of $6.4 million PCP).

The first half results are disappointing. The Board and management are focused on executing the revised strategy to deliver strong future returns for shareholders.

REPOSITIONING:

A summary of transition of CVC's investment strategy is as follows:

	Goal	Progress	Next Steps
Investment Strategy	• Reduce breath of diversity in investment portfolio • High conviction positions with ability to influence outcomes	• Strategic review completed with core and non-core segments identified • Increased investment in real estate related investments	• Continue to simplify portfolio and improve efficiency
Refocus / Reposition	• Focus on core competencies • Market understands the CVC position and offering	• Development of strategy to capitalise on core skills of investment team • Established ongoing review framework	• Continued adherence to streamlined business plan • Educate investors and market about revision to business
Reduce Costs	• Cost of running business corresponds with a simplified strategy	• Cost base significantly reduced (c.$1.5m of annual costs have been removed)	• Continue to monitor and improve efficiency to ensure sustainable operating cost base and sufficient resources to deliver strong returns
Divestments	• Maximise value of CVC investment portfolio • Remove non-core investments from portfolio	• Divestment of approximately $33.5m of investments in listed equities and private equity segments	• Patient and focused approach to divestment of non-core investments, but strong commitment to continue rationalisation

CVC Limited
ABN 34 002 700 361

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Sydney NSW 2000

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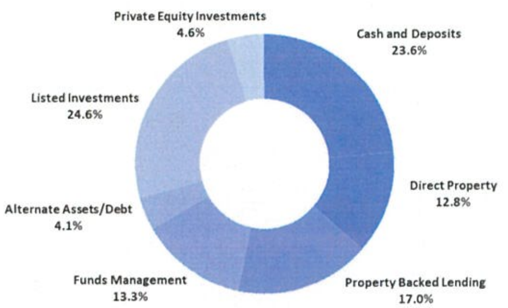
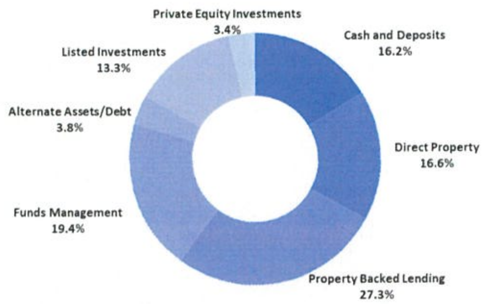
CVC Limited

CVC's progress in repositioning the investment portfolio over the last 6 months is summarised as follows:

30 June 2019



31 December 2019



SEGMENT COMMENTARY:

The contributions to the loss for the half year are as follows:

Underlying Results	1H FY2019	1H FY2018
Net loss after tax	($2.7 m)	($6.4 m)
Comprises:		
Direct property	$0.6 m	$4.1 m
Property backed lending	$3.1 m	$3.6 m
Funds management	$1.2 m	$0.4 m
Commercial debt and alternatives	($0.4 m)	$1.6 m
Listed investments	$0.2 m	($13.4 m)
Private equity	($2.5 m)	$0.1 m
Convertible note interest	($1.9 m)	($2.2 m)
Remuneration	($2.0 m)	($2.9 m)
Unallocated	($1.5 m)	($1.5 m)
Restructure costs	($1.1 m)	-
Tax effect	$1.6 m	$3.8 m
Net loss after tax	**($2.7 m)**	**($6.4 m)**

CVC has continued to reduce the size of the listed share and unlisted equity portfolios. Specifically, the number of listed investments totals 11 (down from 43 at 30 June 2019). Realised profits from sales of listed equities totalled $3.1m with a further $0.3m generated from dividends and underwriting fees. Those shares remaining in the portfolio contributed a loss of $3.2m, primarily from adverse mark-to-market movements.

Private equity investments contributed a loss of $2.5m. This segment now represents less than 3.5% of the Company's statutory net assets.

Funds management has contributed positively to profit for the period. The funds management platform has three major areas of focus. Firstly, the continued management and growth of Eildon Capital (ASX: EDC) to deliver strong investor returns for its shareholders. Second, to grow investments under management of the Eildon Debt Fund, a contributory mortgage fund that provides wholesale investors access to first mortgage property loans on a deal by deal basis. The third is to foster the continued deployment of capital raised in the CVC Emerging Companies Fund. To date, approximately 50% of the Fund's total committed capital has been invested into qualifying investments.

CVC Limited

CVC's exposure to property debt has increased over the period as proceeds of share sales have been redirected primarily to this segment. We continue to see this as a sensible sector to invest capital to deliver interest income in asset backed positions.

Exposure to direct property has increased slightly and is anticipated to further increase in the next period. CVC has entered into a binding contract to purchase a greenfield development site suitable for a neighbourhood shopping, medical and childcare centre in Marsden Park, NSW. Acquisition is expected to occur H2 FY2020, with development forecast to be completed by H1 FY2021. CVC is also in the process of completing due diligence on a similar asset in Victoria which is anticipated to be settled over FY2020 – FY 2021, with development forecast to be completed over three years.

CVC continues to be focused on reducing ongoing overhead costs, with the impact flowing through in H2 FY2020 results.

FORECAST RESULTS AND DIVIDENDS

With FY 2020 being a year of transition, profitability for the current financial year is forecast to be approximately breakeven.

The Board is generally committed to maintaining the payment of dividends to shareholders where those payments are in line with underlying profitability of the business. Given the half year result, there will not be an interim dividend. Further, in the absence of any significant change to forecast profitability a final dividend is also not expected to be paid.

CVC has periodically purchased shares under its buy back scheme, dependant on price. The Board will continue to assess opportunities to purchase shares where appropriate.

Mark Avery
Director
25 February 2020

Appendix 4D

Half-Yearly Report
Results for announcement to the market

CVC Limited

ABN	Half-Year ended ('Reporting Period')	Previous Half-Year ended ('Corresponding period')
34 002 700 361	**31 December 2019**	31 December 2018

Results

Income from ordinary activities	down	69.5%	to	11,957,894
Loss before tax	down	65.0%	to	3,028,100
Loss after tax attributable to members	down	58.1%	to	2,672,818
Net loss attributable to members	down	58.1%	to	2,672,818

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

Dividends (distributions)

	Amount per security	Franked amount per security
Prior year interim dividend	7.0 cents	7.0 cents
Prior year final dividend	8.0 cents	8.0 cents

Information on dividends:

No dividend has been declared for the 2019 half-year period.

Ex-Dividend date for the purpose of receiving the dividend	N/A
Record date for determining entitlements to the dividend	N/A
Payment Date	N/A

Commentary

Brief explanation of any of the figures reported above:

Please refer to the attached commentary for a detailed review.

Net tangible assets

	31 December 2019	31 December 2018 (restated)^
Net tangible assets per ordinary security Note: Net tangible assets exclude "right-of-use assets".	$1.37	$1.55

^ Net tangible assets have been restated following the adoption of AASB 16: leases (AASB 16). The right-of-use assets recognised on the adoption of AASB 16 has been excluded from the calculation of net tangible assets.

Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

CVC LIMITED

AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

For the half-year ended
31 December 2019

ACN 002 700 361

COMPANY PARTICULARS

CVC LIMITED
ACN 002 700 361

DIRECTORS
Mark Avery (Appointed 1 July 2019)
Alexander Leaver (Appointed 1 July 2019)
John Read
Ian Campbell
John Leaver (Resigned 11 October 2019)
Alexander Beard (Resigned 1 August 2019)

SECRETARIES
John Hunter
Alexander Beard (Resigned 1 August 2019)

MANAGEMENT TEAM
Mark Avery
Jufri Abidin
Jonathan Sim
Rajiv Manoharan
William Chen
John Hunter
Christian Jensen
Jonathon Pearce
Tiffany McLean

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Facsimile: (02) 9087 8088

SHARE REGISTRY
Next Registries
Level 16, 1 Market Street
SYDNEY NSW 2000 AUSTRALIA
Telephone: (02) 9276 1700
Facsimile: (02) 9251 7138

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

BANKERS
Bankwest
Westpac Banking Corporation

STOCK EXCHANGE LISTING
Australian Securities Exchange Limited

CVC LIMITED & CONTROLLED ENTITIES
DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for CVC Limited and its controlled entities ("CVC") for the half-year ended 31 December 2019 and the independent review report thereon.

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

Mark Anthony Avery (Managing Director) (Appointed 1 July 2019)
Alexander Jovan Rapajic-Leaver (Non-Executive Director) (Appointed 1 July 2019)
John Douglas Read (Non Executive Chairman)
Ian Houston Campbell (Non Executive Director)
John Scott Leaver (Executive Director) (Resigned 11 October 2019)
Alexander Damien Harry Beard (Resigned 1 August 2019)

Operating Results
The net loss after tax attributable to shareholders for the six months ended 31 December 2019 of CVC amounted to $2.7 million (2018: loss after tax of $6.4 million).

Highlights during the half year included:

- The reduction in the number of business streams undertaken, which over time will allow further investment and focus toward segments where the business has demonstrated deep market knowledge and capability;
- continued to reduce the size of the listed share and unlisted equity portfolios. Specifically, the number of listed investments totals 11 (down from 43 at 30 June 2019);
- Continued delivery of strong shareholder returns by Eildon Capital Limited (ASX: EDC);
- Growth of investments under management of the Eildon Debt Fund, a contributory mortgage fund that provides wholesale investors access to first mortgage property loans on a deal by deal basis;
- The continued deployment of capital raised in the CVC Emerging Companies Fund, with approximately 50% of funds total committed capital invested into qualifying investments;
- Increase in the property debt portfolio with proceeds of share sales being redeployed to this segment;
- Entering into a binding contract to purchase a greenfield development site suitable for a neighbourhood shopping, medical and childcare centre in Marsden Park, NSW;
- Due diligence being undertaken on a on a neighbourhood shopping, medical and childcare centre development site in Victoria; and
- Continued focused on reducing ongoing overhead costs.

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

Dividends
A final fully franked dividend in respect of the year ended 30 June 2019 of 8 cents per share was declared on 1 August 2019 and paid on 20 August 2019 to those shareholders registered on 6 August 2019.

Events subsequent to balance date

There are no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in the financial period subsequent to 31 December 2019.

Auditor's Independence Declaration
A copy of the Independence Declaration given to the directors by the auditor for the review undertaken by HLB Mann Judd Chartered Accountants is included on page 24.

Signed and Dated Sydney 25 February 2020 in accordance with a resolution of directors.

MARK AVERY
Director

JOHN READ
Director

CVC LIMITED & CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 December 2019

	Notes	31 Dec 2019 $	31 Dec 2018 $
INCOME			
Revenue from development properties	11	1,793,400	30,844,242
Interest income		6,892,585	4,944,543
Fee income		769,008	668,984
Other income		232,504	503,770
Total income		9,687,497	36,961,539
Equity accounted profits			
Share of net profit of associates	5	2,270,397	2,258,093
EXPENSES			
Cost of land sold		1,658,169	11,688,906
Contract costs		-	14,556,852
Net loss from equity investments	11	2,747,016	13,204,902
Employee costs		2,574,138	2,688,735
Finance costs		3,236,223	2,854,174
Impairment of financial assets at amortised cost	11	2,104,574	-
Management and consultancy fees		669,825	1,220,098
Overhead expenses	11	1,996,049	1,646,123
Total expenses		14,985,994	47,859,790
Loss before related income tax expense		(3,028,100)	(8,640,158)
Income tax benefit	2	1,626,473	3,776,938
Net loss for the half-year		(1,401,627)	(4,863,220)
Net (loss)/profit attributable to:			
Members of the parent entity		(2,672,818)	(6,380,226)
Non-controlling interest		1,271,191	1,517,006
Net loss for the half-year		(1,401,627)	(4,863,220)
Basic and diluted earnings per share	4	(2.27)	(5.34)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		(1,401,627)	(4,863,220)
Total comprehensive (loss)/income for the half-year is attributable to:			
Members of the parent entity		(2,672,818)	(6,380,226)
Non-controlling interest		1,271,191	1,517,006
		(1,401,627)	(4,863,220)

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

CVC LIMITED & CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 December 2019

	Notes	31 Dec 2019	30 Jun 2019
		$	$
CURRENT ASSETS			
Cash and cash equivalents		**36,815,268**	57,157,737
Financial assets at amortised cost		**56,822,737**	35,081,213
Financial assets at fair value through profit or loss	10	**30,111,622**	43,124,036
Inventories		**2,023,525**	3,323,321
Other assets		**1,431,222**	1,412,728
Current tax assets		**-**	1,145,424
Total current assets		**127,204,374**	141,244,459
NON-CURRENT ASSETS			
Financial assets at amortised cost		**51,489,453**	18,568,770
Financial assets at fair value through profit or loss	10	**9,220,747**	40,156,134
Inventories		**20,176,946**	19,528,957
Investments accounted for using the equity method	5	**57,644,363**	48,409,113
Property, plant and equipment		**121,374**	304,544
Right-of-use assets	14	**3,013,831**	-
Investment properties	10	**2,400,000**	2,400,000
Intangible assets	6	**2,946,006**	-
Other assets		**15,396,461**	15,243,157
Total non-current assets		**162,409,181**	144,610,675
TOTAL ASSETS		**289,613,555**	285,855,134
CURRENT LIABILITIES			
Trade and other payables		**16,116,043**	14,164,786
Contract liabilities		**1,232,163**	2,133,503
Lease liabilities	14	**708,228**	-
Provisions		**539,674**	854,699
Current tax liabilities		**317,155**	-
Total current liabilities		**18,913,263**	17,152,988
NON-CURRENT LIABILITIES			
Trade and other payables		**-**	5,000,000
Lease liabilities	14	**2,243,342**	-
Interest bearing loans and borrowings		**83,704,748**	80,335,742
Provisions		**37,790**	104,136
Deferred tax liabilities		**370,008**	3,473,506
Total non-current liabilities		**86,355,888**	88,913,384
TOTAL LIABILITIES		**105,269,151**	106,066,372
NET ASSETS		**184,344,404**	179,788,762
EQUITY			
Contributed equity	7	**98,282,559**	98,768,308
Other equity		**1,881,405**	1,881,405
Retained profits		**67,539,542**	79,626,124
Other reserves		**(446,973)**	(266,808)
Parent entity interest		**167,256,533**	180,009,029
Non-controlling interest		**17,087,871**	(220,267)
TOTAL EQUITY		**184,344,404**	179,788,762

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

CVC LIMITED & CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 December 2019

	Contributed equity $	Retained earnings $	Asset revaluation $	Other Equity $	Owners of the parent $	Non-controlling interest $	Total $
At 1 July 2019	98,768,308	79,626,124	(266,808)	1,881,405	180,009,029	(220,267)	179,788,762
(Loss)/profit for the half-year	-	(2,672,818)	-	-	(2,672,818)	1,271,191	(1,401,627)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the half-year	-	(2,672,818)	-	-	(2,672,818)	1,271,191	(1,401,627)
Transactions with shareholders:							
Shares bought back	(484,822)	-	-	-	(484,822)	-	(484,822)
Buy-back transaction costs	(1,326)	-	-	-	(1,326)	-	(1,326)
Deferred tax recognised directly in equity	399	-	-	-	399	-	399
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	16,861,557	16,861,557
Transactions with non-controlling interests	-	-	(180,165)	-	(180,165)	830,953	650,788
Dividends paid	-	(9,413,764)	-	-	(9,413,764)	(1,655,563)	(11,069,327)
At 31 December 2019	98,282,559	67,539,542	(446,973)	1,881,405	167,256,533	17,087,871	184,344,404
At 1 July 2018	103,646,848	99,606,254	(318,237)	1,881,405	204,816,270	1,353,079	206,169,349
(Loss)/profit for the half-year	-	(6,380,226)	-	-	(6,380,226)	1,517,006	(4,863,220)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the half-year	-	(6,380,226)	-	-	(6,380,226)	1,517,006	(4,863,220)
Transactions with shareholders:							
Transactions with non-controlling interests	-	-	-	-	-	1,725	1,725
Dividends paid	-	(9,562,623)	-	-	(9,562,623)	(3,386,140)	(12,948,763)
At 31 December 2018	103,646,848	83,663,405	(318,237)	1,881,405	188,873,421	(514,330)	188,359,091

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

CVC LIMITED & CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 December 2019

	31 Dec 2019 $	31 Dec 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	**1,745,804**	1,129,739
Cash payments in the course of operations	**(10,015,265)**	(6,274,460)
Net proceeds on disposal of land held for resale	**687,646**	11,070,036
Proceeds on disposal of equity investments	**34,872,527**	61,193,615
Payments for equity investments	**(14,056,447)**	(63,934,559)
Net proceeds on construction contract	**-**	1,804,518
Net payment for construction contract	**(864,389)**	-
Loans provided	**(74,743,583)**	(49,136,850)
Loans repaid	**49,826,253**	18,807,581
Interest received	**4,544,565**	1,918,608
Interest paid	**(1,489,333)**	(1,834,507)
Dividends received	**1,472,029**	2,357,910
Income taxes paid	**(325,039)**	(2,005,552)
Net cash flows used in operating activities	**(8,345,232)**	(24,903,921)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for development of investment properties	**(21,779)**	(129,246)
Payments for property, plant and equipment	**(4,065)**	(11,932)
Acquisition of subsidiaries, net of cash acquired	**(1,049,372)**	-
Net cash flows used in investing activities	**(1,075,216)**	(141,178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	**(669,100)**	(61,463,315)
Proceeds from borrowings	**1,167,684**	58,554,503
Transactions with non-controlling interests	**648,965**	-
Dividends paid	**(8,854,120)**	(9,562,623)
Distribution to non-controlling interest	**(2,729,302)**	(3,317,888)
Payments for shares bought back	**(486,148)**	-
Net cash flows used in financing activities	**(10,922,021)**	(15,789,323)
Net decrease in cash held	**(20,342,469)**	(40,834,422)
Cash at the beginning of the half-year	**57,157,737**	71,093,285
CASH AT THE END OF THE HALF-YEAR	**36,815,268**	30,258,863

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

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2019

NOTE 1: BASIS OF PREPARATION

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by CVC during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with Australian Accounting Standards and International Financial Reporting Standards. The accounting policies adopted are also consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of AASB 16 *Leases* as set out in Note 14.

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

	31 Dec 2019	31 Dec 2018
	$	$
NOTE 2: INCOME TAX EXPENSE		
Accounting loss before income tax	**3,028,100**	8,640,158
Income tax benefit:		
Prima facie income tax benefit at 30% on profit before income tax	**908,430**	2,592,047
Increase in income tax expense due to:		
Sundry items	**(32,206)**	(31,744)
Trust losses not deductible	**-**	(123,193)
Decrease in income tax expense due to:		
Franked dividends received	**273,856**	623,680
Trust profits not assessable	**163,267**	-
Tax losses recouped	**-**	200,325
Deferred tax balances not recognised	**262,075**	484,600
	1,575,422	3,745,715
Adjustment in respect of current income tax of previous years	**51,051**	31,223
Income tax benefit for the half-year	**1,626,473**	3,776,938

NOTE 3: DIVIDENDS

A final fully franked dividend in respect of the year ended 30 June 2019 of 8 cents per share was declared on 1 August 2019 and paid on 20 August 2019 to those shareholders registered on 6 August 2019.

NOTE 4: EARNINGS PER SHARE

	31 Dec 2019	31 Dec 2018
Basic and diluted earnings per share	**Cents**	Cents
Basic and diluted earnings per share attributable to the members of the parent entity	**(2.27)**	(5.34)
	$	$
Reconciliation of earnings used in calculation of earnings per share:		
Loss after income tax	**1,401,627**	4,863,220
Less: non-controlling interest	**1,271,191**	1,517,006
Net loss attributable to members of the parent entity	**2,672,818**	6,380,226
	Number of Shares	
Weighted average number of ordinary shares – Basic and diluted	**117,588,004**	119,532,788
Number of shares on issue at the end of the half-year	**117,467,321**	119,532,788

NOTE 5: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 Dec 2019 $	30 Jun 2019 $
Equity accounted interests in joint ventures	**7,204,985**	7,821,157
Equity accounted interests in listed associated entities	**19,542,352**	18,779,948
Equity accounted shares in other associated entities	**30,897,026**	21,808,008
	57,644,363	48,409,113

NOTE 5: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

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

	Ownership Interest		Carrying value		Contribution to net profit/(loss)	
	Dec 2019 %	June 2019 %	Dec 2019 $	June 2019 $	Dec 2019 $	Dec 2018 $
Associated entities						
79 Logan Road Pty Ltd	35.0	35.0	35	35	-	-
79 Logan Road Trust	35.0	35.0	4,370,846	2,893,049	1,599,946	(13,550)
Australian Invoice Finance Limited	44.1	47.6	1,842,860	2,158,649	(315,788)	(36,377)
Bigstone Capital Pty Limited	34.0	34.0	613,352	1,843,506	(288,002)	(392,565)
BioPower Systems Pty Limited	25.1	25.1	-	-	-	-
Causeway Income Partners Limited (a)	50.0	50.0	-	-	-	-
Cedar and Stone Pty Ltd	43.3	43.3	34,332	96,225	(61,893)	46,225
Cravenda Pty Ltd (a)	48.3	50.0	60	60	-	-
Cravenda Unit Trust (a)	48.3	50.0	60	60	-	-
CVC Emerging Companies Fund	22.3	22.3	6,781,903	3,333,334	115,235	-
CVC Emerging Companies IM Pty Ltd (a)	50.0	50.0	6,536	-	6,536	-
Donnybrook JV Pty Ltd	49.0	49.0	7,149,386	3,403,464	(51,394)	(35,787)
Eildon Capital Limited	40.9	40.3	19,740,352	18,709,047	1,339,360	927,211
Eildon Funds Management Limited (b)	n/a	40.0	-	460,548	11,074	93,388
JAK Contributory Mortgage Fund Loan Trust No 3	20.8	20.8	5,291,849	2,770,833	291,849	61,123
JAK Investment Group Pty Ltd	40.0	40.0	213,497	227,037	(13,540)	(51,672)
Kingsgrove Property LMC Pty Ltd (a)	50.0	50.0	-	-	-	-
LAC Unit Trust (c)	n/a	n/a	-	-	-	(1,864)
Lewcorp Properties Pty Ltd	20.0	20.0	751,255	818,853	(67,598)	(16,672)
Mooloolaba Wharf Holding Company Pty Limited (a)	50.0	50.0	3,396,942	3,534,578	(137,636)	-
The Kingsgrove (Vanessa Road) Unit Trust	25.0	25.0	-	-	520,994	-
The Maroochydore Medical Centre Facility Unit Trust (a)	50.0	50.0	50	50	-	2,709,877
Turrella Property Pty Ltd	32.5	32.5	-	-	-	(102)
Turrella Property Unit Trust	32.5	32.5	246,063	267,727	2,337	82
Urban Properties Cairns Pty Limited	20.0	20.0	-	-	-	-
Urban Properties Centenary Pty Limited	20.0	20.0	-	-	-	-
Urban Properties Pty Limited	-	33.3	-	-	-	-
US Residential Fund	22.2	22.2	-	70,901	-	(32,792)
Joint Ventures						
MAKE 246 EBRB Pty Ltd (a)	50.0	50.0	-	-	-	-
MAKE EBRB Dev Nominee Pty Ltd (a)	50.0	50.0	7,140,074	7,821,157	(681,083)	(998,432)
JAK Mickleham Road Pty Ltd (a)	50.0	-	64,911	-	-	-
			57,644,363	48,409,113	2,270,397	2,258,093

(a) Causeway Income Partners Limited, Cravenda Pty Ltd, Cravenda Unit Trust, CVC Emerging Companies IM Pty Ltd, Kingsgrove Property LMC Pty Ltd, Mooloolaba Wharf Holding Company Pty Limited, The Maroochydore Medical Centre Facility Unit Trust, MAKE EBRB Dev Nominee Pty Ltd, MAKE 246 EBRB Pty Ltd and JAK Mickleham Road Pty Ltd are not considered to be controlled entities of CVC. This is because CVC does not have the power to direct the entities' relevant activities to affect CVC's returns.

(b) During the half year ended 31 December 2019, Eildon Funds Management Limited became a controlled entity of CVC. Refer to note 8.

(c) During the half year ended 31 December 2018, LAC Unit Trust became a controlled entity of CVC.

	31 Dec 2019	30 Jun 2019
	$	$
NOTE 6: INTANGIBLE ASSETS		
Goodwill	2,946,006	-
Reconciliations:		
Carrying amount at the beginning of the period	-	-
Acquisition of business	2,946,006	-
Carrying amount at the end of the period	2,946,006	-

The goodwill is attributable to the acquisition of the funds management business in Eildon Funds Management Limited. The recoverable amount is based on an independent valuation prepared by Longergan Edwards and Associates Limited at the date of the acquisition on 8 August 2019. The beneficiaries of the sale included associates of Messrs Mark Avery, John Hunter and Alexander Beard.

The valuation of Eildon Funds Management Limited was based on the following metrics:

- Earnings before interest and taxes multiple: 4.0 – 4.5x

This compares to the valuation metrics of Eildon Funds Management Limited at the time that the executive staff acquired an interest in the company in 2016 of:

- Earnings before interest and taxes multiple: 4.0 – 4.5x

The goodwill is not deductible for tax purpose. Refer to Note 8.1.

	31 Dec 2019		31 Dec 2018	
	Number	$	Number	$
NOTE 7: CONTRIBUTED EQUITY				
Issued and paid-up ordinary share capital				
Balance at the beginning and end of the half-year	117,690,259	98,768,308	119,532,788	103,646,848
Shares bought back	(222,938)	(484,822)	-	-
Share buyback transaction costs	-	(1,326)	-	-
Income tax on buyback transaction costs	-	399	-	-
Balance at the beginning and end of the half-year	117,467,321	98,282,559	119,532,788	103,646,848

NOTE 8: BUSINESS COMBINATION

8.1 Eildon Funds Management Limited

On 8 August 2019, CVC acquired 60% of Eildon Funds Management Limited ("EFM") for a consideration of $3,623,500 at which time it became a 100% subsidiary of CVC. Immediately prior to that date, CVC had an existing holding of 40% of the equity on issue with a carrying amount of $471,622.

A summary of the acquisition is as follows:

	$
Purchase consideration:	
Cash paid	3,623,500
Total purchase consideration	3,623,500
Fair value of Assets and Liabilities of EFM at Acquisition:	
Cash assets	985,868
Trade and other receivables (a)	543,777
Plant and equipment	7,342
Financial assets	130
Deferred tax asset	17,794
Trade and other payables	(77,011)
Current tax liability	(328,784)
Total identifiable net assets at fair value	1,149,116
Less: carrying amount prior to acquisition	(471,622)
Add: goodwill (b)	2,946,006
Consideration for acquisition	3,623,500
Cash outflow	
Cash consideration	3,623,500
Less: balances acquired	
Cash	(985,868)
Net outflow of cash – investing activities	2,637,632

(a) The fair value of acquired trade and other receivables is the gross contractual amount.
(b) The goodwill is attributable to the value of EFM's funds management business. It will not be deductible for tax purpose. Refer to Note 6.

For the period from acquisition to the end of the period, EFM recorded revenues of $740,552 and profit after tax of $398,879. If EFM had been owned for the whole of the period the revenue included would have been $931,169 and profit after tax would have been $426,565.

8.2 Eildon Debt Fund

CVC is deemed to acquire specified assets in Eildon Debt Fund ("EDF") on 8 August 2019 along with the EFM transaction. The directors have concluded that CVC controls specified assets in EDF, even though it holds less than half of the voting rights of this subsidiary. The significant judgement is per below:

- Eildon Investments Services Pty Limited ("EIS"), a 100% own subsidiary of EFM, is the fund manager for EDF.
- EIS has the decision-making authority to direct the relevant activities of EDF and make decisions in the best interests of all investors.
- The investors' rights to remove the fund manager are protective as they are excisable only when EIS is in default.
- CVC holds more than 20% investments in specified assets in EDF. This creates sufficient exposure for EIS to be a principal for the relevant specified assets.

No consideration was paid on 8 August 2019 at which time EDF became a subsidiary of CVC. Immediately prior to that date, CVC had an existing holding equivalent to 41.4% of specified assets with a carrying amount of $11,928,085.

NOTE 8: BUSINESS COMBINATION (CONT.)

8.2 Eildon Debt Fund (Cont.)

A summary of the acquisition is as follows:

	$
Purchase consideration:	
Cash paid	-
Total purchase consideration	-
Fair value of Assets and Liabilities of EDF at Acquisition:	
Cash assets	1,588,130
Trade and other receivables (a)	18,036
Financial assets	30,210,574
Trade and other payables	(3,027,098)
Total identifiable net assets at fair value	28,789,642
Less: non-controlling interest (b)	(16,861,557)
Less: carrying amount prior to acquisition	(11,928,085)
Consideration for acquisition	-
Cash inflow	
Cash consideration	-
Add: balances acquired	
Cash	1,588,130
Net inflow of cash – investing activities	1,588,130

(a) The fair value of acquired trade and other receivables is the gross contractual amount.
(b) CVC has recognised the non-controlling interest at the non-controlling interest's proportionate share of the net identifiable assets.

For the period from acquisition to the end of the period, EDF recorded revenues of $2,875,534 and profit after tax of $2,724,656. If EDF had been owned for the whole of the period the revenue included would have been $3,249,212 and profit after tax would have been $3,077,618.

NOTE 8: BUSINESS COMBINATION (CONT.)

8.3 Other immaterial business combinations

A summary of the acquisition is as follows:

	$
Purchase consideration:	
Cash paid	-
Total purchase consideration	-
Assets and Liabilities of acquired business at Acquisition:	
Cash	130
Financial assets	1,371,487
Trade and other payables (a)	(16,075)
Interest bearing loans and borrowings	(1,355,412)
Total identifiable net assets at fair value	130
Less: consideration for acquisition	(130)
Consideration for acquisition	-
Cash inflow	
Cash consideration	-
Add: balances acquired	
Cash	130
Net inflow of cash – investing activities	130

(a) The fair value of acquired trade and other receivables is the gross contractual amount.

For the period from acquisition to the end of the period, the acquired business recorded revenues of $102,137 and profit after tax of $37,745. If the acquired business had been owned for the whole of the period the revenue included would have been $114,827 and profit after tax would have been $37,745.

There were no acquisitions in the period ending 31 December 2018.

NOTE 9: SEGMENT REPORTING

The information by business segments are as follows:

	Private Equity Investments $'000's	Commercial Debt and Alternative Assets $'000's	Listed Investments $'000's	Property Backed Lending $'000's	Direct Property $'000's	Funds Management $'000's	Controlled Eliminations $'000's	Consolidated $'000's
31 December 2019:								
Revenues:								
Total revenue for reportable segments	-	690	-	5,715	1,922	1,024	-	9,351
Inter-segment revenue	-	-	-	-	780	6,211	(6,991)	-
Unallocated amounts:								
Interest income								240
Corporate income								96
Consolidated revenue								9,687
Equity accounted income	(62)	-	-	292	1,185	855	-	2,270
Results:								
Total profit for reportable segments	(2,394)	(441)	161	4,445	(936)	316	-	1,151
Share of profit of equity accounted investees	(62)	-	-	292	1,185	855	-	2,270
	(2,456)	(441)	161	4,737	249	1,171	-	3,421
Unallocated amounts: corporate expenses								(6,449)
Consolidated loss before tax								(3,028)

Segment results are shown before related income tax expense. All revenue during the half year is recognised at a point in time when the performance obligation is satisfied.

NOTE 9: SEGMENT REPORTING (CONT.)

	Private Equity Investments $'000's	Commercial Debt and Alternative Assets $'000's	Listed Investments $'000's	Property Backed Lending $'000's	Direct Property $'000's	Funds Management $'000's	Controlled Eliminations $'000's	Consolidated $'000's
31 December 2018:								
Revenues:								
Total revenue for reportable segments	122	1,563	27	3,192	30,997	613	-	36,514
Inter-segment revenue	-	-	-	-	1,239	6,585	(7,824)	-
Unallocated amounts:								
Interest income								448
Consolidated revenue								36,962
Equity accounted income	46	-	894	61	1,593	(336)	-	2,258
Results:								
Total profit for reportable segments	52	1,562	(13,270)	3,545	4,014	(193)	-	(4,290)
Share of profit of equity accounted investees	46	-	895	61	1,592	(336)	-	2,258
	98	1,562	(12,375)	3,606	5,606	(529)	-	(2,032)
Unallocated amounts: corporate expenses								(6,608)
Consolidated profit before tax								(8,640)
Disaggregation of revenue from contracts with customers								
Timing of revenue recognition								
At a point in time	122	1,563	27	3,192	11,963	613	-	17,480
Over time	-	-	-	-	19,034	-	-	19,034
	122	1,563	27	3,192	30,997	613	-	36,514

Segment results are shown before related income tax expense.

NOTE 9: SEGMENT REPORTING (CONT.)

	Private Equity Investments	Commercial Debt and Alternative Assets	Listed Investments	Property Backed Lending	Direct Property	Funds Management	Consolidated
	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's	$'000's
31 December 2019:							
Assets:							
Segment assets	7,710	8,644	30,112	90,739	66,805	43,956	247,966
Unallocated amounts:							
Cash and cash equivalents							36,815
Other assets							4,833
Total assets							289,614
Liabilities:							
Segment liabilities	-	-	-	10,986	28,906	-	39,892
Unallocated amounts:							
Other liabilities							65,377
Total liabilities							105,269
30 June 2019:							
Assets:							
Segment assets	11,146	10,222	59,754	50,949	60,817	32,395	225,283
Unallocated amounts:							
Cash and cash equivalents							57,158
Other assets							3,414
Total assets							285,855
Liabilities:							
Segment liabilities	3	350	-	9,613	29,687	-	39,653
Unallocated amounts:							
Other liabilities							66,413
Total liabilities							106,066

NOTE 10: FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities of CVC are approximately equal to their carrying values.

Judgements and estimates were made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, CVC has classified its financial instruments and non-financial assets into three levels prescribed under the accounting standards.

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset that are not based on observable market data.

The fair value of the assets and liabilities as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2) (a)	Valuation technique – non market observable inputs (Level 3)	Total
	$	$	$	$
At 31 December 2019				
Financial assets				
"Fair value through profit or loss" investments				
Shares in listed corporations	**1,775,196**	**28,336,426**	**-**	**30,111,622**
Shares in unlisted corporations (b)	**-**	**-**	**9,220,747**	**9,220,747**
Non-financial assets				
Investment properties (c)	**-**	**-**	**2,400,000**	**2,400,000**
	1,775,196	**28,336,426**	**11,620,747**	**41,732,369**
At 30 June 2019				
Financial assets				
"Fair value through profit or loss" investments				
Shares in listed corporations	17,186,400	41,907,564	-	59,093,964
Shares in unlisted corporations (b)	-	-	24,186,206	24,186,206
Non-financial assets				
Investment properties (c)	-	-	2,400,000	2,400,000
	17,186,400	41,907,564	26,586,206	85,680,170

(a) The fair values of Level 2 financial instruments are determined using available prices where trading does not occur in an active market.
(b) There is no quantitative information. Fair value has been determined by using valuation techniques. Such techniques include using recent arm's length market transactions; net asset backing; reference to the current market value of another instrument that is substantially the same and discounted cash flow analysis.
(c) The fair value has been determined based on an independent valuation prepared by JLL Hotels & Hospitality Group.

Reconciliation of Level 3 fair value movements:

	31 Dec 2019	31 Dec 2018
	$	$
Opening balance at the beginning of the period	**26,586,206**	19,602,318
Purchases	**741,640**	13,044,422
Sales	**(1,723,986)**	(2,063,780)
Losses recognised in other income (a)	**(1,957,718)**	(834,314)
Transfer out of Level 3 to Level 1	**(250,000)**	(300,000)
Transfer out of Level 3 (b)	**(11,775,395)**	-
Closing balance at the end of the period	**11,620,747**	29,448,646

(a) Unrealised losses recognised in statement of financial performance attributable to assets held at the end of the reporting period	**(1,953,241)**	1,649,847

(b) The investments in Eildon Debt Fund were eliminated on consolidation as Eildon Debt Fund entered into CVC on 8 August 2019. Refer to Note 8.2.

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 December 2019 (CONTINUED)

NOTE 11: INCOME AND EXPENSE

This note provides a breakdown of the items included in the statement of financial performance.

	31 Dec 2019	31 Dec 2018
	$	$
Profit from development properties		
Contract revenue	-	19,034,389
Sale of land	1,793,400	11,809,853
	1,793,400	30,844,242
Net loss from equity investments		
Net loss on financial assets at fair value through profit or loss	2,509,579	13,239,803
Dividends from related entities	-	(740,069)
Dividends from unrelated entities	(133,203)	(771,614)
Fee from unrelated entities	(243,116)	(97,912)
Impairment recovery of investment in associate entity	(478,397)	-
Impairment of investments in associated entities	1,092,153	1,574,694
	2,747,016	13,204,902
Impairment of financial assets at amortised cost		
Impairment of loans to associated entities	1,630,574	-
Impairment of loans to other entities	474,000	-
	2,104,574	-
Other overhead and administration fees		
Depreciation expenses	376,502	44,859
Lease expenses	32,107	291,411
Insurance expenses	118,974	94,244
Legal fees	217,624	181,562
Change in fair value of investment property	21,779	5,352
Impairment of property, plant and equipment	145,795	-
Other expenses	1,083,268	1,028,695
	1,996,049	1,646,123

NOTE 12: SUBSEQUENT EVENTS

There are no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in the financial period subsequent to 31 December 2019.

NOTE 13: CONTINGENT LIABILITIES

During the period, CVC entered into a purchase agreement for a commercial site at Marsden Park, New South Wales. Completion of the contract is conditional upon obtaining the Acceptable Development Consent. Once the condition is met, the amount payable for the purchase is approximately $8 million.

NOTE 14: CHANGES IN ACCOUNTING POLICIES

CVC has adopted AASB 16 *Leases* from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

(a) CVC's leasing activities and how these are accounted for

CVC leases various offices and equipment. Rental contracts are typically made for fixed periods of 4 years to 7 years, without any extension options.

Contracts may contain both lease and non-lease components. CVC allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by CVC.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by CVC under residual value guarantees
- the exercise price of a purchase option if CVC is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects CVC exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in CVC, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, CVC uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of office are recognised on a straight-line basis as an expense in statement of financial performance. Short-term leases are leases with a lease term of 12 months or less.

NOTE 14: CHANGES IN ACCOUNTING POLICIES (CONT.)

(b) Impact of adoption

On adoption of AASB 16, CVC recognised lease liabilities and associated right-of-use assets in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4%.

(c) Practical expedients applied

In applying AASB 16 for the first time, CVC has used the following practical expedients permitted by the standard:
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at 1 July 2019.
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(d) Measurement of lease liabilities

Below is a reconciliation between the operating lease commitments reported as at 30 June 2019 and lease liabilities recognised under AASB16 *Leases* on 1 July 2019.

	2019 $
Operating lease commitments disclosed as at 30 June 2019	3,056,925
Discounted using the lessee's incremental borrowing rate of at the date of initial application	2,694,775
Add:	
Contracts reassessed as lease contracts	48,196
Adjustments relating to changes in the CVC's incremental borrowing rate	107,865
Lease liability recognised as at 1 July 2019	2,850,836
Of which are:	
Current lease liabilities	624,152
Non-current lease liabilities	2,226,684
	2,850,836

(e) Adjustments recognised in the condensed consolidated statement of financial position on 1 July 2019

The change in accounting policy affected the following items in the condensed consolidated statement of financial position on 1 July 2019:
- right-of-use assets – increase by $2,850,836
- lease liabilities – increase by $2,850,836

There was no impact on retained earnings on 1 July 2019 as CVC has used the practical expedients permitted by the standard. Refer to Note 14(c).

NOTE 14: CHANGES IN ACCOUNTING POLICIES (CONT.)

(f) Amounts recognised in condensed consolidated statement of financial position

	31 Dec 2019 $	1 Jul 2019 $
Right-of-use assets		
Buildings	2,965,323	2,789,872
Equipment	48,508	60,964
	3,013,831	2,850,836
Lease liabilities		
Current	708,228	624,152
Non-current	2,243,342	2,226,684
	2,951,570	2,850,836

Additions to the right-of-use assets during the half year ended 31 December 2019 were $490,705 and the total cash outflow for leases was $392,572.

(g) Amounts recognised in condensed consolidated statement of financial performance

	31 Dec 2019 $	31 Dec 2018 $
Depreciation charge of right-of-use assets		
Buildings	315,254	-
Equipment	12,456	-
	327,710	-
Interest expense (included in finance cost)	2,602	-
Expense relating to short-term leases (included in other overhead and administration fees)	32,107	-

(h) Lessor accounting

CVC did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16.

CVC LIMITED & CONTROLLED ENTITIES
HALF YEARLY REPORT

DIRECTORS' DECLARATION

In the opinion of the directors:

(a) the interim financial statements and notes set out on pages 4 to 22, are in accordance with the *Corporations Act 2001* including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
   (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

(b) there are reasonable grounds to believe that CVC Limited will be able to pay its debts as when they become due and payable.

Dated at Sydney 25 February 2020.

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

MARK AVERY
Director

JOHN READ
Director

Auditor's Independence Declaration

As lead auditor for the review of the financial report of CVC Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) any applicable code of professional conduct in relation to the review.

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

Sydney, NSW
25 February 2020

N J Guest
Partner

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Independent Auditor's Review Report to the Members of CVC Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CVC Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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Auditor's Responsibility (Continued)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N J Guest
Partner

Sydney, NSW
25 February 2020