

HALF OF WHAT SEPARATES THE SUCCESSFUL ENTREPRENEURS FROM THE NON-SUCCESSFUL ONES IS PURE

PERSEVERANCE

Steve Jobs

2015 ANNUAL REPORT



CVC Limited

COMPANY PARTICULARS

CVC LIMITED

ABN 34 002 700 361 AFSL 239665

REGISTERED OFFICE

Level 6, Gold Fields House
1 Alfred Street Sydney NSW 2000

DIRECTORS

- Alexander Beard
- John Read
- Ian Campbell

MANAGEMENT TEAM

- Alexander Beard
- Elliott Kaplan
- John Hunter
- Mark Avery
- Michael Bower
- Andrew Harris
- William Highland
- Christian Jensen
- Charles Williams

SECRETARIES

- Alexander Beard
- John Hunter

BANKERS

Suncorp-Metway Limited
Westpac Banking Corporation Limited

AUDITORS

HLB Mann Judd Chartered Accountants
Level 19, 207 Kent Street
Sydney NSW 2000

SHARE REGISTRY

RB Registries
Level 29, 259 George Street
Sydney NSW 2000

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THE YEAR

IN REVIEW

1 JULY 2014 – 30 JUNE 2015

OVERVIEW

2015 was a milestone year, with a strong net profit after tax of \$18.3 Million, the largest annual dividend payment in CVC's history of 15 cents per share, and development of a future earnings base with the potential to significantly deliver core profitability for the medium to longer term.

With cash holdings in excess of \$54 million, the Company is in a strong financial position to capitalise on attractive investment opportunities.

Highlights of the year include:

- Realisation of holding of Villa World;
- Strong profit contribution from property financing segment;
- Realisations and strong profit contribution from a number of listed equity investments;
- Project delivery agreement negotiated with Mirvac for development of Marsden Park North;
- Joint Venture Agreement concluded with Villa World for residential development of Donnybrook Victoria;
- Solid contribution from private equity and funds management segment; and
- Dividends paid of 15 cents per share.

MANAGEMENT TEAM

The CVC management team is core to all of our investments. The essence of delivering longer term investment out-performance lies in the team effectively networking to source investments, negotiating investment pricing and structure, identifying value and risk drivers, developing risk mitigation strategies, negotiating and executing divestments and working effectively with investee management teams to build their businesses or business strategy.

Over the past 5 years considerable focus has been made in strengthening CVC's property and property financing expertise which continues to yield strong results and has laid the platform for core profitability into the future.

Skills of the management team include:

- Sourcing, selection, and structuring of investment opportunities;
- Operational management of investee companies, including strategy and corporate advisory, board positions on investee companies including Chairmanship where appropriate;
- Corporate advisory skills, including under-writing of placements and general offers;

- Divestments, including trade sales, demergers, initial public offerings, mergers and acquisitions, management buyouts and financial restructuring;
- Infrastructure investment capabilities, including financial feasibility, negotiation of off-take agreements, negotiation of senior and mezzanine debt facilities and sourcing of equity;
- Distressed debt recoveries and investment turn-arounds;
- Project financing and property development capabilities, including structuring, joint ventures, feasibility and mezzanine financing;
- Financial product development and distribution;
- Availability and access to government grants;
- Advice/implementation of internal control procedures, management information systems, monthly reporting procedures and statutory reports;
- Development of distribution networks, licensing of technology, patent and advice on portfolio/intellectual property protection, and export market penetration;
- Specialist investment skills in environmental industries, with a depth of expertise in low emission and cleaner technologies; and
- Long term investment performance.

“CVC’S PROPERTY AND
PROPERTY FINANCING
EXPERTISE CONTINUES
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THE YEAR IN REVIEW

1 JULY 2014 – 30 JUNE 2015

APPROACH

CVC's core strength lies in backing management teams who either create value in their underlying business or restore value to investments that have either suffered due to an unfavourable economic cycle or lost their way due to bad management. We look for investments that have the potential for substantial investment upside from improvement in economic cycle, removal of underperforming assets / investments, or de-risking due to regulatory approvals, market acceptance or restored credit worthiness.

CVC's investment portfolio is structured for a balance of capital growth and income producing assets. The asset mix has historically included, and will continue to include, private equity investments, a small portion of venture investments, a core portfolio of ASX-listed securities managed for a return, mezzanine lending to property backed investments including direct property holdings, strategic long-term investments (both listed and unlisted) that are largely equity accounted, income producing finance activities and funds management initiatives.

The inherent nature of private equity investment is that the opportunity to realise substantial returns is accompanied by factors largely beyond the control of the investment manager, including volatility in listed markets, the strength of the economy and negotiations between buyers and sellers. With venture investments,

it is often very difficult for accounting purposes to justify any carrying value for an investment when losses are being incurred and commerciality is being established. It is for this reason that CVC's profits will never be linear, but will have periods wherein realisations distort underlying profitability and other periods when underlying growth in asset value is not reflected in the financial results.

CVC adopts a value based methodology in its investment selections, including an analysis of company fundamentals, including low price earnings multiples, earnings growth, relativity of price to net tangible assets, multiples of free cash flow, dividend history, competitive market positioning and arbitrage opportunities.

Most importantly, CVC is focussed on the integrity and competence of investee management teams, with our analysis of new investment opportunities involving an assessment of the track record and potential of the individuals within a targeted company, existing corporate governance measures and internal operational and financial controls in place.

Sound investment decisions require a thorough methodology and the time necessary to identify, target, negotiate, conduct due diligence and structure a potential investment opportunity. CVC adopts a timely, yet patient, approach to these initial phases, as well as the subsequent development of the business and

the realisation phase of the investment lifecycle (with investment exits often made by way of a trade sale, initial public offering or on-market sell down).

DIVIDEND POLICY

During the year, CVC paid fully franked dividends of 15 cents per share. Our continued emphasis on developing recurring profit streams reflects our objective to pay dividends into the future. Subject to available franking credits, dividends are expected to be 100% franked.

CAPITAL MANAGEMENT

CVC will continue to periodically purchase shares under its share buy-back scheme, dependent on price. Historically the buy-back scheme has enabled a better matching of assets with recurrent earnings and has achieved accretion in both net tangible assets and earnings per share.

CORPORATE GOVERNANCE

CVC continues to review its corporate governance initiatives in accordance with the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council on an on-going basis. Further information on CVC's corporate governance is provided in the corporate governance statement.

NET ASSETS PER SHARE

155 cents

2014 163 cents

2013 142 cents

2012 130 cents

2011 126 cents

2010 124 cents

2009 110 cents

2008 169 cents

2007 201 cents

GROUP SUMMARY

EARNINGS PER SHARE

15 cents

2014 21.03 cents

TOTAL ASSETS EMPLOYED

\$242.6 million

2014 \$270.5 million

SHAREHOLDERS EQUITY

\$185.7 million

2014 \$195.1 million

DIVIDENDS PER SHARE

15 cents

2014 10 cents

SHARES ON ISSUE AT YEAR END

119,532,788

2014 119,532,788

NET ASSETS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

\$1.55

2014 \$1.63

THE YEAR

IN REVIEW

1 JULY 2014 – 30 JUNE 2015

OUTLOOK AND GROWTH

CVC expects to be able to capitalise on its strong financial position with in excess of \$54 million cash holdings as at 30 June 2015, to enhance short to medium term earnings, whilst seeking to identify meaningful equity investments for the longer term. However CVC will continue to be patient in the deployment of capital as we perceive current volatility and economic uncertainty will continue for the balance of the year.

The 2016 year will likely see the following developments:

PROPERTY

We are hopeful 2016 will see significant investment upside emerge from the residential developments of Marsden Park North and Donnybrook as a result of development planning approvals. Successful planning outcomes will result in CVC participating in the development of in excess of 3,000 residential lots, which would contribute meaningfully to CVC profits for the medium to long term. In addition CVC will continue to finance a number of residential and industrial developments secured by adequate mortgage security and in addition:

- Seek to realise direct property investments and redirect the proceeds into higher yielding investment opportunities;
- Continue to progress planning approvals and developments, typically in joint venture with developers;

- Continue to provide mezzanine finance to appropriate projects and developers at rates of return and terms consistent with those achieved during 2015; and
- Pursue a separate listing of a mezzanine finance vehicle, subject to feasibility.

PRIVATE EQUITY / VENTURE CAPITAL

- Continued development of Greens Foods and its food processing activities;
- Continued development of other private equity investments;
- Identify new investment opportunities that meet CVC's investment criteria and realise investments within the portfolio, as appropriate;
- Undertake "bridging" finance and other high yielding alternative investment opportunities; and
- Invest in pre-IPO companies with sound fundamentals and work with them to achieve a market listing.

LISTED INVESTMENTS

- Continued strategic holdings in Cellnet Group Limited, Lantern Hotel Group, Mitchell Services Limited, Buru Energy Limited, Bionomics Limited, Vita Life Sciences Limited, Grays Ecommerce Limited and Cyclopharm Limited. CVC will derive income from these strategic listed investments, including dividend income, equity accounted income, and where appropriate profits from realisations, directors

and advisory fees and underwriting fees;

- Active management of key strategic investments via assistance with both acquisitive and organic growth and operational and financial restructuring, where appropriate; and
- Identification of other strategic investments in which CVC can acquire significant and meaningful stakes to complement existing major holdings and contribute a source of dividends and capital growth.

FUNDS MANAGEMENT

- Continue to support Australian Mid-Cap Equities Manager, Concise Asset Management Limited which continues to perform above expectations in building funds under management;
- Continue to support and develop specialist Property Manager JAK Investment Group Pty Limited; and
- Evaluate other opportunities to invest in new or established specialist fund managers who are seeking the opportunity to expand or develop their business.

INVESTEES COMPANIES

360 Capital Total Return Fund	7.31%
Cellnet Group Limited	56.62%
Cyclopharm Limited	17.85%
Green's Foods Holdings Pty Limited	43.51%
Lantern Hotel Group	12.32%
Mitchell Services Limited	8.19%

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

Your Directors present the Financial Report of CVC Limited (the "Company") and its controlled entities ("CVC"), for the year ended 30 June 2015 together with the Auditors' Report thereon.

DIRECTORS

The names of Directors who served at any time during or since the end of the financial year are John Douglas Read, Alexander Damien Harry Beard, Ian Houston Campbell, Vanda Russell Gould and Jason Ters. The names of Company Secretaries in office throughout the financial year and to the date of this report are Mr Alexander Damien Harry Beard and Mr John Andrew Hunter. Details of qualifications, experience and special responsibilities of Directors are as follows:

John Douglas Read (Non-Executive Director)
B.Sc. (Hons) (Cant.), M.B.A. (A.G.S.M.)

Fellow of the Australian Institute of Company Directors.

Board member since 1989 and Chairman of the audit committee of the Company.

Mr Read has over 30 years experience in the venture capital industry. He is a former Director of CSIRO and the Australian Institute for Commercialisation Limited.

During the past three years Mr Read has also served as Chairman of Patrys Limited and The Environmental Group Limited.

Alexander Damien Harry Beard (Managing Director and Company Secretary)
B.Com. (Uni. of NSW)

Fellow of the Institute of Chartered Accountants in Australia and New Zealand; Member of Australian Institute of Company Directors.

Board member since 2000 and Chief Executive Officer since 2001. Member of the audit committee.

Mr Beard has been employed by the manager of the Company since 1991.

During the past three years Mr Beard has also served as Chairman of Cellnet Group Limited and Villa World Limited and Director of the following other listed companies: Cellnet Group Limited, Villa World Limited, Grays Ecommerce Group Limited (formerly Mnemon Limited), Lonestar Resources Limited (formerly Amadeus Energy Limited) and CVC Property Managers Limited.

Ian Houston Campbell (Non-Executive Director)

Appointed as Non-Executive Director on 16 March 2015.

Fellow of the Institute of Chartered Accountants in Australia and New Zealand; Member of Australian Institute of Company Directors.

Mr Campbell is currently a Non-Executive Director of Kip McGrath Education Centres Limited (ASX: KME) and Redox Pty Limited. Mr Campbell's previous Non-Executive Director roles include Gloria Jeans Coffees International Pty Limited, Young Achievement Australia Limited and Green's Foods Holdings Pty Limited. Mr Campbell brings to CVC 30 years of experience as a former partner with Ernst and Young and predecessor firms, principally working with entrepreneurial companies in preparing them for growth, sale and the capital markets.

Vanda Russell Gould (Executive Director)
B.Com (Uni. of NSW), M.Com (Uni. of NSW)

Fellow of the Institute of Chartered Accountants in Australia and New Zealand; Fellow of the CPA Australia; Fellow of the Australian Institute of Management; Australian Financial Services Licence holder.

Board member from 1984 - 1994, from 1996 - 2013 and from 2014 to 19 December 2014. Member of the audit committee until resignation on 19 December 2014. Appointed as director and Chairman 13 May 2014 and resigned as Chairman and Director 19 December 2014 and was appointed as Executive Officer on that date. On 31 March 2015 Mr Gould resigned as Executive Officer.

Prior to his involvement in the founding of the Company, Mr Gould was a partner of an accounting firm. He has held numerous directorships of other private and public companies including educational establishments.

During the past three years Mr Gould has also served as a Director of Cyclopharm Limited, Vita Life Sciences Limited and CVC Property Managers Limited.

Jason Ters (Executive Director)
B.Bus (UTS), MAppFin (Macquarie Uni.)

Appointed as Director on 29 November 2013. Member of the audit committee until resignation on 16 March 2015. Resigned as Director 16 March 2015.

Mr Ters has over 18 years experience in the finance industry, predominantly in capital markets and investment management. He has held directorships in a number of Australian companies, both public and private.

Most recently, Mr Ters held the role of Investment Manager at Guinness Peat Group (Australia) (GPG). During his 13 years at GPG, Mr Ters was responsible for identifying suitable investments and developing and executing strategies to create or unlock value for investee companies. Mr Ters was also a core member of the management team responsible for implementing GPG's strategic plan to divest its investment portfolio valued at over \$1 billion.

Over the years Mr Ters has served as a director of Farm Pride Foods Limited, CPI Group Limited, Australian Wealth Management Limited (Alternate Director), Gosford Quarry Holdings Pty Limited and Green's General Foods Pty Limited.

COMPANY SECRETARIES

John Andrew Hunter
B.Com. (ANU), M.B.A. (MGSM)

Member of the Institute of Chartered Accountants in Australia and New Zealand.

In addition to being a Director of the Company, Alexander Damien Harry Beard is also a Company Secretary of the Company.

KEY MANAGEMENT PERSONNEL

The key management personnel during the financial year were:

Executives	Role	Date of Appointment	Date of Resignation
John Scott Leaver	Executive Officer	29 November 2013	31 March 2015
Vanda Russell Gould	Executive Officer	19 December 2014	31 March 2015
John Andrew Hunter (a)	Chief Financial Officer	31 March 2015	-
Elliott Grant Kaplan (a)	Investment Director and Executive Officer	31 March 2015	-

(a) Following the resignation of Messrs Gould and Leaver on 31 March 2015, Messrs Kaplan and Hunter were considered to be key management personnel of CVC.

	Directors' Meetings	
	No. of meetings attended	No. of meetings eligible to attend
Vanda Russell Gould	3	3
John Douglas Read	8	8
Alexander Damien Harry Beard	8	8
Jason Ters	7	7
Ian Houston Campbell	1	1

The Company has an audit committee. The number of meetings and the number of meetings attended by each of the Directors on the audit committee during the financial year were:

	Audit Committee Meetings	
	No. of meetings attended	No. of meetings eligible to attend
John Douglas Read	2	2
Alexander Damien Harry Beard	2	2
Jason Ters	2	2

DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S INTERESTS

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

Ordinary shares	Opening	Purchases	Sales	Other changes during the year	Closing
Mr J.D. Read	528,956	-	-	-	528,956
Mr A.D.H. Beard	1,381,136	-	-	-	1,381,136
Mr V.R. Gould (a), (b)	21,773,522	-	-	(21,773,522)	-
Mr J.S. Leaver (a)	22,670,639	174,725	-	(22,845,364)	-
Mr I.H. Campbell	-	50,000	-	-	50,000
Mr E.G. Kaplan (c)	-	-	-	20,000	20,000
Mr J.A. Hunter (c)	-	-	-	-	-

- (a) Messrs Gould and Leaver resigned as key management personnel effective 31 March 2015.
- (b) The Company notes the decision in *Hua Wang Bank Berhad v Commissioner of Taxation* [2014] FCA 1392 which was handed down on 19 December 2014 and that this decision is under appeal. If the trial judge's key findings are upheld on appeal, it may change the disclosure of shares held by Mr Gould for the year ended 30 June 2015 and possibly prior years. The Company has undertaken procedures to confirm the current disclosures made, which has not identified any required changes to the disclosure of the relevant interests of Mr Gould.
- (c) Effective 31 March 2015, Messrs Kaplan and Hunter were considered to be key management personnel of CVC.

OVERVIEW OF ACTIVITIES

The sections below provide details on the results, dividends, activities, operations, changes in state of affairs and expectations for the future.

DIVIDENDS

A final dividend in respect of the year ended 30 June 2015 of 3 cents per share was declared on 26 August 2015 to be paid on 11 September 2015 to those shareholders registered on 2 September 2015. A special dividend of 10 cents per share amounting to \$11,953,279 was paid on 27 May 2015. An interim dividend of 2 cents per share amounting to \$2,390,676 was paid on 17 March 2015.

A final dividend in respect of the year ended 30 June 2014 of 3 cents per share amounting to \$3,585,983 was paid on 3 September 2014. An interim dividend of 2 cents per share and a special dividend of 5 cents per share amounting to \$8,472,843 was paid on 5 March 2014.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

PRINCIPAL ACTIVITIES

The principal activities of entities within CVC during the year were:

- the provision of investment, development and venture capital;
- property finance and development;
- investment in listed entities; and
- funds management.

CONSOLIDATED RESULTS

The financial performance for the 2015 financial year is as follows:

- Profit before tax of \$20.8 million (2014: \$29.2 million);
- Net profit after tax of \$20.1 million (2014: \$27.3 million);
- Earnings per share of 15 cents (2014: 21 cents);
- Decrease in Net Tangible Assets per share of 8 cents (2014: increase of 21 cents), following dividends per share totalling 15 cents (2014: 10 cents) paid during the year; and
- Net decrease in value of investments through reserves of \$16.5 million (2014: increase of \$12.2 million).

The consolidated profit for the year attributable to the members of the Company is calculated as follows:

	2015 \$	2014 \$
Net profit after income tax	20,070,259	27,326,077
Non-controlling interests	(1,746,854)	(1,942,503)
Net profit after income tax attributable to members	18,323,405	25,383,574

REVIEW OF OPERATIONS

Highlights for the year of the main operating segments are as follows:

Listed Investments:

The contribution to comprehensive income included a profit of \$16.7 million (2014: \$9.1 million) and a revaluation decrease of \$16.5 million (2014: increase of \$12.2 million) of investments through reserves to market value attributable to listed investments.

The profit for the year was directly attributed to the following:

- Villa World Limited generated a profit on sale of \$15.8 million, plus a further dividend of \$1.4 million, of which \$16.2 million had been included in reserves in prior years; and
- Touchcorp Limited of \$2.9 million.

The profit was offset by the impairment of investments to market value, which amounted to \$5.8 million (2014: \$6.1 million) to reflect prevailing share prices. This included impairment charges in relation to:

- Buru Energy Limited of \$2.1 million (share price of \$0.375);
- MMA Offshore Limited of \$1.1 million (share price of \$0.525); and
- Mitchell Services Limited of \$0.8 million (share price of \$0.021).

Distributions received from various investments during the financial year amounted to \$2.0 million (2014: \$1.2 million), including the dividend of \$1.4 million received from Villa World Limited.

Private Equity:

The contribution to comprehensive income was \$2.9 million (2014: \$2.8 million). During the year a further tranche of Ron Finemore Transport Pty Limited shares were bought back for proceeds of \$3.2 million, generating a profit of \$1.8 million. Subsequent to balance date the last of the remaining shares were bought back for total proceeds of \$7.5 million.

Green's Foods Holdings Pty Limited ("Green's") contributed \$4.5 million to CVC's net assets during the year. In addition \$3.2 million was returned to CVC in the way of dividends and a capital return, which, as Green's is equity accounted, resulted in a reduction of carrying value of CVC's investment.

Property:

Property contributed \$3.7 million (2014: \$3.2 million) to comprehensive income from continuing operations, plus a loss of \$0.4 million before tax from discontinued operations, which was directly attributed to the following:

- interest related income generated from the provision of mezzanine funding of \$4.1 million (2014: \$4.3 million);
- net rental income after interest related expense of \$2.2 million (2014: \$1.7 million); and
- profit from lot sales at the Rockhampton residential project of \$1.2 million.

The profit was offset against an impairment charge in relation to the units held in the 360 Capital Total Return Fund of \$4.0 million. The segment has seen an increase in fair value adjustments in relation to directly held property assets with impairment recovery of \$0.7 million (2014: reduction of \$1.7 million) during the year.

During the financial year 34 residential lots at the joint venture at Rockhampton, Queensland were completed. On 19 November 2014 CVC entered into a project delivery agreement with Mirvac Homes (NSW) Pty Limited to further progress the development of the property located at Richards Road, Riverstone. The project is expected to generate significant long term value for CVC and based on internal estimates of valuation of similar properties and discounted cashflows from the project delivery agreement, CVC's share of the value of the project was estimated to be in the vicinity of \$40 million as previously announced to the market on 19 November 2014. This is compared to a carrying value of the property, which is classified as inventories, of \$10.6 million.

Funds Management:

The contribution to comprehensive income of this segment was \$0.1 million (2014: \$1.2 million).

During the year CVC's share of Concise Asset Management Limited's (Mid Cap Australian Equities Specialist) profit contributed \$0.5 million to CVC's comprehensive income.

STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or the financial statements.

LIKELY DEVELOPMENTS

As explained in previous reports, the total level of profit for any period, notwithstanding the recurrent earnings, is largely determined by the timing of the realisation of investments that result in capital gains. The Company believes the strong financial position and continual evaluation of investment opportunities by its management team will enable the identification and execution of suitable investment opportunities during the course of the year.

ENVIRONMENTAL REGULATION

CVC's operations are not subject to environmental regulations.

EVENTS SUBSEQUENT TO BALANCE DATE

CVC sold the property at 190-198 Princes Highway South Nowra for \$5.5 million on 7 August 2015 and entered into a development delivery agreement for the construction of the site, which is expected to be completed by July 2016.

CVC executed a contract of sale in relation to 96 Fairfield Street Fairfield for a sale price of \$2.7 million on 20 July 2015 with settlement on 19 September 2015.

Ron Finemore Transport Pty Limited bought back all outstanding shares held by CVC for total proceeds of \$7.5 million.

A final dividend in respect of the year ended 30 June 2015 of 3 cents per share was declared on 26 August 2015 to be paid on 11 September 2015 to those shareholders registered on 2 September 2015.

Other than as set out above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in future financial years.

SHARE OPTIONS

There were no options issued by the Company during the year or to the date of this report. Subsidiaries of the Company which have option plans include CVC Private Equity Limited and Cellnet Group Limited.

a) CVC Private Equity Limited

Options issued over shares of CVC Private Equity Limited, a controlled entity of CVC are granted under its Option Plan. Under the plan, participants are granted options which are exercisable after the expiration of 3 years. There are no performance conditions attached to the options, and participation in the plan is at the discretion of the Board of CVC Private Equity Limited and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Options granted carry no dividend or voting rights or rights to participate in any other share issue of CVC Private Equity Limited or any other entity. When exercisable, each option is convertible into one ordinary share.

	<i>Grant Date</i>	<i>Balance at start of the year</i>	<i>Options issued</i>	<i>Balance at the end of the year</i>	<i>Vested</i>
ADH Beard	16 Jan 2013	1,200,000	-	1,200,000	1,200,000
EG Kaplan (a)	16 Jan 2013	1,200,000	-	1,200,000	1,200,000
JA Hunter (a)	16 Jan 2013	250,000	-	250,000	250,000
		2,650,000	-	2,650,000	2,650,000

(a) Effective 31 March 2015, Messrs Hunter and Kaplan were considered to be key management personnel of CVC.

Model inputs for options granted during the year are disclosed in note 32.2(a) of the financial report.

b) Cellnet Group Limited

Cellnet Group Limited, a controlled entity of CVC, issued options to key management personnel of CVC. Options are exercisable at any time during the period from the date of its issue until 31 October 2017.

	<i>Grant Date</i>	<i>Balance at start of the year</i>	<i>Options issued</i>	<i>Balance at the end of the year</i>	<i>Vested</i>
ADH Beard	24 Oct 2014	-	1,200,000	1,200,000	1,200,000
EG Kaplan	24 Oct 2014	-	1,200,000	1,200,000	1,200,000
		-	2,400,000	2,400,000	2,400,000

Details of the Cellnet Group Limited options are disclosed in note 32.2(b) of the financial report.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

a) Indemnification

During and since the end of the financial period CVC has provided an indemnity and entered into an agreement to indemnify Directors and Company Secretaries for liabilities that may arise from their position, except where the liability arises out of conduct involving a lack of good faith.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS (CONT.)

b) Insurance Premiums

CVC has not, during the year or since the end of the financial year, paid or agreed to pay a premium for insuring any person who is or has been an auditor of the Company or a related body corporate for the costs or expenses of defending legal proceedings.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance for Directors and Officers of the Company.

In accordance with s. 300(9) of the *Corporations Act 2001* further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for key management personnel of the Company and its 100% owned entities in accordance with the requirements of the *Corporations Act 2001* and its regulations. For clarity it includes the remuneration received by Messrs Beard and Kaplan from Cellnet Group Limited and CVC Private Equity Limited, but excludes the remuneration of those key management personnel of Cellnet Group Limited and CVC Private Equity Limited which are not considered to be key management personnel of CVC. This information has been audited as required by s. 308(3C) of the *Corporations Act 2001*. The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of CVC.

Remuneration philosophy

The performance of CVC depends upon its ability to attract and retain quality people. CVC is committed to developing a remuneration philosophy of paying sufficient competitive 'base' rewards to attract and retain high calibre management personnel and providing the opportunity to receive superior remuneration tied directly to the creation of value for shareholders.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and remuneration for all other key management personnel is separate and distinct.

Non-Executive Director's remuneration is solely in the form of fees and has been set by shareholders at a maximum aggregate amount of \$550,000, to be allocated amongst the Directors as they see fit. It has been set to balance the need to attract and retain Directors of the highest calibre at a cost that is acceptable to shareholders.

Key management personnel remuneration consists of: base salary, fees, superannuation contributions, short term performance discretionary bonuses and participation in the CVC Executive Long Term Incentive Plan.

The Company does not have a remuneration committee. The remuneration of the Managing Director, Mr Beard, is determined following discussion with the Non-Executive Directors. The

remuneration of key management personnel other than Mr Beard are determined following discussion with the Board of CVC.

Short term discretionary performance bonuses permit CVC to reward individuals for superior personal performance or contribution towards components of CVC's performance for which they have direct responsibility and are determined at the end of the financial year.

The objectives of the CVC Executive Long Term Incentive Plan are to directly align the opportunity to achieve superior employment rewards with the wealth generated for shareholders whilst providing a mechanism to retain key employees over the longer term. In general terms, under the plan:

- key employees are invited by the Directors to acquire shares in the Company subject to certain conditions;
- the conditions specify performance hurdles and time periods in which they are required to be achieved;
- all shares issued under the plan to date cover a three year period and require that the total return to shareholders over the three year period exceeds the rate of growth over the same period for the S&P/ASX Small Ordinaries Accumulation Index;
- shares are issued at market value and the Company provides a loan to the participant to cover the cost of the shares;
- interest is charged on the loan equivalent to dividends paid on the shares;
- the shares are restricted and cannot be dealt with by the participant during the period;
- shares are forfeited and the loans are cancelled if the performance hurdles have not been met or the share price at the end of the period is below the issue price;
- if shares are not forfeited, at the end of the period the participant is required to repay the loan, the restrictions on the shares are removed and the shares are taken out of the plan; and
- a maximum of 5 million shares can be issued under the plan.

There are currently no shares issued under the CVC Executive Long Term Incentive Plan.

Individual remuneration disclosures

The following table provides details of the remuneration expense of the Company and its 100% owned entities recognised for the group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standard.

REMUNERATION REPORT (AUDITED) (CONT.)

Individual remuneration disclosures (cont.)

Remuneration of key management personnel for the year ended 30 June 2015

		Short-term employee benefits Base Salary Fees \$	STI Bonus (b) \$	Post employ't benefits Super'n \$	Other \$	Share-based payment \$	Total \$	Base % (a)
DIRECTORS								
ADH Beard	2015	353,059	162,784	30,000	34,969	37,140	617,952	68%
(Managing Director)	2014	321,585	124,647	25,000	33,073	-	504,305	75%
JD Read (e)	2015	50,000	-	19,555	-	-	69,555	100%
(Non-Executive Director)	2014	33,333	-	28,500	-	-	61,833	100%
IH Campbell	2015	13,699	-	1,301	-	-	15,000	100%
(Non-Executive Director appointed 16 March 2015)	2014	-	-	-	-	-	-	n/a
VR Gould	2015	180,000	-	17,500	9,098	-	206,598	100%
(Chairperson and Executive Director until 19 December 2014) (c)	2014	340,000	30,000	35,000	17,485	-	422,485	93%
JS Leaver	2015	-	-	-	-	-	-	n/a
(Executive Director until 29 November 2013) (d)	2014	141,667	-	13,750	10,200	-	165,617	100%
J Ters	2015	180,438	-	12,189	4,832	-	197,459	100%
(Executive Director until 16 March 2015)	2014	26,697	-	2,469	-	-	29,166	100%
OTHER KEY MANAGEMENT PERSONNEL								
VR Gould (c)	2015	90,000	-	8,750	6,371	-	105,121	100%
(Executive from 19 December to 31 March 2015)	2014	-	-	-	-	-	-	n/a
JS Leaver (d)	2015	274,550	-	26,250	8,020	-	308,820	100%
(Executive until 31 March 2015)	2014	198,333	30,000	21,250	7,285	-	256,868	88%
JA Hunter (f)	2015	72,500	127,020	6,887	-	-	206,407	38%
	2014	-	-	-	-	-	-	n/a
EG Kaplan (f)	2015	60,000	82,500	6,250	3,865	-	152,615	46%
	2014	-	-	-	-	-	-	n/a
	2015	1,274,246	372,304	128,682	67,155	37,140	1,879,527	
	2014	1,061,615	184,647	125,969	68,043	-	1,440,274	

Notes:

(a) Base % reflects the amount of base level remuneration that is not dependent on individual or CVC performance.

(b) The Short Term Incentive Bonus represents discretionary bonuses as determined by the Directors of CVC, based on their performance during the year.

(c) Mr Gould resigned as Director on 19 December 2014 and was appointed as Executive Officer. Mr Gould resigned as Executive Officer effective 31 March 2015.

(d) Mr Leaver resigned as Director on 29 November 2013 and was appointed as Executive Officer. Mr Leaver resigned as Executive Officer effective 31 March 2015.

(e) Superannuation received by Mr Read includes amounts paid by CVC Limited and CVC Private Equity Limited.

(f) Following the resignation of Messrs Gould and Leaver on 31 March 2015, Messrs Kaplan and Hunter were considered to be key management personnel of CVC. Amounts disclosed represents remuneration provided since 31 March 2015.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

REMUNERATION REPORT (AUDITED) (CONT.)

Executive contractual arrangements

It is CVC's policy that service contracts for key management personnel are unlimited in term but capable of termination as per the relevant period of notice and that CVC retains the right to terminate the contract immediately, by making payment that is commensurate with pay in lieu of notice.

The service contract outlines the components of remuneration paid to the key management person but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account any change in the scope of the role performed by the key management personnel and any changes required to meet the principles of the remuneration policy.

Standard key management personnel termination payment provisions apply to all current members of the key management personnel, including the Managing Director. The standard key management personnel provisions are as follows:

<i>Details</i>	<i>Notice Period</i>	<i>Payment in lieu of notice</i>	<i>Treatment of STI on termination</i>	<i>Treatment of LTI on termination</i>
Employer initiated termination	1 month	1 month	Unvested awards forfeited	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited	Unvested awards forfeited
Employee initiated termination	1 month	1 month	Unvested awards forfeited	Unvested awards forfeited

Consequences of performance on shareholder wealth

In considering CVC's performance and benefits for shareholder wealth, the Directors have regard to the following indicators in respect of the current financial year and previous financial years.

	<i>2015</i> \$	<i>2014</i> \$	<i>2013</i> \$	<i>2012</i> \$	<i>2011</i> \$
Net profit attributable to members of the parent entity	18,323,405	25,383,574	9,290,136	9,133,110	10,228,494
Comprehensive (loss)/income attributable to members of the parent entity	(16,158,003)	11,858,356	10,690,344	959,714	(4,166,636)
Total comprehensive income attributable to members of the parent entity	2,165,402	37,241,930	19,980,480	10,092,824	6,061,858
Dividends paid	17,929,938	12,110,681	6,106,557	6,176,414	6,516,452
Shares bought back on market	-	2,288,197	878,742	4,164,452	4,709,577
Share price	1.52	1.42	1.00	0.895	0.86
Change in share price	0.10	0.42	0.105	0.035	0.06
Net assets per share	1.55	1.63	1.42	1.30	1.26
Change in net assets per share	(0.08)	0.21	0.12	0.04	0.02

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

No fees were paid to HLB Mann Judd in respect of non-audit services during the year.

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CVC LIMITED

A copy of the Independence Declaration given to the Directors by the lead auditor for the audit undertaken by HLB Mann Judd is included on page 15.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.

Dated at Sydney 28 August 2015.

ALEXANDER BEARD *Director*

JOHN READ *Director*

AUDITOR'S INDEPENDENCE DECLARATION FOR THE YEAR ENDED 30 JUNE 2015

To the Directors of CVC Limited:

As lead auditor for the audit of the consolidated financial report of CVC Limited for the year ended 30 June 2015, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to CVC Limited and the entities it controlled during the year.

Dated at Sydney 28 August 2015.

M. D. MULLER *Partner*

HLB MANN JUDD *Chartered Accountants*

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
INCOME FROM CONTINUING OPERATIONS			
Revenue from services		1,703,890	2,744,165
Rental income		301,124	87,554
Net gain on sale of equity investments		15,211,432	4,869,535
Interest revenue		7,192,393	6,089,866
Dividend revenue		2,290,043	13,510,421
Recovery of investments in associated entities		-	1,104,907
Recovery of investments in related entities		-	356,968
Recovery of investments in unrelated entities		6,232,638	5,720,727
Recovery of loans in unrelated entities		448,898	180,275
Sale of goods		83,838,260	89,258,126
Change in fair value of investment properties		700,000	-
Finance income		1,761,934	-
Net realised foreign exchange gain		1,659,115	-
Other income		1,045,024	619,393
Total income	4	122,384,751	124,541,937
Share of net profits of associates accounted for using the equity method	15	22,059	14,093,494
EXPENSES			
Change in fair value of investment properties		-	706,319
Cost of goods sold		66,868,583	74,976,907
Depreciation expense		470,019	508,717
Employee expenses		12,815,603	13,051,270
Finance costs	5	1,825,453	4,001,589
Impairment of listed investments		5,797,512	6,163,151
Impairment of unlisted investments		1,791,934	569,935
Impairment of investments in associated entities		-	3,990,779
Impairment of loans to associated entities		-	331,040
Impairment of loans to unrelated entities		1,201,608	304,879
Impairment of intangible assets		-	150,000
Impairment of property, plant and equipment		457,050	-
Investment property-related expenses		-	11,897
Management and consultancy fees		229,800	456,528
Operating lease rental		1,026,048	1,685,150
Net realised foreign exchange loss		-	813,951
Other expenses	5	8,673,970	6,898,960
Profit before related income tax expense		21,249,230	24,014,359
Income tax expense	6	3,633,677	864,621
Net profit from continuing operations		17,615,553	23,149,738
Net profit from discontinued operation	28	2,454,706	4,176,339
Net profit		20,070,259	27,326,077
Net profit attributable to non-controlling interest	25	1,746,854	1,942,503
Net profit attributable to members of the parent entity		18,323,405	25,383,574

The above statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 21 to 71.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Profit for the year		20,070,259	27,326,077
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Investment value increases recognised in other reserves	26	287,128	18,219,095
Amounts transferred from other reserves to income on sale	26	(16,807,275)	(6,051,720)
Other comprehensive (loss)/income for the year, net of tax		(16,520,147)	12,167,375
Total comprehensive income for the year		3,550,112	39,493,452
Attributable to			
Shareholders		2,165,402	37,241,930
Non-controlling interest		1,384,710	2,251,522
		3,550,112	39,493,452
Total comprehensive (loss)/income for the period attributable to members of the parent entity arises from:			
Continuing operations		(113,545)	34,022,542
Discontinued operation		2,278,947	3,219,388
		2,165,402	37,241,930
Basic and diluted earnings per share for profit from continuing operations attributable to the members of the parent entity	7	0.1342	0.1836
Basic and diluted earnings per share for profit attributable to the members of the parent entity	7	0.1533	0.2103

The above statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 21 to 71.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	27	54,456,733	48,683,783
Loans and other receivables	9	47,419,357	29,191,445
Financial assets – “at fair value through profit or loss”	11	2,652,580	1,120,947
Derivative financial instrument	22	261,000	-
Investment properties	17	10,094,592	-
Inventories	12	14,965,524	23,948,372
Current tax assets	6	-	20,539
Other assets	13	238,035	398,444
Total current assets		130,087,821	103,363,530
NON-CURRENT ASSETS			
Loans and other receivables	9	27,768,088	23,329,781
Financial assets – “available-for-sale”	10	48,678,295	75,213,285
Inventories	12	10,591,070	10,207,123
Investments accounted for using the equity method	14	16,269,678	14,326,380
Property, plant and equipment	16	970,878	1,707,395
Investment properties	17	6,502,477	41,733,439
Intangible assets	18	26,816	-
Deferred tax assets	6	1,774,138	662,353
Total non-current assets		112,581,440	167,179,756
TOTAL ASSETS		242,669,261	270,543,286
CURRENT LIABILITIES			
Trade and other payables	19	16,445,452	13,594,321
Interest bearing loans and borrowings	21	1,027,893	13,912,603
Derivative financial instrument	22	-	731,892
Provisions	20	1,055,386	812,384
Current tax liabilities	6	689,603	1,067,475
Total current liabilities		19,218,334	30,118,675
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	21	20,433,814	25,755,809
Provisions	20	216,810	387,039
Deferred tax liabilities	6	1,941,519	1,318,602
Total non-current liabilities		22,592,143	27,461,450
TOTAL LIABILITIES		41,810,477	57,580,125
NET ASSETS		200,858,784	212,963,161
EQUITY			
Contributed equity	23	103,646,848	103,646,848
Retained earnings	24	68,530,868	68,137,401
Other reserves	26	13,535,731	23,353,680
Total parent entity interest		185,713,447	195,137,929
Non-controlling interest	25	15,145,337	17,825,232
TOTAL EQUITY		200,858,784	212,963,161

The above statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 21 to 71.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Contributed equity \$	Retained earnings \$	Asset revaluation \$	Employee equity benefit \$	Foreign exchange translation \$	Owners of the parent \$	Non-controlling interest \$	Total \$
At 1 July 2014	103,646,848	68,137,401	23,006,152	235,388	112,140	195,137,929	17,825,232	212,963,161
Profit for the year	-	18,323,405	-	-	-	18,323,405	1,746,854	20,070,259
Other comprehensive income	-	-	(15,981,372)	(32,708)	(143,923)	(16,158,003)	(362,144)	(16,520,147)
Total comprehensive income for the year	-	18,323,405	(15,981,372)	(32,708)	(143,923)	2,165,402	1,384,710	3,550,112
Other movements in equity:								
Share of associates equity based remuneration recognised in other reserve	-	-	-	5,631,945	-	5,631,945	-	5,631,945
Transactions with shareholders:								
Acquisition of interest in controlled entities	-	-	(136,980)	-	-	(136,980)	(722,412)	(859,392)
Disposal of interest in controlled entities	-	-	697,834	-	-	697,834	(1,383,779)	(685,945)
Return of capital	-	-	-	-	-	-	(801,304)	(801,304)
Dividend paid	-	(17,929,938)	-	-	-	(17,929,938)	(1,263,336)	(19,193,274)
Share based payment	-	-	-	147,255	-	147,255	106,226	253,481
At 30 June 2015	103,646,848	68,530,868	7,585,634	5,981,880	(31,783)	185,713,447	15,145,337	200,858,784
At 1 July 2013	105,935,045	54,864,508	10,698,989	198,585	267,011	171,964,138	18,062,575	190,026,713
Profit for the year	-	25,383,574	-	-	-	25,383,574	1,942,503	27,326,077
Other comprehensive income	-	-	12,010,597	2,630	(154,871)	11,858,356	309,019	12,167,375
Total comprehensive income for the year	-	25,383,574	12,010,597	2,630	(154,871)	37,241,930	2,251,522	39,493,452
Other movements in equity:								
Share of associates equity based remuneration recognised in other reserve	-	-	-	19,211	-	19,211	-	19,211
Transactions with shareholders:								
Acquisition of interest in controlled entities	-	-	(179,714)	-	-	(179,714)	1,242,215	1,062,501
Disposal of interest in controlled entities	-	-	476,280	-	-	476,280	(1,748,331)	(1,272,051)
Shares bought back	(2,290,649)	-	-	-	-	(2,290,649)	-	(2,290,649)
Tax benefit of transaction costs	2,452	-	-	-	-	2,452	-	2,452
Return of capital	-	-	-	-	-	-	(1,683,166)	(1,683,166)
Dividend paid	-	(12,110,681)	-	-	-	(12,110,681)	(294,306)	(12,404,987)
Share based payment	-	-	-	14,962	-	14,962	(5,277)	9,685
At 30 June 2014	103,646,848	68,137,401	23,006,152	235,388	112,140	195,137,929	17,825,232	212,963,161

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 21 to 71.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		109,022,091	117,216,146
Cash payments in the course of operations		(95,710,983)	(113,198,928)
Cash payments for land held for resale		(4,101,130)	(6,127,241)
Proceeds from disposal of financial assets at fair value through profit or loss		1,241,116	513,630
Payments for disposal of financial assets at fair value through profit or loss		(1,551,010)	(503,719)
Interest received		5,826,206	8,574,988
Dividends received		7,893,653	9,430,691
Interest paid		(1,429,017)	(1,973,361)
Income taxes paid		(1,602,960)	(264,133)
Net cash provided by operating activities	27	19,587,966	13,668,073
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure for investment properties		(2,500,770)	(1,901,303)
Payments for property, plant and equipment		(190,552)	(607,853)
Payments for investment properties		-	(9,400,000)
Proceeds from disposal of property, plant and equipment		-	46,362
Proceeds from disposal of investment property		-	3,600,000
Payments for equity investments		(44,677,984)	(22,101,250)
Proceeds from disposal of equity investments		72,107,343	42,048,107
Proceeds from transactions with non-controlling interests		4,524,432	4,086,703
Acquisition of intangibles		(26,816)	-
Acquisition of subsidiaries, net of cash acquired		-	1,185,057
Loans provided		(49,713,168)	(10,997,324)
Loans repaid		30,809,671	19,319,961
Net cash provided by investing activities		10,332,156	25,278,460
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(41,098,180)	(48,396,338)
Proceeds from borrowings		35,436,489	47,900,884
Dividends paid		(18,547,959)	(12,205,433)
Payments for share buy-back		(552,793)	(2,667,067)
Payments for return of capital		(801,304)	(1,683,166)
Proceeds from issues of shares		-	1,000
Restructure transaction costs		(242,540)	-
Net cash used in financing activities		(25,806,287)	(17,050,120)
CASH AND CASH EQUIVALENTS			
Net increase in cash and cash equivalents		4,113,835	21,896,413
Foreign exchange gain/(loss) on cash		1,659,115	(813,951)
Cash and cash equivalents at the beginning of the financial year		48,683,783	27,601,321
Cash and cash equivalents at the end of the financial year	27	54,456,733	48,683,783

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 21 to 71.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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NOTE 1: STATEMENT OF 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 the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for “available-for-sale” and “at fair value through profit or loss” investments and investment properties which have been measured at fair value.

These accounting policies have been consistently applied by each entity in CVC and, except where a change in accounting policy is indicated, are consistent with those of the previous year. Management is required to make judgements, estimates and assumptions in relation to the carrying value of assets and liabilities, that have significant risk of material adjustments in the next year and these have been disclosed in the relevant notes to the financial statements.

Related Party Disclosures:

The Company notes the decision in *Hua Wang Bank Berhad v Commissioner of Taxation* [2014] FCA 1392 which was handed down on 19 December 2014 and that this decision is under appeal. If the trial judge’s key findings are upheld on appeal, it may change the Company’s assessment of which entities are related parties or associates of related parties and the shares in the Company in which they have a relevant interest and, as a result, change the disclosures of relevant interests in shares held by certain former key management personnel contained in the Director’s Report for the year ended 30 June 2015 and possibly prior years. The Company has undertaken procedures to confirm the current disclosures, which has not identified any required changes to the disclosure of the relevant interests of key management personnel.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CVC’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 36.

1.2 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include the Australian Accounting Interpretations. The financial report also complies with International Financial Reporting Standards (IFRS).

CVC has adopted the following standards and amendments for the first time for the annual reporting period commencing 1 July 2014:

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities which exempts ‘investment entities’ from consolidating controlled investees. Investment entities would account for controlled entities at fair value through profit or loss, except for subsidiaries that provide services which will continue to be consolidated. It is concluded that the Company doesn’t meet the definition of investment entity hence there is no impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.2 Statement of Compliance (Cont.)

AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* which clarifies when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet. Application of the standard does not have a significant impact on the financial statements.

AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* which introduces additional disclosure requirements where the recoverable amount of impaired assets is based on fair value less cost of disposal. Application of the standard does not have a significant impact on the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period:

AASB 9 *Financial Instruments* was released in late 2009 and is mandatory for periods beginning on or after 1 January 2018. The Standard will require two measurement models: amortised cost and fair value. Application of the standard is not expected to have a significant impact on the financial statements.

AASB 15 *Revenue from contracts with customers* was released in December 2014 and is mandatory for periods beginning on or after 1 January 2017. The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. CVC is yet to assess the impact of the new standard.

1.3 Principles of Consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of CVC Limited (the “Company”) and its subsidiaries during the year ended 30 June 2015 (“CVC”). The financial statements of controlled entities are included in the results only from the date control commences until the date control ceases and include those entities over which CVC has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full and the reporting period and accounting policies of subsidiaries are consistent with those of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting which allocates the cost of the business combination to the fair value of the assets acquired and the liabilities assumed at the date of acquisition.

Non-controlling interests not held by CVC are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders’ equity. Increases in investments in existing controlled entities are recognised by CVC in equity with no impact on

goodwill and the statement of financial performance. The difference between the consideration paid by CVC and the carrying amount of non-controlling interest has been included in asset revaluation reserve.

Associates

Associates are those entities, other than partnerships, over which CVC exercises significant influence but not control. In the consolidated financial statements investments in associates are accounted for using equity accounting principles. The equity accounted investments are not recorded at a value in excess of CVC’s share of the associates net assets at the date significant influence commences, with the exception of CVC’s share of the associates future profits. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. CVC’s equity accounted share of the associates’ net profit or loss is recognised in the consolidated statement of comprehensive income from the date significant influence commences until the date significant influence ceases. CVC’s equity accounted share of movements in retained profits from changes in accounting policies by associates is recognised directly in consolidated retained earnings (note 24). CVC’s equity accounted share of other movements in reserves of associates is recognised directly in consolidated reserves.

Parent entity information

The financial information of the Company is disclosed in note 3 and has been prepared on the same basis as the consolidated financial statements with the exception of investments in associates and controlled entities which are accounted for as “available-for-sale” investments.

Joint ventures

CVC’s interests in joint venture partnerships are accounted for using equity accounting principles. Investments in joint venture partnerships are carried at the lower of the equity accounted amount and recoverable amount. CVC’s equity accounted share of the joint venture partnerships’ net profit or loss is recognised in the consolidated statement of comprehensive income from the date joint control commences to the date joint control ceases. CVC’s share of other movements in reserves is recognised directly in consolidated reserves.

Goodwill

Goodwill is considered to have an indefinite life and represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity. Following initial recognition goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

1.4 Impairment

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

1.5 Investments

Set-off of financial assets and liabilities

For investments with direct associated debt, the financial assets and liabilities are reflected on a net basis where this reflects a right, and an intention, to set-off the expected future cash flows from settling those assets and liabilities.

1.6 Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities on the current period's taxable income at the tax rates enacted by the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits can be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit.

Tax consolidation legislation

The controlled entities of the Company implemented the tax consolidation legislation as at 30 June 2003. The entities in the consolidated group continue to account for their own current and deferred tax amounts. CVC has applied the "stand-alone taxpayer" approach in determining the appropriate amount of current taxes and deferred taxes to be allocated to members of the tax consolidated group. The Company recognises the current tax liabilities (or assets) from controlled entities in the tax consolidated group. To the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised the Company recognises the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

1.7 Cash and Cash Equivalents

For the statement of cash flows, cash includes cash on hand and short-term deposits with an original maturity of three months or less.

1.8 Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to CVC prior to the end of the financial year that are unpaid and arise when CVC becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are non-interest bearing and are normally settled on average between 30 day and 45-day terms.

1.9 Trade and Other Receivables

Trade and other receivables, which generally have 30 – 120 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, with any difference between cost and recoverable value being recognised in net income over the period on an effective interest basis.

An allowance for doubtful debts is made when there is objective evidence that CVC will not be able to collect the debts. Bad debts are written off when identified.

1.10 Property, Plant and Equipment

Acquisition

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

Investment properties

Investment properties are initially measured at cost, including transaction costs. Investment properties are stated at fair value, which reflect market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are recognised in the statement of financial performance in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.10 Property, Plant and Equipment (Cont.)

Leased plant and equipment

Lease 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 profit or loss. Contingent rentals are expensed as incurred.

Payments made under operating leases are charged against profits in equal instalments 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.

Depreciation and amortisation

Property, plant and equipment are depreciated/amortised using the straight line and diminishing value methods over the estimated useful lives, with the exception of finance lease assets. Finance lease assets are amortised over the term of the relevant lease, or where it is likely CVC will obtain ownership of the asset, the life of the asset. 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.

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

Plant and equipment	5% to 50%
Leased assets	15% to 25%
Leasehold improvements	2.5% to 30%

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the average cost method and includes direct and allocated costs incurred in acquiring the inventories and bringing them to their present location and condition. Provision is recognised when there is objective evidence that the consolidated entity will not be able to sell the inventory at normal reseller pricing.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.12 Investments and Other Financial Assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either "financial assets at fair value through profit or loss", "loans and receivables", "held-to-maturity investments", or "available-for-sale" investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, transaction costs. CVC determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that CVC commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

"At fair value through profit or loss"

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. After initial recognition "at fair value through profit or loss" assets are measured at fair value with gains or losses being recognised in the statement of financial performance.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated statement of financial performance when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

"Available-for-sale" investments

"Available-for-sale" investments are those non-derivative financial assets that are designated as "available-for-sale" or are not classified as any of the two preceding categories. After initial recognition "available-for-sale" investments are measured at fair value with gains or losses being recognised as separate components of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the consolidated statement of financial performance.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined 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.

All other non-current investments are carried at the lower of cost and recoverable amount.

CVC assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as “available-for-sale”, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for “available-for-sale” financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the consolidated statement of financial performance on equity instruments classified as “available-for-sale” are not reversed through the consolidated statement of financial performance.

1.13 Intangible Assets

(i) Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets are initially recorded at cost. Following initial recognition, other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

1.14 Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs consists of interest and other costs relating to the financing of the acquisition of investment properties, and are expensed in the period they occur.

1.15 Revenue and Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to CVC and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised in total income when the significant risks and rewards of ownership have been transferred to the customer. This transfer generally occurs when the goods are delivered to the customer.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sale of non-current assets

The gain or loss on sale of non-current asset sales is included as income at the date control of the asset passes to the buyer, when a contract of sale becomes unconditional.

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 and in the case of “available-for-sale” assets will include any amount attributable to the asset which is included in reserves.

Where an equity investment in a controlled entity is reduced and the entity ceases to be controlled, revenue from either the sale of goods or services from that investment ceases to be included in the statement of comprehensive income. If the equity investment continues to be held as an “available-for-sale” asset, changes in its fair value will be recognised directly in other comprehensive income. This may impact the ability to directly compare financial information.

Provision of services

Revenue from the provision of services includes management fees charged to associated entities and is recognised when the terms or the agreement are satisfied and the provision of warehousing services to external parties is recognised as the service is provided.

Where a financial asset has been issued in exchange for services, the market value of that asset is included as income at the date an unconditional contract is signed.

Dividends

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

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

Revenue from dividends from other investments is recognised when received.

Dividends received out of pre-acquisition reserves are recognised in revenue and the investment is also assessed for impairment.

Rental income

Rental revenue from operating leases is recognised on a straight line basis over the term of the lease.

Outgoings recovered

Outgoings recovered in relation to operating leases are recognised on a straight line basis over the term of the lease.

1.16 Employee Entitlements

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees’ services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled including “on-costs”.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.16 Employee Entitlements

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Share based payment transactions

CVC provides benefits to employees (including senior executives) of CVC in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted, and amortised over the term of the plan.

1.17 Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.18 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.19 Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

1.20 Comparative Figures

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

1.21 Segment Reporting

A business segment is a distinguishable component of the entity that is engaged in providing differentiated products or services.

1.22 Contingent Consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income.

NOTE 2: CONTROLLED ENTITIES

2.1 Composition of Consolidated Group

The consolidated financial statements include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

Companies incorporated in Australia:

	<i>Interest Held by Consolidated Entity</i>		<i>Interest Held by non-controlling interests</i>	
	2015 %	2014 %	2015 %	2014 %
CVC Limited				
Direct Controlled Entities:				
Biomedical Systems Pty Limited	100	100	-	-
CVC Fairfield Pty Limited	100	100	-	-
CVC Finance Company Pty Limited	100	100	-	-
CVC Funds Management Pty Limited	100	100	-	-
CVC Knoxfield Unit Trust No. 2	100	100	-	-
CVC Investment Managers Pty Limited	100	100	-	-
CVC Managers Pty Limited	100	100	-	-
CVC Mezzanine Finance Pty Limited	100	100	-	-
CVC (Newcastle) Pty Limited	100	100	-	-
CVC Property Managers Limited	100	100	-	-
CVC Property Fund	-	90	-	10
CVC Private Equity Limited	63	61	37	39
Renewable Energy Managers Pty Limited	100	100	-	-
Stinoc Pty Limited	99	99	1	1
The Eco Fund Pty Limited	100	100	-	-
CVC Renewables Pty Limited	94	94	6	6
P2P Investments Pty Limited (Formerly CVC Resources Pty Limited)	100	100	-	-
CVC Nepean Pty Limited	100	100	-	-
CVC Reef Investment Managers Pty Limited	100	100	-	-
CVC Property Investments Pty Limited	100	100	-	-
Greens IPO SALECO	100	-	-	-
CVC Alternate Funding Pty Limited	100	-	-	-
CVC Litigation Funding Pty Limited	100	-	-	-
Cellnet Group Limited	55	53	45	47
CVC Masters Unit Trust	50	50	50	50
iLiv CVC Rockhampton Trust	50	50	50	50
MAC 1 MP Pty Ltd	66	66	34	34
Marsden Park Development Trust	66	66	34	34
CVC Sustainable Investments Limited	100	23	-	77
CVC Sustainable Investments No.2 Limited	100	23	-	77
CVC Wagga Wagga Pty Limited	100	100	-	-
CVC Wagga Wagga Unit Trust	50	50	50	50
Controlled Entities owned 100% by CVC Property Fund:				
Frenchs Forest No. 1 Trust	-	100	-	-
Frenchs Forest No. 2 Trust	-	100	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.1 Composition of Consolidated Group (cont.)

	Interest Held by Consolidated Entity		Interest Held by non-controlling interests	
	2015 %	2014 %	2015 %	2014 %
Controlled Entities jointly owned by CVC Renewables Pty Limited and CVC Reef Investment Managers:				
Wind Corporation Australia Pty Limited	100	100	-	-
Hampton Wind Park Company Pty Limited	100	100	-	-
Controlled Entities controlled by Cellnet Group Limited:				
C&C Warehouse (Holdings) Pty Limited	100	100	-	-
Regadget Pty Limited	100	100	-	-
OYT Pty Limited	100	100	-	-
Cellnet Online Pty Limited	100	100	-	-
Companies incorporated in New Zealand:				
Controlled Entities controlled by Cellnet Group Limited:				
Cellnet Limited	100	100	-	-
Companies incorporated in Hong Kong:				
Controlled Entities controlled by Cellnet Group Limited:				
3SixT Limited	100	-	-	-

2.2 Acquisition and disposals of Business Operations

(a) Battery Energy Power Solutions Pty Limited

On 31 March 2014 CVC sold 100% of the shares held in Battery Energy Power Solutions Pty Limited. Refer to note 28.

(b) CVC Property Fund

On 22 April 2015 CVC sold 52% of its holding in CVC Property Fund for a consideration of \$5 million. The balance of the unitholding in CVC Property Fund was exchanged for units in 360 Capital Total Return Fund (ASX: TOT) in a scrip-for-scrip rollover. In addition, CVC received 690,240,449 A Class units from CVC Property Fund which entitle unitholders to any amount (net of costs and adjustments) in excess of the independent valuation of \$26 million arising from the sale of the properties at 357 – 373 Warringah Road and 8 Rodborough Road Frenchs Forest under the contract for sale as at 22 April 2015. Refer to note 28.

(c) CVC Sustainable Investments Limited and CVC Sustainable Investments No.2 Limited (CVC Sustainable Investments)

On 29 June 2015, CVC Sustainable Investments distributed 100% of its net assets to ordinary shareholders. Concurrently, CVC Sustainable Investments cancelled 100% of its ordinary shares and issued one A Class ordinary share to the Company, where it became 100% owned by CVC. As the net assets of CVC Sustainable Investments were nil, no consideration was paid for the A Class ordinary share.

2.3 Interest in material subsidiaries

(a) Significant restrictions

CVC has statutory and regulatory restrictions on its ability to access or use the assets in Cellnet Group Limited and CVC Private Equity Limited. The *Corporations Act 2001* provides CVC with an interest in the equity of the entities, but does not provide it a right to their assets.

CVC also has constitutional restrictions on its ability to access or use the assets of CVC Masters Unit Trust, iLiv CVC Rockhampton Trust and Marsden Park Development Trust, which arise from the operation of the various Trust Deeds of the entities. CVC has an interest in the equity of the entities, but does not provide it a right to their assets or liabilities.

The carrying amount of the non-controlling interests of the various entities included within the consolidated financial statements to which these restrictions apply is \$15,145,337. Refer note 25.

(b) Information on subsidiaries:

Set out below are those entities that have non-controlling interests that are material to CVC.

Cellnet Group Limited: a distributor of mobile and IT technology to the reseller community in Australia.

CVC Private Equity Limited: venture capital company investing in Australian listed and unlisted businesses.

CVC Property Fund: a listed registered managed investment scheme domiciled in Australia.

iLiv CVC Rockhampton Trust: a property development of residential properties in Rockhampton in Queensland.

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.3 Interest in material subsidiaries (cont.)

(b) Information on subsidiaries (cont.):

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to CVC. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Cellnet Group Limited		CVC Private Equity Limited		iLiv CVC Rockhampton Trust		CVC Property Fund	
	2015	2014	2015	2014	2015	2014	2015(a)	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Summarised balance sheet								
Current assets	20,125,000	22,579,000	11,447,813	15,124,403	6,446,577	8,555,754	-	461,042
Current liabilities	8,389,000	12,573,000	846,684	74,472	2,046,054	3,155,231	-	370,668
Current net assets	11,736,000	10,006,000	10,601,129	15,049,931	4,400,523	5,400,523	-	90,374
Non-current assets	1,336,000	1,411,000	7,549,612	5,524,090	-	-	-	28,250,000
Non-current liabilities	93,000	148,000	787,905	1,051,428	-	-	-	16,146,000
Non-current net assets	1,243,000	1,263,000	6,761,707	4,472,662	-	-	-	12,104,000
Net assets	12,979,000	11,269,000	17,362,836	19,522,593	4,400,523	5,400,523	-	12,194,374
Accumulated NCI	5,901,778	4,906,864	6,926,974	8,354,073	2,199,742	2,699,742	-	1,232,535
Summarised statement of comprehensive income								
Revenue	78,268,000	82,228,000	2,337,679	9,582,813	6,012,291	8,931,616	3,172,794	3,859,657
Profit/(loss) for the period	1,649,000	(3,887,000)	375,686	6,238,612	1,173,230	649,736	1,738,908	671,126
Other comprehensive income	(186,000)	164,000	(326,274)	394,489	-	-	-	-
Total comprehensive income	1,463,000	(3,723,000)	49,412	6,633,101	1,173,230	649,736	1,738,908	671,126
Profit/(loss) allocated to NCI	1,129,709	(873,462)	(58,869)	2,023,235	645,315	342,986	175,759	67,834
Dividends paid to NCI	-	-	618,021	74,752	645,315	199,554	-	-
Summarised cash flows								
Cash flows from/(used in) operating activities	5,785,000	(5,320,000)	1,723,576	2,919,201	3,646,902	2,222,148	1,956,348	1,661,618
Cash flows (used in)/from investing activities	(193,000)	(166,000)	(3,006,364)	6,153,450	-	-	(4,865)	3,512,161
Cash flows (used in)/from financing activities	(5,715,000)	5,796,000	(2,215,475)	(190,825)	(3,168,731)	(2,426,584)	(1,942,540)	(5,136,320)
Net foreign exchange differences	(55,000)	100,000	-	-	-	-	-	-
Net (decrease)/increase in cash and cash equivalents	(178,000)	410,000	(3,498,263)	8,881,826	478,171	(204,436)	8,943	37,459

(a) On 22 April 2015 CVC Property Fund ceased to be a controlled entity of CVC. The amounts disclosed relate to the period to 22 April 2015. Refer note 28.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.3 Interest in material subsidiaries (cont.)

(c) Transactions with non-controlling interests:

(i) Cellnet Group Limited

During November and December 2014, CVC acquired an additional 2% of the issued shares of Cellnet Group Limited for \$169,012. Immediately prior to the purchase, the carrying amount of the existing 47% non-controlling interest in Cellnet Group Limited was \$5,073,109. CVC recognised a decrease in non-controlling interest of \$156,808 and a decrease in equity attributable to owners of the parent of \$12,204.

On 14 August 2013, CVC acquired an additional 2% of the issued shares of Cellnet Group Limited for \$179,049. Immediately prior to the purchase, the carrying amount of the existing 49% non-controlling interest in Cellnet Group Limited was \$5,921,587. CVC recognised a decrease in non-controlling interest of \$217,700 and an increase in equity attributable to owners of the parent of \$38,651.

The effect on the equity attributable to the owners of Cellnet Group Limited is summarized as follows:

	2015 \$	2014 \$
Carrying amount of non-controlling interests acquired	156,808	217,700
Consideration paid to non-controlling interests	(169,012)	(179,049)
(Excess)/discount of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(12,204)	38,651

(ii) CVC Private Equity Limited

On 4 August 2014, CVC Private Equity Limited bought back and cancelled 608,253 shares for \$552,793. As a result, CVC increased its holding in CVC Private Equity Limited by 2%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in CVC Private Equity Limited was \$7,644,532. CVC recognised a decrease in non-controlling interest of \$588,680 and an increase in equity attributable to owners of the parent of \$35,887.

Carrying amount of non-controlling interests acquired	588,680	-
Consideration paid to non-controlling interests	(552,793)	-
Discount of consideration paid recognised in the transactions with non-controlling interests reserve within equity	35,887	-

There were no transactions with non-controlling interest in CVC Private Equity Limited in 2014.

(iii) Battery Energy Power Solutions Pty Limited

On 24 September 2013, Battery Energy Power Solutions Pty Limited issued 1,782,832 shares for \$1,000. As a result, CVC decreased its holding in Battery Energy Power Solutions Pty Limited by 8.1%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Battery Energy Power Solutions Pty Limited was \$4,127,083. CVC recognised an increase in non-controlling interest of \$335,055 and a decrease in equity attributable to owners of the parent of \$334,055.

On 31 August 2013, Battery Energy Power Solutions Pty Limited brought back all its share options for \$375,624. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Battery Energy Power Solutions Pty Limited was \$1,773,980. As a result, CVC recognised a decrease in non-controlling interest of \$162,488 and a decrease in equity attributable to owners of the parent of \$213,136.

The effect on the equity attributable to the owners of Battery Energy Power Solutions Pty Limited is summarized as follows:

	2015 \$	2014 \$
Carrying amount of non-controlling interests acquired	-	162,488
Consideration paid to non-controlling interests	-	(375,624)
Carrying amount of non-controlling interests disposed	-	(335,055)
Consideration received non-controlling interests	-	1,000
(Discount)/excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	-	(547,191)

In addition, CVC fully sold its shares in Battery Energy Power Solutions Pty Limited on 31 March 2014. Refer to note 28.

NOTE 3: PARENT COMPANY INFORMATION

The salient financial information in relation to the parent company, CVC Limited, are as follows:

	2015 \$	2014 \$
i) STATEMENT OF COMPREHENSIVE INCOME		
INCOME		
Revenue from services	-	373,750
Net gain on sale of equity investments	11,043,135	6,181,798
Interest revenue	5,656,704	4,035,726
Dividend revenue	14,231,316	14,818,035
Recovery of investment in controlled entities	6,986,840	241,728
Recovery of investment in related entities	-	587,069
Recovery of investment in unrelated entities	5,486,487	4,484,967
Recovery of loans to unrelated entities	48,898	27,790
Net realised foreign exchange gain	-	7,920
Finance income	880,967	-
Other income	244,499	256,398
Total income	44,578,846	31,015,181
EXPENSES		
Impairment of listed investments	4,718,198	4,609,955
Impairment of unlisted investments	1,659,545	19,412
Impairment of investments in associated entities	-	33,949
Impairment of loans to controlled entities	3,133,242	3,057,366
Impairment of loans to other entities	1,201,608	-
Management and consultancy fees	7,198,557	6,605,668
Finance costs	16,227,055	2,580,659
Other expenses	1,429,468	1,351,096
Profit before related income tax expense	9,011,173	12,757,076
Income tax benefit	(4,751,465)	(1,267,417)
Net profit	13,762,638	14,024,493
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Investment value (decrease)/increase recognised in other reserves	(1,511,917)	16,488,956
Amounts transferred from other reserves to other comprehensive income on sale	(18,266,628)	(1,316,701)
Other comprehensive (loss)/income for the year, net of tax	(19,778,545)	15,172,255
Total comprehensive (loss)/income for the year	(6,015,907)	29,196,748

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: PARENT COMPANY INFORMATION (CONT.)

	2015 \$	2014 \$
ii) STATEMENT OF FINANCIAL POSITION		
CURRENT ASSETS		
Cash and cash equivalents	41,357,894	32,747,617
Loans and other receivables	3,497,338	917,686
Financial assets – “at fair value through profit or loss”	2,145,896	1,104,657
Other assets	129,065	226,126
Total current assets	47,130,193	34,996,086
NON-CURRENT ASSETS		
Loans and other receivables	44,954,589	34,999,435
Financial assets – “available-for-sale”	74,020,308	112,991,806
Total non-current assets	118,974,897	147,991,241
TOTAL ASSETS	166,105,090	182,987,327
CURRENT LIABILITIES		
Trade and other payables	6,511,417	2,093,114
Current tax liabilities	403,038	189,597
Total current liabilities	6,914,455	2,282,711
NON-CURRENT LIABILITIES		
Trade and other payables	48,541,136	46,109,272
Total non-current liabilities	48,541,136	46,109,272
TOTAL LIABILITIES	55,455,591	48,391,983
NET ASSETS	110,649,499	134,595,344
EQUITY		
Contributed equity	103,646,845	103,646,845
Retained earnings	3,668,346	7,835,646
Other reserves	3,334,308	23,112,853
TOTAL EQUITY	110,649,499	134,595,344

NOTE 4: INCOME

	2015 \$	2014 \$
Rental income		
Unrelated entities	301,124	87,554
Revenue from services		
Associated entities	-	10,417
Related entities	-	78,660
Unrelated entities	1,703,890	2,655,088
Net gain on sales of equity investments	15,211,432	4,869,535
Interest		
Associated entities	11,558	68,081
Related entities	-	713,244
Unrelated entities	7,180,835	5,308,541
Dividends		
Related entities	1,601,822	13,252,477
Unrelated entities	688,221	257,944
Sale of goods	83,838,260	89,258,126
Change in fair value of investment properties	700,000	-
Finance income	1,761,934	-
Impairment recoveries		
Recovery of investments in associated entities	-	1,104,907
Recovery of investments in related entities	-	356,968
Recovery of investments in unrelated entities	6,232,638	5,720,727
Recovery of loans in unrelated entities	448,898	180,275
Net realised foreign exchange gain	1,659,115	-
Other revenue	1,045,024	619,393
Total income	122,384,751	124,541,937

NOTE 5: PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense has been arrived at after charging the following items:

Finance costs:		
Related entities	733,502	753,335
Other entities		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	1,091,951	906,634
Finance charge on receivables at fair value through profit or loss	-	2,341,620
Total finance costs expensed	1,825,453	4,001,589
Other expenses:		
Audit fees	355,622	360,586
Directors fees	464,203	415,335
Insurance	370,263	398,639
Legal costs	275,179	188,567
Travel and accommodation	616,888	466,347
All other expenses	6,591,815	5,069,486
Total other expenses	8,673,970	6,898,960

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6: INCOME TAX

	2015 \$	2014 \$
6.1 Income Tax Expense:		
Profit from continuing operations before income tax expense	21,249,230	24,014,359
Profit from discontinued operation before income tax expense	(434,102)	5,159,683
Accounting profit before income tax	20,815,128	29,174,042
Income tax expense at the statutory income tax rate of 30%	6,244,538	8,752,213
Increase in income tax expense due to:		
Sundry items	161,930	67,533
Decrease in income tax expense due to:		
Dividends received	(1,857,541)	(4,058,462)
Trust profit not assessable	(937,202)	(139,835)
Effect of lower tax rate in New Zealand (28%)	(9,548)	-
Tax losses previously not recognised utilised	(286,455)	(848,703)
Net deferred tax not recognised	(2,657,749)	(1,859,456)
	657,973	1,913,290
Adjustments in respect of current income tax of previous years (a)	86,896	(65,325)
Income tax expense	744,869	1,847,965
The major components of income tax expense are:		
Current income tax charge	1,175,263	1,550,634
Deferred income tax	(517,290)	362,656
Adjustments in respect of current income tax of previous years (a)	86,896	(65,325)
Income tax expense reported in the statement of financial performance	744,869	1,847,965
Income tax expense is attributable to:		
Profit from continuing operations	3,633,677	864,621
Profit from discontinued operation	(2,888,808)	983,344
Aggregate income tax expense	744,869	1,847,965
(a) The adjustment in respect of current income tax includes an under/(over)-provision on tax liability arising from the 2014 income tax year.		
6.2 Current Tax Assets:		
Income tax receivable:		
Balance at the end of the year	-	20,539
6.3 Current Tax Liabilities:		
Income tax payable:		
Balance at the end of the year	689,603	1,067,475

NOTE 6: INCOME TAX (CONT.)

6.4 Deferred Tax Assets:

Deferred income tax at 30 June related to the following deferred tax assets:

	Included in Income \$	Included in Equity \$	Total \$
Year ended 30 June 2015			
Provisions and accrued expenses	623,016	-	623,016
Impairment expenses	10,749,960	-	10,749,960
Share raising costs	-	5,609	5,609
Equity accounted investments	2,596,578	-	2,596,578
Other	221,678	-	221,678
Tax losses	5,608,194	-	5,608,194
Deferred tax assets not recognised	(18,027,588)	(3,309)	(18,030,897)
	1,771,838	2,300	1,774,138
Year ended 30 June 2014			
Provisions and accrued expenses	1,007,272	-	1,007,272
Impairment expenses	11,149,425	-	11,149,425
Share raising costs	-	8,911	8,911
Equity accounted investments	3,705,740	-	3,705,740
Other	1,511,030	-	1,511,030
Tax losses	9,293,977	-	9,293,977
Deferred tax assets not recognised	(26,007,193)	(6,809)	(26,014,002)
	660,251	2,102	662,353

6.5 Deferred Tax Liabilities

Deferred income tax at 30 June related to the following deferred tax liabilities:

Year ended 30 June 2015			
"Available-for-sale" investments	3,836,986	-	3,836,986
Receivables	1,518,377	-	1,518,377
Equity accounted income	11,576,376	-	11,576,376
Property, plant and equipment	22,881	-	22,881
Intangible assets	21,000	-	21,000
Gain on acquisition	405,247	-	405,247
Deferred tax liabilities not recognised	(15,439,348)	-	(15,439,348)
	1,941,519	-	1,941,519
Year ended 30 June 2014			
"Available-for-sale" investments	7,407,309	-	7,407,309
Receivables	878,332	-	878,332
Equity accounted income	10,855,746	-	10,855,746
Property, plant and equipment	21,342	-	21,342
Intangible assets	21,000	-	21,000
Gain on acquisition	405,247	-	405,247
Deferred tax liabilities not recognised	(18,270,374)	-	(18,270,374)
	1,318,602	-	1,318,602

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6: INCOME TAX (CONT.)

6.6 Tax Consolidation

The controlled entities of the Company implemented the tax consolidation legislation as at 30 June 2003. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities to subsidiaries in the event the tax liability is not paid.

The entities in the consolidated group continue to account for their own current and deferred tax amounts. The members of the tax consolidated group has applied the "stand-alone taxpayer" approach in determining the appropriate amount of current taxes and deferred taxes to be allocated to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company recognises the current tax liabilities (or assets) from controlled entities in the tax consolidated group. To the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised the Company recognises the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the allocation of tax within the group is calculated as if each entity was an individual entity for tax purposes. Unless agreed between the members the tax funding agreement requires payment as a result of the transfer of tax amounts.

NOTE 7: EARNINGS PER SHARE

	2015 \$	2014 \$
Basic and diluted earnings per share		
From continuing operations attributable to the members of the parent entity	0.1342	0.1836
From discontinued operations attributable to the members of the parent entity	0.0191	0.0267
Total basic and diluted earnings per share attributable to the members of the parent entity	0.1533	0.2103
Reconciliation of earnings used in the calculation of earnings per share:		
Profit after income tax from continuing operations	17,615,553	23,149,738
Less: non-controlling interest in continuing operations	1,571,095	985,552
Net profit from continuing operations attributable to members of the parent entity	16,044,458	22,164,186
Profit after income tax from discontinued operation	2,454,706	4,176,339
Less: non-controlling interest in discontinued operation	175,759	956,951
Net profit from discontinued operation attributable to members of the parent entity	2,278,947	3,219,388
Net profit attributable to members of the parent entity	18,323,405	25,383,574
	Number of Shares	
Weighted average number of ordinary shares – Basic and Diluted	119,532,788	120,723,756
Number of shares on issue at the end of the year	119,532,788	119,532,788

NOTE 8: DIVIDENDS

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

Declared during the financial year and included within the statement of changes in equity:

	Cents Per Share	Total \$	Date of Payment	Tax rate for Franking Credit	Percentage Franked
2015 Special dividend on ordinary shares	10.00	11,953,279	27 May 2015	30%	100%
2015 Interim dividend on ordinary shares	2.00	2,390,676	17 March 2015	30%	100%
2014 Final dividend on ordinary shares	3.00	3,585,983	3 September 2014	30%	100%
2014 Interim dividend and special dividend on ordinary shares	7.00	8,472,843	5 March 2014	30%	100%
2013 Final dividend on ordinary shares	3.00	3,637,838	17 September 2013	30%	100%

Declared after the end of the financial period and not included in the statement of financial position:

A final dividend in respect of the year ended 30 June 2015 of 3 cents per share was declared on 26 August 2015 to be paid on 11 September 2015 to those shareholders registered on 2 September 2015.

	2015 \$	The Company 2014 \$
Dividend franking account		
Franking credits available to shareholders for subsequent financial years	12,843,599	16,702,805

The franking account is stated on a tax paid basis. The balance comprises the franking account at year-end adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the refund of overpaid tax instalments paid
- (c) franking debits that will arise from the payment of dividends recognised as a liability at year-end
- (d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date
- (e) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9: LOANS AND OTHER RECEIVABLES

	2015 \$	2014 \$
Current		
Trade receivables	9,815,080	18,153,567
Allowance for impairment loss	(104,486)	(58,657)
Other receivables and prepayments	11,641,623	1,729,078
Loans to related entities	-	25,000
Loans to other corporations	26,372,019	9,647,336
Impairment of loans to other corporations	(304,879)	(304,879)
	47,419,357	29,191,445
Non-current		
Loans to related entities	-	3,380,606
Loans to associated entities	12,411,823	1,010,947
Loans to other corporations	16,557,873	11,328,746
Impairment of loans to other corporations	(1,201,608)	(48,898)
Other receivables and prepayments	-	7,658,380
	27,768,088	23,329,781

9.1 Trade receivables

Trade receivables are non-interest bearing and are generally on 3 – 30 day terms. Certain trade receivables are insured through a debtors' insurance policy. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired and not recoverable within the terms of the insurance policy.

Movements in the provision for impairment loss were as follows:

Carrying amount at the beginning of the year	58,657	112,042
Receivables written off during the year as uncollectible	(20,495)	(67,881)
Amount recovered	-	(20,000)
Provision for impairment recognised during the year	66,324	34,496
Carrying amount at the end of the year	104,486	58,657

The ageing analysis of the trade receivables is as follows:

	Total \$	Not past due \$	0 – 30 days (PDNI) \$	31 – 60 days (PDNI) \$	61 – 90 days (PDNI) \$	+91 days (PDNI) \$	+60 days (CI) \$
Closing balance - 2015	9,815,080	8,584,082	288,000	183,500	108,000	547,498	104,000
Closing balance - 2014	18,153,567	15,101,525	1,105,000	698,042	690,000	500,000	59,000

PDNI – Past due not impaired

CI – Considered impaired

NOTE 9: LOANS AND OTHER RECEIVABLES (CONT.)

9.2 Loans

When an entity does not pay a scheduled payment of principal and interest or management consider that there has been an adverse change in the underlying value of assets securing the loan a review is conducted to determine if the loan is considered to be impaired. Impairment of loans to related entities and other corporations has been determined after reviewing the underlying assets supporting the loans and the history of making payments to reduce both the principle and interest outstanding.

Movements in the provision for impairment loss were as follows:

	2015 \$	2014 \$
Carrying amount at the beginning of the year	353,777	2,618,681
Charge for the year	1,201,608	304,879
Amount recovered	(48,898)	(2,569,783)
Carrying amount at the end of the year	1,506,487	353,777

Further details of loans are set out in notes 33 and 36.

NOTE 10: FINANCIAL ASSETS - "AVAILABLE-FOR-SALE"

Non-current

Shares in listed corporations – at market value	41,062,295	69,188,421
Other investments – at cost	7,080,936	7,417,401
Impairment of other investments – at cost	(683,821)	(2,605,516)
Public unlisted investments – at market value	1,218,885	1,212,979
Other investments – at market value	-	283,362
Impairment of other investments – at market value	-	(283,362)
	48,678,295	75,213,285

Where there has been a reduction in the share price of an investment that appears to be prolonged or significant management have made an assessment as to whether impairment is required. Impairment of investments has been determined with reference to either a recent share price where an active market exists, discounted cash flow analysis, earnings multiples or underlying net assets. Management assesses the results to determine the most appropriate valuation.

10.1 Shares in listed corporations – at market value

The carrying value of certain investments classified as "Shares in listed corporations – at market value" has been determined by using the fair value approach. The closing "bid-price" was determined to be an appropriate indication for the fair value of the investment.

Significant share holdings are held in Resource Generation Limited, Buru Energy Limited, Bionomics Limited, Grays Ecommerce Group Limited (formerly Mnemon Limited), Cyclopharm Limited, Mitchell Services Limited, 360 Capital Total Return Fund and Vita Life Sciences Limited. The number of shares held is greater than what would reasonably be considered to be liquid. The closing "bid-price" was determined to be an appropriate indication for the fair value of the investment. Refer note 36.5.

CVC holds a 50% interest in Engage Private Equity Pty Limited (AFSL No 397878) as Trustee of the Engage Commercial Road Trust. CVC does not apply equity accounting or consolidation in relation to the investment as it has no influence over the Trustee.

10.2 Other investments – at cost

The carrying value of certain investments classified as "Other investments – at cost" has been determined by using an asset based methodology approach less transaction costs based on the most recent audited financial report. The determination of the fair value has resulted in an impairment allowance of \$683,821 (2014: \$2,605,516).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 10: FINANCIAL ASSETS – “AVAILABLE-FOR-SALE” (CONT.)

10.3 Public unlisted investments – at market value

The carrying value of certain investments classified as “Public unlisted investments – at market value” has been determined by using the fair value approach. The closing “redemption-price” for the Concise Mid Cap Fund was determined to be an appropriate indication for the fair value of the investment.

10.4 Other investments – at market value

The carrying value of certain investments classified as “Other investments – at market value” of nil (2014: \$283,362) has been determined by using the fair value approach less transaction costs based on the asset based methodology. The determination of the fair value has resulted in an impairment allowance of nil (2014: \$283,362). The investment was realised during the year.

	2015 \$	2014 \$
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NOTE 11: FINANCIAL ASSETS – “AT FAIR VALUE THROUGH PROFIT OR LOSS”

Current

Shares in listed corporations – at market value	2,652,580	1,120,947
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NOTE 12: INVENTORIES

Current

Stock on hand	8,347,883	9,645,451
Provision for obsolescence	(257,200)	(1,058,188)
Land and development held for resale	6,874,841	15,361,109
Total inventories at the lower of cost and net realisable value	14,965,524	23,948,372

Non-current

Land and development held for resale	10,591,070	10,207,123
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Inventories recognised as an expense for the year ended 30 June 2015 totalled \$66,868,583 (2014: \$80,336,101). This expense has been included in the Statement of Financial Performance.

On 19 November 2014 CVC made an announcement to the ASX indicating that based on a directors’ valuation the fair value of the investment in Marsden Park is \$40 million compared to a carrying value of \$10,591,070.

NOTE 13: OTHER ASSETS

Current

Prepayments and deposits	238,035	398,444
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NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Non-current

Equity accounted shares in other associated companies (note 15)	16,269,678	14,326,380
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Management have reviewed the recoverable amount of investments to determine whether an impairment is required. The amount of any impairment has been determined after consideration of the recoverable amount of the investments, being a recent share price where an active market exists, or alternative valuation methodologies from a review of the operations and assets of the company where an active market does not exist. Management assesses the results to determine the most appropriate valuation.

NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

14.1 Green's Foods Holdings Pty Limited

The carrying value of Green's Foods Holdings Pty Limited has been calculated as \$14,660,528 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.

14.2 Concise Asset Management Limited

The carrying value of Concise Asset Management Limited has been calculated as \$1,081,096 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.

14.3 JAK Investment Group Pty Limited

The carrying value of JAK Investment Group Pty Limited has been calculated as \$168,054 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.

14.4 Urban Properties Pty Limited

The carrying value of Urban Properties Pty Limited has been calculated as \$360,000 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.

NOTE 15: INVESTMENTS IN ASSOCIATED ENTITIES

15.1 Details of material interests in associated entities are as follows:

	Type	Ownership Interest Consolidated		Investment Carrying Amount Consolidated		Dividend Received/Receivable Consolidated	
		2015	2014	2015	2014	2015	2014
		%	%	\$	\$	\$	\$
Concise Asset Management Limited	Ords	42.0	42.0	1,081,096	800,997	210,064	-
Green's Foods Holdings Pty Limited	Ords	43.5	43.5	14,660,528	13,316,753	2,623,529	-
JAK Investment Group Pty Limited (a)	Ords	50.0	50.0	168,054	208,630	105,000	-
Ron Finemore Transport Pty Limited (c)	Ords	-	-	-	-	-	-
Villa World Limited (b)	Ords	n/a	n/a	-	-	-	-
Ryedale Road Trust	Ords	-	50.0	-	-	206,484	-
Londonderry Road Trust	Ords	30.0	30.0	-	-	-	-
Donnybrook JV Pty Limited	Ords	49.0	-	-	-	-	-
Urban Properties Pty Limited	Ords	33.0	33.0	360,000	-	-	-
Urban Properties Cairns Pty Limited	Ords	20.0	20.0	-	-	-	-
Urban Properties Centenary Pty Limited	Ords	20.0	-	-	-	-	-
CVC Sustainable Investments (d)	Ords	n/a	n/a	-	-	-	-
BioPower Systems Pty Limited	Ords	25.1	25.1	-	-	-	-
				16,269,678	14,326,380	3,145,077	-

(a) JAK Investment Group Pty Limited is not considered to be a controlled entity of CVC as management of the company is controlled by the holders of the remaining 50%.

(b) CVC's holding in Villa World Limited fell below 20% on 4 November 2013. CVC ceased equity accounting effective 4 November 2013.

(c) CVC realised its investment in Ron Finemore Transport Pty Limited on 13 June 2014.

(d) During the 2014 financial year CVC Sustainable Investments, which comprises the stapled companies of CVC Sustainable Investments Limited and CVC Sustainable Investments No. 2 Limited, became controlled entities of CVC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15: INVESTMENTS IN ASSOCIATED ENTITIES (CONT.)

15.2 Information on associated entities:

Concise Asset Management Limited	-	a boutique fund manager focused on investments in ASX listed entities.
Green's Foods Holdings Pty Limited	-	an Australian based company producing and distributing household food products.
JAK Investment Group Pty Limited	-	a boutique real estate finance and investment house specialising in the provision of real estate capital solutions.
Ron Finemore Transport Pty Limited	-	a regional road transport and logistics group. Although CVC held 50% interest in the company, it did not have control of the management of the company. CVC realised its investment in Ron Finemore Transport Pty Limited on 13 June 2014.
Villa World Limited	-	a developer of affordable residential communities within Queensland, New South Wales and Victoria, specialising in land only, land and volume speculative housing, and townhouse developments.
Ryedale Road Trust	-	a residential property development in Ryde New South Wales.
Londonderry Road Trust	-	a residential property development in Londonderry New South Wales.
Donnybrook JV Pty Limited	-	a residential property development in Donnybrook Victoria.
Urban Properties Pty Limited	-	a residential property development in Trinity Beach Queensland.
Urban Properties Cairns Pty Limited	-	a residential property development in Edmonton Queensland.
Urban Properties Centenary Pty Limited	-	a residential property development in Manoora Queensland.
CVC Sustainable Investments	-	a group of stapled companies focused on private equity investment in companies that are focused on improved environmental outcomes.
BioPower Systems Pty Limited	-	a renewable energy technology company.

The reporting date of all the associated entities except Green's Foods Holdings Pty Limited is 30 June. Green's Foods Holdings Pty Limited has a reporting date of 31 December. All entities listed above are Australian.

NOTE 15: INVESTMENTS IN ASSOCIATED ENTITIES (CONT.)

15.3 Reconciliations:

Movements in the carrying amount of the investments in associated entities under the equity accounting method are as follows:

	<i>CVC Sustainable Investments</i>	<i>Green's Foods Holdings Pty Limited</i>	<i>Villa World Limited (b)</i>	<i>Ron Finemore Transport Pty Limited</i>	<i>Concise Asset Management Limited</i>	<i>Other Entities (a)</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2015							
Balance at the beginning of the year	-	13,316,753	-	-	800,997	208,630	14,326,380
Share of associates profits before tax	-	(906,220)	-	-	700,233	741,669	535,682
Share of associates tax expenses	-	(192,792)	-	-	(210,070)	(110,761)	(513,623)
Share of associates reserves	-	5,631,945	-	-	-	-	5,631,945
Return of capital	-	(565,629)	-	-	-	-	(565,629)
Dividend paid	-	(2,623,529)	-	-	(210,064)	(311,484)	(3,145,077)
Balance at the end of the year	-	14,660,528	-	-	1,081,096	528,054	16,269,678
Year ended 30 June 2014							
Balance at the beginning of the year	569,100	11,576,609	19,968,174	13,360,265	-	419,142	45,893,290
New interests acquired	-	-	522,517	-	-	-	522,517
Interests disposed	-	-	-	(15,609,533)	-	(269,122)	(15,878,655)
Share of associates profits before tax	-	12,388,377	760,891	3,209,792	226,043	58,610	16,643,713
Share of associates tax expenses	-	(1,293,615)	(228,267)	(960,524)	(67,813)	-	(2,550,219)
Share of associates reserves	-	-	19,211	-	-	-	19,211
Impairment recovery	-	-	-	-	1,104,907	-	1,104,907
Impairment	(779)	-	-	-	-	-	(779)
Recovery of investment value (b)	-	-	10,714,955	-	-	-	10,714,955
Return of capital	-	(9,354,618)	-	-	(462,140)	-	(9,816,758)
Reclassification of investments	(568,321)	-	(31,757,481)	-	-	-	(32,325,802)
Balance at the end of the year	-	13,316,753	-	-	800,997	208,630	14,326,380

Notes:

(a) Other entities include JAK Investment Group Pty Limited, Donnybrook JV Pty Limited, Urban Properties Pty Limited, Ryedale Road Trust, Londonderry Road Trust, Urban Properties Cairns Pty Limited, Urban Properties Centenary Pty Limited and BioPower Systems Pty Limited.

(b) At the date Villa World Limited became an associate of CVC a discount existed between the market price and the net assets which was recognised in the revaluation reserve. The discount of net assets compared to share price has been reversed to the extent required to recognise the investment value in line with the market price.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15: INVESTMENTS IN ASSOCIATED ENTITIES (CONT.)

15.4 Summarised financial information for associates:

The table below provide summarised financial information for those associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not CVC's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	<i>Green's Foods Holdings Pty Limited</i>		<i>Ron Finemore Transport Pty Limited</i>		<i>Villa World Limited</i>		<i>Concise Asset Management Limited</i>	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Summarised balance sheet								
Current assets	58,041,130	56,050,000	-	-	-	-	2,122,323	2,085,716
Current liabilities	77,381,000	64,954,670	-	-	-	-	723,833	1,533,990
Current net assets	(19,339,870)	(8,904,670)	-	-	-	-	1,398,490	551,726
Non-current assets	57,303,000	69,871,000	-	-	-	-	23,115	226,109
Non-current liabilities	2,128,000	28,222,000	-	-	-	-	-	-
Non-current net assets	55,175,000	41,649,000	-	-	-	-	23,115	226,109
Net assets	35,835,130	32,744,330	-	-	-	-	1,421,605	777,835
Reconciliation to carrying amounts:								
Opening net assets 1 July	32,744,330	28,744,000	-	-	-	-	777,835	845,027
Shares issued	-	-	-	-	-	-	-	150,000
(Loss)/profit for the period	(2,526,464)	25,505,200	-	-	-	-	1,143,770	882,808
Movement in option reserve	12,947,000	-	-	-	-	-	-	-
Dividend paid	(6,029,736)	-	-	-	-	-	(500,000)	(165,079)
Return of capital	(1,300,000)	(21,504,870)	-	-	-	-	-	(934,921)
Closing net assets	35,835,130	32,744,330	-	-	-	-	1,421,605	777,835
Group's share - percentage	43.5%	43.5%	-	(a)	-	(b)	42%	42%
Group's share - dollars	15,588,282	14,243,784	-	-	-	-	597,074	326,691
Adjusted to market value	-	-	-	-	-	-	484,022	474,306
Discount on acquisition	(927,754)	(927,031)	-	-	-	-	-	-
Carrying amount	14,660,528	13,316,753	-	-	-	-	1,081,096	800,997
Summarised statement of comprehensive income								
Revenue	192,384,000	148,783,000	-	125,633,000	-	60,553,521	3,356,700	3,501,602
(Loss)/profit for the period	(2,526,464)	25,505,200	-	4,498,541	-	2,475,000	1,143,770	882,808
Other comprehensive income	-	-	-	-	-	89,000	-	-
Total comprehensive income	(2,526,464)	25,505,200	-	4,498,541	-	2,564,000	1,143,770	882,808
Dividends received	2,623,529	-	-	-	-	874,815	210,064	-

(a) On 13 June 2014 CVC realised its investment in Ron Finemore Transport Pty Limited when it entered into a share buy-back agreement to sell its 50% shareholding in the company. CVC's shareholding is to be bought back by Ron Finemore Transport Pty Limited progressively within 5 years, with 50% settling on 23 June 2014. The buy-back agreement consisted of an initial payment of \$10 million, with the balance to be acquired based on a further \$10 million initial price increasing by approximately 8% per annum. The amounts disclosed relate to the period to 13 June 2014. Refer note 9.

(b) On 4 November 2013 CVC's holding in Villa World Limited was reduced to less than 20% at which time the investment was reclassified to financial assets – "available-for-sale". The amounts disclosed relate to the period to 4 November 2013. Refer note 10.

NOTE 15: INVESTMENTS IN ASSOCIATED ENTITIES (CONT.)

15.5 Individually immaterial associates:

In addition to the interests in associates disclosed above, the group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

	2015 \$	2014 \$
Aggregate carrying amount of individually immaterial associates	528,054	208,630
Aggregate amounts of CVC's share of:		
Profit for the period	630,908	58,610
Total comprehensive income	630,908	58,610

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

16.1 Total property, plant and equipment

Comprises:

Plant and equipment

At amortised cost (a)	1,550,844	2,010,582
Accumulated depreciation	(849,683)	(707,066)
	701,161	1,303,516

(a) The carrying amount of specific items of plant and equipment were impaired by \$389,091 which has been included in the statement of financial performance, which was based on an independent expert's report as at 24 April 2015.

Leasehold improvements

At amortised cost	319,954	319,954
Accumulated depreciation	(77,237)	(11,034)
	242,717	308,920

Properties

At amortised cost (a)	27,000	94,959
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(a) The carrying value of land was determined with reference to rating values as at 31 December 2014 resulting in an impairment charge of \$67,959 included in the statement of financial performance. The valuation was supported by an independent expert report as at 24 April 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
NOTE 16: PROPERTY, PLANT AND EQUIPMENT (CONT.)		
16.2 Reconciliation		
Plant and equipment		
Carrying amount at the beginning of the year	1,303,516	1,593,338
Additions	190,552	260,415
Disposals	-	(518)
Disposal through sale of controlled entities	-	(46,362)
Depreciation	(403,816)	(503,357)
Impairment	(389,091)	-
Carrying amount at the end of the year	701,161	1,303,516
Leasehold improvements		
Carrying amount at the beginning of the year	308,920	-
Additions	-	319,954
Depreciation	(66,203)	(11,034)
Carrying amount at the end of the year	242,717	308,920
Properties		
Carrying amount at the beginning of the year	94,959	2,094,959
Impairment	(67,959)	-
Reclassification to investment properties arising from the disposal of controlled entity	-	(2,000,000)
Carrying amount at the end of the year	27,000	94,959

	2015 \$	2014 \$
NOTE 17: INVESTMENT PROPERTIES		
Investment properties		
Current	10,094,592	-
Non-current	6,502,477	41,733,439
	16,597,069	41,733,439
Reconciliation:		
Investment properties at the beginning of the year	41,733,439	52,588,212
Additions – acquisition of properties	-	4,900,000
Additions – capital expenditure	2,418,495	2,746,508
Reclassification from property, plant and equipment arising from the disposal of controlled entity	-	2,000,000
Reclassification to inventory	-	(15,207,123)
Carrying value of investment property sold	-	(3,600,000)
Disposal of properties arising from disposal of controlled entity	(28,250,000)	-
Fair value adjustment	695,135	(1,694,158)
Carrying amount at the end of the year	16,597,069	41,733,439
Amounts recognised in comprehensive income		
Rental income		
From continuing operations	301,124	87,554
From discontinued operation	2,674,932	3,260,572
Direct operating expenses from property that generated rental income		
From continuing operations	-	11,897
From discontinued operation	442,731	595,067
Fair value profit/(loss) recognised in other income		
From continuing operations	700,000	(706,319)
From discontinued operation	(4,865)	(987,839)
17.1 CVC Property Fund		
Investment properties	-	28,250,000

The properties were sold as a result of the disposal of CVC Property Fund on 22 April 2015. Refer note 28.1. The fair value for 2014 had been determined by Directors as follows:

357 – 373 Warringah Road and 8 Rodborough Road Frenchs Forest

Based on an independent valuation obtained from Jones Lang LaSalle dated 21 January 2014 with reference to the conditional contract of sale of a maximum of \$32.0 million due to settle on 1 October 2015.

	2015	Weighted average 2014
Capitalisation rate	n/a	12.0%
Lease expiry	n/a	1.84 years
Occupancy	n/a	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
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NOTE 17: INVESTMENT PROPERTIES (CONT.)

17.2 CVC Fairfield Pty Limited

Investment property	2,700,000	2,000,000
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Subsequent to year end, CVC executed a contract of sale in relation to 96 Fairfield Street Fairfield for a sale price of \$2.7 million on 20 July 2015 with settlement on 19 September 2015. The fair value as at 30 June 2014 has been determined by Directors based on the market rental yield expected to be achieved from the property and negotiations for the sale of the property commenced prior to 30 June 2015.

	2015	Weighted average	2014
Capitalisation rate	10.55%		14.2%
Lease expiry	1.75 years		2.75 years
Occupancy	100%		100%
	2015 \$		2014 \$

17.3 Others

Current

Investment properties	7,394,592	-
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Non-current

Investment properties	6,502,477	11,483,439
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The fair value has been determined by Directors as an estimate based on costs incurred to 30 June 2015.

NOTE 18: INTANGIBLE ASSETS

Intangible assets	26,816	-
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Reconciliation:

Intangible assets

Carrying amount at the beginning of the year	-	150,000
Additions	26,816	-
Impairment	-	(150,000)
Carrying amount at the end of the year	26,816	-

NOTE 19: TRADE AND OTHER PAYABLES

Current

Trade and other payables	8,231,225	7,118,598
Sundry creditors and accruals	8,214,227	6,475,723
	16,445,452	13,594,321

	2015 \$	2014 \$
NOTE 20: PROVISIONS		
Current		
Employee entitlements	1,055,386	812,384
Non-Current		
Employee entitlements	216,810	387,039

NOTE 21: INTEREST BEARING LOANS AND BORROWINGS

Current		
Unsecured loan	-	200,000
Secured bank loan	473,385	7,442,116
Trade finance facility	554,508	6,270,487
	1,027,893	13,912,603
Non-Current		
Secured bank loans	10,374,594	16,146,000
Unsecured loan from associated entity	10,059,220	9,609,809
	20,433,814	25,755,809

21.1 Secured Bank Loans

The secured bank loans are from various financial institutions and are secured by first ranking mortgages over the properties at 790 Norman Road, Rockhampton Queensland and Lot 11 Richards Road, Riverstone New South Wales. The carrying value of the security provided includes \$16,015,911 of properties classified as inventories (note 12).

21.2 Trade finance facility

The trade finance facility is secured by way of a fixed and floating charge over the operations of Cellnet Group Limited.

21.3 Unsecured loan from associated entity

This loan is an unsecured loan from Winten (No. 20) Pty Limited at an interest rate of 6.5% per annum repayable by 19 July 2019.

NOTE 22: DERIVATIVE FINANCIAL INSTRUMENTS

Current asset		
Forward foreign exchange contracts	261,000	-
Current liability		
Forward foreign exchange contracts	-	731,892

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies are recognised in net income. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised in net realised foreign exchange gain/(loss) in the Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	The Company			
	2015		2014	
	Number	\$	Number	\$
NOTE 23: CONTRIBUTED EQUITY				
Issued and paid-up ordinary share capital				
Balance at the beginning of the year	119,532,788	103,646,848	121,421,485	105,935,045
Shares bought back on market	-	-	(1,888,697)	(2,288,197)
Balance at the end of the year	119,532,788	103,646,848	119,532,788	103,646,848

On 20 November 2014 CVC received approval from shareholders to undertake an on-market share buy-back scheme for a duration of 12 months and limited to 20,000,000 ordinary shares. At the date of this report no shares had been bought back under this scheme.

	2015	2014
	\$	\$
NOTE 24: RETAINED EARNINGS		
Retained earnings at the beginning of the year	68,137,401	54,864,508
Net profit attributable to members of the parent company	18,323,405	25,383,574
Dividends	(17,929,938)	(12,110,681)
Retained earnings at the end of the year	68,530,868	68,137,401

NOTE 25: NON-CONTROLLING INTEREST

Reconciliation of non-controlling interest in controlled entities:

Balance at the beginning of the year	17,825,232	18,062,575
Share of net profit	1,746,854	1,942,503
Acquisition of interests in controlled entities	(722,412)	1,242,215
Disposal of shares by non-controlling interest in controlled entities	(1,383,779)	(1,748,331)
Return of capital	(801,304)	(1,683,166)
Dividends paid	(1,263,336)	(294,306)
Share based payment	106,226	(5,277)
Revaluation of investments	(362,144)	309,019
Balance at the end of the year	15,145,337	17,825,232

The non-controlling interest at the end of the year comprises interests in:

Share capital	23,537,579	35,013,338
Asset revaluation reserve	343,644	778,541
Accumulated losses	(8,735,886)	(17,966,647)
	15,145,337	17,825,232

Please refer to note 2.3 for more information.

	Asset Revaluation Reserve	Employee Equity Benefit Reserve	Foreign Exchange Translation Reserve	Total
	\$	\$	\$	\$

NOTE 26: OTHER RESERVES

Year ended 30 June 2015

Reserves at the beginning of the year	23,006,152	235,388	112,140	23,353,680
Equity accounted share of reserves	-	5,631,945	-	5,631,945
Share based payments	-	147,255	-	147,255
Net unrealised gain/(loss) on investments through reserves	383,423	-	(96,295)	287,128
Net unrealised gain on "available-for-sale" investments – non-controlling interest	189,604	-	82,108	271,712
Acquisition of non-controlling interest	(136,980)	-	-	(136,980)
Disposal of non-controlling interest	697,834	-	-	697,834
Realised profit on "available-for-sale" investments transferred to profit and loss	(16,644,793)	(32,708)	(129,774)	(16,807,275)
Realised profit on "available-for-sale" investments transferred to profit and loss – non-controlling interest	90,394	-	38	90,432
Reserves at the end of the year	7,585,634	5,981,880	(31,783)	13,535,731

Year ended 30 June 2014

Reserves at the beginning of the year	10,698,989	198,585	267,011	11,164,585
Equity accounted share of reserves	-	19,211	-	19,211
Share based payments	-	14,962	-	14,962
Net unrealised gain on investments through reserves	18,084,136	-	134,959	18,219,095
Net unrealised loss on "available-for-sale" investments – non-controlling interest	(236,413)	-	(73,893)	(310,306)
Acquisition of non-controlling interest	(179,714)	-	-	(179,714)
Disposal of non-controlling interest	476,280	-	-	476,280
Realised (profit)/loss on "available-for-sale" investments transferred to profit and loss	(5,838,413)	2,630	(215,937)	(6,051,720)
Realised profit on "available-for-sale" investments transferred to profit and loss – non-controlling interest	1,287	-	-	1,287
Reserves at the end of the year	23,006,152	235,388	112,140	23,353,680

26.1 Asset Revaluation Reserve

The asset revaluation reserve includes the movement in the fair value of investments to the extent that they offset one another and CVC's share of the unrealised appreciation in value arising from the acquisition of a non-controlling interest in a controlled entity by CVC.

26.2 Employee Equity Benefit Reserve

The employee equity benefits reserve is used to record the value of share based payments for CVC and associated entities provided to employees, including key management personnel, as part of their remuneration.

26.3 Foreign Exchange Translation Reserve

The foreign exchange translation reserve includes exchange differences arising on translation of foreign entities where their functional currency is different to the presentation currency of CVC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 27: NOTES TO STATEMENT OF CASH FLOWS

27.1 Reconciliation of Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2015 \$	2014 \$
Cash on deposit	52,850,183	48,194,783
Funds held by bank (note 30)	1,606,550	489,000
Cash and cash equivalents	54,456,733	48,683,783

27.2 Reconciliation of Profit after Income Tax to Cash provided by Operating Activities

Net profit	20,070,259	27,326,077
Add/(less) non-cash items:		
Share of equity accounted profits	(22,059)	(14,093,494)
Depreciation and amortisation of property, plant and equipment	470,019	514,391
Change in fair value of investment properties	(695,135)	1,694,158
Impairment of intangible assets	-	150,000
Impairment of property, plant and equipment	457,050	-
Impairment expenses on financial instruments	8,791,054	11,359,784
Impairment recoveries on financial instruments	(6,681,536)	(7,362,877)
Profit on disposal of investments	(12,857,222)	(6,975,450)
Net foreign currency differences	(1,659,115)	813,951
Non-cash employee benefits expense-share based payments	253,481	(225,597)
Non-cash finance cost	-	2,341,620
Interest income not received	(1,366,589)	2,461,176
Interest expense not paid	733,502	753,335
Dividend income	3,090,296	(4,079,730)
Movement in current tax liabilities	(386,568)	1,229,515
Movement in deferred tax assets and liabilities	(472,610)	352,958
Changes in operating assets and liabilities:		
Inventories	8,640,018	2,025,487
Financial assets at fair value through profit or loss	(309,894)	9,912
Trade and other receivables	4,505,374	(5,399,461)
Trade and other payables	(3,054,062)	915,878
Provisions	72,772	(116,532)
Other assets	8,931	(27,028)
Net cash provided by operating activities	19,587,966	13,668,073

27.3 Financing Facilities

At 30 June 2015, CVC had access to the following specific lines of credit.

Total facilities available:

Secured bank loan	22,408,025	39,202,283
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Total facilities used:

Secured bank loan	11,027,893	29,858,603
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NOTE 28: DISCONTINUED OPERATION

28.1 Description

On 22 April 2015 CVC sold 52% of its holding in CVC Property Fund for a consideration of \$5 million. The balance of the unitholding in CVC Property Fund was exchanged for units in 360 Capital Total Return Fund (ASX: TOT) in a scrip-for-scrip rollover. In addition, CVC received 690,240,449 A Class units from CVC Property Fund which entitle unitholders to any amount (net of costs and adjustments) in excess of the independent valuation of \$26 million arising from the sale of the properties at 357 – 373 Warringah Road and 8 Rodborough Road Frenchs Forest under the contract for sale as at 22 April 2015.

On 31 March 2014 CVC sold 100% of its shareholding in Battery Energy Power Solutions Pty Limited for \$4,581,434.

	2015 \$	2014 \$
28.2 Financial performance and cash flow information		
The financial performance and cash flow information presented are for the period from 1 July 2014 to 22 April 2015 (2015 column) and the year ended 30 June 2014.		
Revenue	3,172,794	12,506,515
Expenses	(1,252,686)	(9,452,747)
Profit before income tax	1,920,108	3,053,768
Income tax benefit	-	-
Profit after income tax of discontinued operation	1,920,108	3,053,768
(Loss)/gain on sale of the subsidiary before income tax	(2,354,210)	2,105,915
Income tax benefit/(expense)	2,888,808	(983,344)
Gain on sale of the subsidiary after income tax	534,598	1,122,571
Profit from discontinued operation	2,454,706	4,176,339
Attributable to		
Shareholders	2,278,947	3,219,388
Non-controlling interest	175,759	956,951
	2,454,706	4,176,339
Net cash inflow from operating activities	1,956,348	2,576,966
Net cash inflow from investing activities (includes a net inflow of \$5,000,000 (2015) and \$4,086,703 (2014) from the sale of the subsidiary)	4,693,444	7,568,866
Net cash outflow from financing activities	(1,942,540)	(6,850,941)
Net increase in cash generated by the subsidiary	4,707,252	3,294,891

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
NOTE 28: DISCONTINUED OPERATION (CONT.)		
28.3 Details of the sale of the subsidiary		
Carrying value of assets and liabilities as at the date of sale		
Cash and other assets	453,168	1,765,462
Property, plant and equipment	-	46,362
Inventories	-	3,187,750
Investment properties	28,250,000	-
Total assets	28,703,168	4,999,574
Trade creditors	(566,425)	(793,413)
Provision	-	(457,591)
Interest bearing loans and borrowings	(14,446,000)	-
Total liabilities	(15,012,425)	(1,251,004)
Investment revaluation reserve	697,835	810,334
Non-controlling interest	(1,383,779)	(2,083,385)
Net assets sold	13,004,799	2,475,519
Consideration	10,650,589	4,581,434
Carrying amount of net assets sold	(13,004,799)	(2,475,519)
(Loss)/gain on sale before income tax	(2,354,210)	2,105,915
Income tax benefit/(expense)	2,888,808	(983,344)
Gain on sale after income tax	534,598	1,122,571

NOTE 29: AUDITORS' REMUNERATION

The auditor of the Company is HLB Mann Judd.

Amounts received or due and receivable to Auditors of the Company:

Audit or review of the financial report	233,450	252,750
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Amounts received or due and receivable by non HLB Mann Judd audit firms for:

Audit or review of the financial report	135,672	175,439
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The Auditors received no other benefits.

2015
\$

2014
\$

NOTE 30: COMMITMENTS AND CONTINGENCIES

30.1 Operating Lease Commitments

Non-cancellable operating lease expense

Commitments – CVC Limited and its 100% subsidiaries

Future operating lease commitments not provided for in the financial statements and payable:

– within one year	190,698	178,060
– later than one year but not later than five years	556,139	735,707
	746,837	913,767

Commitments – Cellnet Group Limited

Future operating lease commitments not provided for in the financial statements and payable:

– within one year	578,000	844,000
– later than one year but not later than five years	135,000	978,000
	713,000	1,822,000

30.2 Operating leases - leases as lessor

Some of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Remaining lease terms for all properties are on average 1.75 years (2014: 2.02 years), excluding options for lease extensions upon completion of the lease term.

The future minimum lease payments under non-cancellable leases are as follows:

Less than one year	284,760	3,674,330
Between one and five years	213,570	3,934,798
	498,330	7,609,128

30.3 Financial Guarantees

Bank Guarantees

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

CVC Limited and its 100% subsidiaries

Bank guarantee	1,256,550	139,000
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Commitments – Cellnet Group Limited

Bank guarantee	350,000	350,000
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30.4 Capital Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Investment property

Less than one year	19,423,913	-
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
NOTE 30: COMMITMENTS AND CONTINGENCIES (CONT.)		
30.5 Options		
Exposure on open written option positions.		
Puts		
Later than 2 months but not more than 6 months	1,320,600	325,800
Covered Calls		
Later than 2 months but not more than 6 months	390,600	315,268
30.6 Loans and other investments		
Amounts available to be drawn by borrowers under existing loan facility agreements		
Related entities	195,545	4,682,882
Unrelated entities	5,834,528	512,168
	6,030,073	5,195,050
Amounts available to be called by an investee under a share subscription agreement		
Other investments	-	3,390,020

NOTE 31: SEGMENT INFORMATION

31.1 Primary Segments - Business Segments

Information for each business segment is shown in the following tables, in round thousands, as permitted under ASIC class order 98/100.

Composition of each business segment is as follows:

- Private Equity and Venture Capital involves equity and debt investments in non-listed entities not classified as property or funds management. It includes shares, debt, convertible notes and other investments.
- Listed Investments comprises investments listed on recognised stock exchanges.
- Property comprises property finance and equity accounted property interests.
- Funds Management comprises the business and assets of the investment funds management operations.
- Controlled investees include the operations of Cellnet Group Limited and Battery Energy Power Solutions Pty Limited.

31.2 Secondary Segments - Geographical Segments

CVC operates predominantly in Australia.

NOTE 31: SEGMENT INFORMATION (CONT.)

	Private Equity and Venture Capital \$'000's	Listed Investments \$'000's	Property \$'000's	Funds Management \$'000's	Controlled Investees \$'000's	Eliminations \$'000's	Consolidated \$'000's
Year Ended 30 June 2015							
Continuing operations							
Revenue:							
Total revenue for reportable segments	4,580	22,592	13,229	76	79,684	-	120,161
Inter-segment revenue	-	-	2,993	9,696	-	(12,689)	-
<i>Unallocated amounts:</i>							
Interest income							1,963
Consolidated revenue							261
Equity accounted income	(1,099)	-	631	490	-	-	22
Results:							
Total profit for reportable segments	2,872	16,662	3,727	76	1,646	-	24,983
Unallocated amounts: corporate expenses							(7,389)
Share of profit of equity accounted associates							22
Consolidated profit after tax							17,616
Discontinued operation							
Revenue							819
Net profit after tax							2,455
Assets:							
Segment assets	16,978	43,990	80,065	1,768	21,294	-	164,095
<i>Unallocated amounts:</i>							
Cash and cash equivalents							52,084
Equity accounted investments							25,977
Other assets							513
Total assets							242,669
Liabilities:							
Segment liabilities	2,511	-	26,201	130	8,319	-	37,161
<i>Unallocated amounts:</i>							
Other liabilities							4,650
Total liabilities							41,811

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 31: SEGMENT INFORMATION (CONT.)

	Private Equity and Venture Capital \$'000's	Listed Investments \$'000's	Property \$'000's	Funds Management \$'000's	Controlled Investees \$'000's	Eliminations \$'000's	Consolidated \$'000's
Year Ended 30 June 2014							
Continuing operations							
Revenue:							
Total revenue for reportable segments	6,093	15,322	18,583	1,224	82,248	-	123,470
Inter-segment revenue	-	-	2,576	8,517	-	(11,093)	-
<i>Unallocated amounts:</i>							
Interest income							1,072
Consolidated revenue							124,542
Equity accounted income	13,234	533	168	158	-	-	14,093
Results:							
Total profit for reportable segments	2,864	9,138	3,228	1,224	(1,541)	-	14,913
Unallocated amounts: corporate expenses							(5,856)
Share of profit of equity accounted associates							14,093
Consolidated profit after tax							23,150
Discontinued operation							
Revenue							14,612
Net profit after tax							4,176
Assets:							
Segment assets	15,332	71,827	90,537	2,540	29,138	-	209,374
<i>Unallocated amounts:</i>							
Cash and cash equivalents							46,132
Equity accounted investments							14,326
Other assets							711
Total assets							270,543
Liabilities:							
Segment liabilities	2,275	-	34,012	480	18,700	-	55,467
<i>Unallocated amounts:</i>							
Other liabilities							2,113
Total liabilities							57,580

2015
\$

2014
\$

NOTE 32: RELATED PARTY INFORMATION

32.1 Key management personnel compensation

Short-term employee benefits	1,646,550	1,246,262
Post-employment benefits	128,682	125,969
Other	67,155	68,043
Share-based payments	37,140	-
Total	1,879,527	1,440,274

Details of key management personnel remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report.

The following key management personnel have made a co-investment in the Marsden Park Development Trust, the landowner of the property project in Marsden Park North, New South Wales and have contractual rights to receive distributions and capital returns received by CVC from the project. Refer note 32.4.

Key Management Personnel

ADH Beard	Entitlement 0.5%
JA Hunter	0.5%

The following key management personnel have made a co-investment in the Donnybrook JV Pty Limited, the landowner of the property project in Donnybrook, Victoria and have contractual rights to receive distributions and capital returns received by CVC from the project. Refer note 32.4.

Key Management Personnel

ADH Beard	Entitlement 1.0%
JA Hunter	0.8%
EG Kaplan	2.0%
JS Leaver	2.0%

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

32.2 Share-based payments

(a) CVC Private Equity Limited Option Plan

The establishment of the CVC Private Equity Limited Option Plan ("CVCPEOP") was approved by a resolution of shareholders on 26 November 2012. Options are granted under the CVCPEOP for no consideration for a term of 3 years. The exercise price which is payable in cash and life of the options will be the amount specified by Directors at the time of issue. An option not exercised at the end of the term will lapse. The maximum number of options available to be issued under the CVCPEOP is 3,700,000.

Options granted under the plan carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share of CVC Private Equity Limited. Amounts received on the exercise of options are recognised as a non-controlling interest in CVC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 32: RELATED PARTY INFORMATION (CONT.)

32.2 Share-based payments (cont.)

(a) CVC Private Equity Limited Option Plan (cont.)

The following is a summary of options granted under the plan.

Grant Date	Exercise Date	Exercise Price (cents)(a)	Balance at start of year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of year	Vested
Year ended 30 June 2015								
16 Jan 2013	15 Jan 2016	65.0	3,150,000	-	-	-	3,150,000	3,150,000
Year ended 30 June 2014								
16 Jan 2013	15 Jan 2016	74.0	3,150,000	-	-	-	3,150,000	3,150,000

(a) The exercise price reduced from 74 cents to 65 cents as a result of the dividends paid by CVC Private Equity Limited during the year.

The assessed fair value per option at grant date is allocated equally over the period from grant date to vesting date.

Options issued to key management personnel are as follows:

	Number of options
ADH Beard	1,200,000
EG Kaplan	1,200,000
JA Hunter	250,000

The fair value per option has been determined by using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price and expected volatility of the underlying share and the risk-free interest rate for the term of the option. The theoretical value of the options are calculated as being 0.6 cents per option. Further terms and conditions include:

Price of the underlying shares – 62.66 cents;

Implied volatility – 5.28%;

The exercise price is adjusted for corporate actions; and

Risk-free interest rate for the life of the options – 3.25%.

(b) Cellnet Group Limited Option Plan

(i) Executive Share Option Plan

On 18 December 2007, the shareholders of Cellnet Group Limited ("Cellnet") approved an Executive share option plan that entitles Executives of Cellnet to purchase shares in the company.

Under the plan the board of Cellnet has the discretion to issue options to Executives as long as the issue does not result in the Executive owning or controlling the exercise or voting power attached to 5% or more of all shares then on issue. Each option is convertible to one ordinary share of Cellnet. The exercise price of the options is determined by the Board.

Upon the exercise of an option, each share issued will rank equally with other shares of Cellnet. Amounts received on the exercise of options are recognised as a non-controlling interest in CVC.

The options were issued to directors and key management personnel of its own company. All the options lapsed during the year. Cellnet has not issued options to key management personnel of CVC. No options were issued in the current year (2014: nil).

NOTE 32: RELATED PARTY INFORMATION (CONT.)

32.2 Share-based payments (cont.)

(b) Cellnet Group Limited Option Plan (cont.)

The following is a summary of options granted under the plan.

Grant Date	Exercise Date	Exercise Price (cents)	Balance at start of year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of year	Vested	Value of options lapsed (a)
Year ended 30 June 2015									\$
21 Oct 2011	21 Oct 2013	36.0	1,200,000	-	-	(1,200,000)	-	-	24,000
Year ended 30 June 2014									
21 Oct 2011	21 Oct 2013	36.0	1,600,000	-	-	(400,000)	1,200,000	-	8,000

(a) Represents officers of Cellnet that are not key management personnel of CVC.

Vesting and exercise of options requires the employee remains employed by Cellnet. The option holder has 12 months from the date of vesting to exercise options.

The fair value per option has been determined by using the Trinomial Lattice option pricing model that takes into account the exercise price, the term of the option, the share price and expected volatility of the underlying share and the risk-free interest rate for the term of the option. Further terms and conditions include:

Price of the underlying shares – 36.0 cents;

Implied volatility – 65%;

The exercise price is adjusted for corporate actions; and

Risk-free interest rate for the life of the options – 3.9%.

(ii) Long Term Incentive Plan

On 18 December 2007, the shareholders of Cellnet approved a Long Term Incentive Plan that entitles Executives of Cellnet to purchase shares in the company, on a similar basis to the Executive Share Option Plan, except that there is no prohibition on issuing shares if it would result in an Executive owing (legally or beneficially) or controlling the exercise of voting power attached to 5% or more of all shares then on issue. No shares were issued in the current year (2014: nil).

(iii) Performance Rights Plan

On 24 October 2014 at Cellnet's Annual General Meeting, shareholders approved a Performance Rights Plan. Under this plan, performance rights are issued to key management personnel of Cellnet. The rights deliver ordinary shares to key management personnel (at no cost to the executive) where the performance hurdle in relation to those performance rights is met. Following the exercise of a right, the Company must, within such time as the Board determines issue or allocate to or acquire on market for the person exercising the right, the number of shares in respect of which the right has been exercised, credited as fully paid. A total of 2,100,000 rights were issued to key management personnel under this plan during the current year (2014: nil). Details of the rights granted to key management personnel of Cellnet during the period are summarised as follows:

Grant Date	No. Granted	Grant Date Fair Value (\$)	Exercise Price (\$)	No. Forfeited	No. Vested	Percentage Vested
3/2/2015	866,667	0.13	-	-	-	0%
3/2/2015	433,333	0.28	-	-	-	0%
3/2/2015	200,000	0.13	-	-	-	0%
3/2/2015	100,000	0.28	-	-	-	0%
3/2/2015	333,333	0.13	-	-	-	0%
3/2/2015	166,667	0.28	-	-	-	0%

Cellnet has not issued rights to key management personnel of CVC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 32: RELATED PARTY INFORMATION (CONT.)

32.2 Share-based payments (cont.)

(b) Cellnet Group Limited Option Plan (cont.)

(iv) Non-executive Director Options

On 24 October 2014, Cellnet issued options to key management personnel of CVC. There are no vesting conditions attached to the options. Options are exercisable at any time during the period from the date of its issue until 31 October 2017.

The following is a summary of options granted under the plan.

Key Management Personnel	Grant Date	Exercise Date	Exercise Price (cents)	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year	Vested	Value of options granted
Year ended 30 June 2015										\$
ADH Beard	24 Oct 2014	31 Oct 2017	25.0	-	1,200,000	-	-	1,200,000	1,200,000	37,140
EG Kaplan	24 Oct 2014	31 Oct 2017	25.0	-	1,200,000	-	-	1,200,000	1,200,000	37,140
				-	2,400,000	-	-	2,400,000	2,400,000	74,280

The fair value per option has been determined by using the Binomial option pricing model that takes into account the exercise price, the term of the option, the share price and expected volatility of the underlying share and the risk-free interest rate for the term of the option. The theoretical value of the options are calculated as being 3.1 cents per option. Further terms and conditions include:

Price of the underlying shares – 25.0 cents;

Implied volatility – 50%;

Risk-free interest rate for the life of the options – 2.49%; and

Value of options at grant date – 3.1 cents

A total expense of \$74,280 was recognised in respect of the above options during the year ended 30 June 2015.

32.3 Loans to Key Management Personnel

There were no loans to key management personnel during or at the end of the financial year.

NOTE 32: RELATED PARTY INFORMATION (CONT.)

32.4 Loans with Related Parties

The following represent loans to and from related parties with CVC and its controlled entities during the financial year.

	2015 \$	2014 \$	Interest Rate %
<i>Loans Receivable</i>			
Concise Asset Management Limited	-	838,307	8.5%
Kiedis Investments Pty Limited	-	1,360,052	10%
IGS Enterprises Pty Limited	-	2,045,556	15%
Everten Group Pty Limited	n/a	304,879	(a)
Londonderry Road Trust	2,704,455	107,500	0%
Donnybrook JV Pty Limited	9,707,367	-	0%
<i>Loans Payable</i>			
Winten (No. 20) Pty Limited	10,059,220	9,609,809	10%
<i>Co-investment in Marsden Park and Donnybrook Projects (refer note 32.1)</i>			
Alexander Beard and Pascale Beard as trustees for the AD & MP Superannuation Fund	106,901	31,133	0%
Virtual Sales Pty Limited(b)	51,031	-	0%
Elliott Kaplan and Brenda Kaplan as trustees for the Kaplan Family Superannuation Fund	117,689	-	0%
Wenola Pty Limited as trustee for Wenola Pty Limited Pension Fund(c)	200,000	-	0%

(a) The interest rate is variable and is calculated at a 4% margin above the 90 day Australian Bank Bill Rate and resets each quarter. CVC stopped accrued interest from 30 May 2014. The company became an unrelated party from 1 July 2014.

(b) Private company associated with Mr Hunter.

(c) Private company associated with Mr. Leaver.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 32: RELATED PARTY INFORMATION (CONT.)

32.5 Other Transactions

The following represent income and expenditure generated from transactions with related parties with CVC and its controlled entities during the financial year.

	2015		2014	
	Paid \$	Received \$	Paid \$	Received \$
<i>Management and consulting fees</i>				
Villa World Limited	-	13,140	-	78,660
Green's Foods Holdings Pty Limited	-	-	-	10,417
Urban Properties Pty Limited	-	240,000	-	-
<i>Interest income</i>				
IGS Enterprises Pty Limited	-	-	-	307,967
Everten Group Pty Limited	-	-	-	72,716
Concise Asset Management Limited	-	11,558	-	68,081
Alpha JAK Pty Limited	-	-	-	151,138
PMQ Investments Pty Limited	-	-	-	235,614
<i>Dividend and distribution income</i>				
Vita Life Sciences Limited	-	41,016	-	110,305
Villa World Limited	-	1,366,839	-	874,815
Concise Mid Cap Fund	-	19,383	-	21,837
Ron Finemore Transport Pty Limited	-	106,812	-	8,125,000
Nepean Highway Unit Trust	-	139,760	-	130,520
Winten (No. 20) Pty Limited (b)	-	-	-	5,400,295
<i>Other amounts</i>				
Nepean Highway Unit Trust- Underwriting fee	-	-	-	5,063
Melbourne Corporation of Australia Pty Limited - Secretarial (a)	44,100	43,086	44,100	-
Winten (No. 20) Pty Limited - Borrowing costs	733,502	-	753,335	-

(a) Private company associated with Mr Gould.

(b) The dividend received from Winten (No. 20) Pty Limited was offset against the unsecured loan from associated entity (refer note 21).

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

CVC's activities expose it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk. CVC's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

CVC uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and price risk.

The responsibility for operational risk management resides with the Board of Directors who seeks to manage the exposure of CVC. There have been no significant changes in the types of financial risks, or CVC's risk management program (including methods used to measure the risks) since the prior year.

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

33.1 Interest Rate Risk

CVC's exposure to interest rate risks of financial assets and liabilities both recognised and unrecognised at the reporting date are as follows:

	Note	Floating Interest Rate \$	Fixed Interest		Non Interest Bearing \$	Total \$
			1 Year or Less \$	1 to 5 Years \$		
2015:						
Financial assets						
Cash and cash equivalents	27	14,024,523	40,431,708	-	502	54,456,733
Loans and other receivables	9	-	25,662,260	13,115,379	36,409,806	75,187,445
Derivative financial instrument	22	-	-	-	261,000	261,000
Financial liabilities						
Trade and other payables	19	-	-	-	16,445,452	16,445,452
Interest bearing liabilities	21	11,402,487	-	10,059,220	-	21,461,707
2014:						
Financial assets						
Cash and cash equivalents	27	8,812,036	39,871,245	-	502	48,683,783
Loans and other receivables	9	-	8,867,578	22,978,455	20,675,193	52,521,226
Financial liabilities						
Trade and other payables	19	-	-	-	13,594,321	13,594,321
Interest bearing liabilities	21	23,588,116	6,470,487	9,609,809	-	39,668,412
Derivative financial instrument	22	-	-	-	731,892	731,892

CVC holds a significant amount of cash balances which are exposed to movements in interest rates. To reduce the risk CVC typically deposits uncommitted cash with financial institutions at fixed rates with maturity of between 30 – 90 days. Interest bearing loans and receivables are made at fixed rates. CVC is not charged interest on outstanding trade and other payable balances. CVC enters into loans and borrowings with fixed rates of interest when it is considered commercial and necessary to manage cash flows.

Sensitivity

As CVC expects interest rates to stay the same during the 2015 financial year (2014: 25 basis points higher), at reporting date there would be no impact on CVC, with all other variables held constant. The impact for the 2014 financial year would be:

	Increase of 25 bp \$
2014	
Net loss	19,728
Equity decrease	19,728

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

33.2 Price Risk

Equity Securities Price Risk

CVC has investments in listed securities which could be adversely affected if general equity market values were to decline. CVC also has investments in unlisted securities however these are less susceptible to movements in value as a result of market sentiment as they are valued based on operational fundamentals. CVC does not hedge its exposure to the risk of a general decline in equity market values, believing that such strategies are not cost-effective.

Sensitivity

At reporting date, if equity prices had been 10% higher/(lower) while all other variables were held constant the impact would be:

	Increase of 10% \$	Decrease of 10% \$
2015		
Net profit/(loss)	191,026	(191,026)
Equity increase/(decrease)	4,802,809	(4,802,809)
2014		
Net profit/(loss)	86,994	(86,994)
Equity increase/(decrease)	7,167,432	(7,167,432)

33.3 Credit Risk Exposure

Credit risk refers to the loss that CVC would incur if a debtor or counterparty fails to perform under its obligations. The carrying amounts of financial assets recognised in the statement of financial position best represent CVC's maximum exposure to credit risk at reporting date. CVC seeks to limit its exposure to credit risk by performing appropriate background investigations on counterparties before entering into arrangements with them and to seek collateral with a value in excess of the counterparty's obligations to CVC, providing a "margin of safety" against loss.

CVC's significant concentration of credit risk relates to deposits held with financial institutions, which is mitigated by the requirement that deposits are only held with institutions with an "investment grade" credit rating, and loans made to various entities, which are mitigated by collateral held with a value in excess of the counterparty's obligations to CVC, providing a "margin of safety" against loss.

CVC minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of counterparties, and is managed through normal payment terms of 30 days. There is an insurance policy in place to limit loss on certain trade receivables and as such there is no risk of recovery in relation to trade debtors.

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

33.4 Liquidity Risk

CVC manages liquidity risk by maintaining sufficient cash balances and holding liquid investments that could be realised to meet commitments. CVC continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details CVC's contractual liabilities.

	<i>Less than 6 months</i> \$	<i>6 months to 1 Year</i> \$	<i>1 to 5 Years</i> \$	<i>Greater than 5 Years</i> \$	<i>Total</i> \$
2015					
Trade and other payables	16,445,452	-	-	-	16,445,452
Interest bearing liabilities	1,027,893	-	20,433,814	-	21,461,707
2014					
Trade and other payables	13,594,321	-	-	-	13,594,321
Interest bearing liabilities	9,112,603	4,800,000	25,755,809	-	39,668,412
Derivative financial instrument	731,892	-	-	-	731,892

33.5 Currency Risk

Currency risk is measured using sensitivity analysis. A portion of CVC investments are in companies listed on foreign exchanges and sales and purchases are made in foreign currencies. CVC is exposed to a decline in the values of those currencies relative to the Australian dollar.

CVC enters into forward foreign exchange contracts to hedge certain anticipated purchase commitments denominated in foreign currencies (principally United States dollar). The term of these commitments are no more than 45 days.

CVC has a subsidiary in New Zealand and all transactions for the subsidiary are denominated in New Zealand dollars. There is currently no hedge in place to mitigate the foreign currency risk.

Entering into forward foreign currency contracts for sales and purchases minimises the risk of sharp fluctuations in foreign exchange rates and allows for better cash flow management in relation to paying international suppliers. At balance date CVC had the following exposure to the United States dollar that is not designated as cashflow hedges:

	2015 \$	2014 \$
Financial assets		
Financial assets – "available-for-sale"	2,883,286	-
Trade and other receivables	295,000	486,000
	3,178,286	486,000
Financial liabilities		
Trade and other payables	1,809,000	1,095,000
Forward foreign currency contracts (a)	13,059,000	13,433,000
	14,868,000	14,528,000

(a) Denotes the amount of USD to be exchanged at forward exchange rate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

33.5 Currency Risk (cont.)

Foreign currency sensitivity

CVC is exposed to the Great British Pound (GBP), US dollar (USD) and New Zealand dollar (NZD). The following table details CVC's sensitivity to a 10% change in the Australian dollar against the respective currencies with all other variables held constant as at reporting date for unhedged foreign exchange exposure. A positive number indicates an increase in net profit/equity.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historic basis and market expectations for future movement.

	Increase in AUD of 10% \$	Decrease in AUD of 10% \$
USD		
2015		
Net profit/(loss)	(955,000)	1,167,000
Equity increase/(decrease)	(1,198,625)	1,464,763
2014		
Net profit/(loss)	(865,000)	1,108,000
Equity increase/(decrease)	(865,000)	1,108,000
GBP		
2015		
Net profit/(loss)	n/a	n/a
Equity increase/(decrease)	n/a	n/a
2014		
Net profit/(loss)	-	-
Equity increase/(decrease)	(81,467)	99,571
NZD		
2015		
Net profit/(loss)	-	-
Equity increase/(decrease)	(284,489)	347,709
2014		
Net profit/(loss)	n/a	n/a
Equity increase/(decrease)	n/a	n/a

NOTE 34: FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities of CVC are approximately equal to their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

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) \$	Valuation technique – non market observable inputs (Level 3) \$	Total \$
Year ended 30 June 2015				
Financial assets				
<i>“Available-for-sale” investments</i>				
Shares in listed corporations – at market value	20,908,796	20,219,678	-	41,128,474
Public unlisted investments – at market value	-	1,218,885	-	1,218,885
Other investments	-	170,067	6,160,869	6,330,936
<i>“Fair value through profit or loss” investments</i>				
Shares in listed corporations – at market value	2,652,580	-	-	2,652,580
Derivative financial instruments	-	261,000	-	261,000
Non-financial assets				
Investment properties	-	-	16,597,069	16,597,069
	23,561,376	21,869,630	22,757,938	68,188,944
Year ended 30 June 2014				
Financial assets				
<i>“Available-for-sale” investments</i>				
Shares in listed corporations – at market value	24,844,489	44,343,932	-	69,188,421
Public unlisted investments – at market value	-	1,407,985	-	1,407,985
Other investments	-	4,404,980	211,899	4,616,879
<i>“Fair value through profit or loss” investments</i>				
Shares in listed corporations – at market value	1,120,947	-	-	1,120,947
Non-financial assets				
Investment properties	-	-	41,733,439	41,733,439
Financial liabilities				
Derivative financial instruments	-	(731,892)	-	(731,892)
	25,965,436	49,425,005	41,945,338	117,335,779

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
NOTE 34: FAIR VALUE MEASUREMENTS (CONT.)		
Reconciliation of Level 3 fair value movements:		
Balance at the beginning of the year	41,945,338	3,002,080
Adoption of AASB 13	-	52,588,212
Purchases	6,709,642	7,858,338
Sales	(28,396,833)	(3,600,000)
Addition through acquisition of controlled entity	-	19,408
Gains/(losses) recognised in other income (a)	585,557	(1,715,753)
Gains recognised in other comprehensive income	167,022	-
Transfer out of Level 3 to Level 1	(1,565,000)	(2,999,824)
Transfer out of Level 3 (b)	-	(15,207,123)
Transfer into Level 3 (c)	-	2,000,000
Transfer into Level 3 from Level 2 (d)	3,312,212	-
Balance at the end of the year	22,757,938	41,945,338

- (a) Unrealised losses recognised in profit or loss attributable to assets held at the end of the reporting period. **909,577** 521,595
- (b) Property previously classified as investment properties was reclassified to inventory as the nature of the property changed during the period.
- (c) 96 Fairfield Street Fairfield was reclassified from property, plant and equipment to investment properties following the sale of Battery Energy Power Solutions Pty Limited during the 2014 financial year. Refer note 17.
- (d) Investment in property funds have been transferred from level 2 to level 3 as there is no quantitative information to assess carrying value. Fair value has been determined based on acquisition cost.

The fair value of Level 2 financial instruments is determined using available prices where trading does not occur in an inactive market. The quantitative information about the significant unobservable inputs used in level 3 fair value measurements are as follows:

Description	Fair value		Unobservable inputs	Weighted average		Relationship of unobservable inputs to fair value
	30 June 2015 \$	30 June 2014 \$		2015	2014	
Leased properties	2,700,000	30,250,000	Capitalisation rate	10.55%	12.15%	The higher the capitalisation rate, the lower the fair value
			Lease expiry	1.75 years	2.02 years	The longer the lease term, the higher the fair value
			Occupancy	100%	100%	The higher the occupancy rate, the higher the fair value
Development Properties	13,897,069	11,483,439	Capitalisation rate	8%	8%	The higher the capitalisation rate on completion of construction, the lower the fair value
	16,597,069	41,733,439				
Other investments – at cost	6,160,869	211,899	(a)			

- (a) There is no quantitative information. Fair value has been determined based on acquisition cost.

NOTE 35: EVENTS SUBSEQUENT TO YEAR END

CVC sold the property at 190-198 Princes Highway South Nowra for \$5.5 million on 7 August 2015 and entered into a Development Delivery Agreement for the construction of the site which is expected to be completed by July 2016.

CVC executed a contract of sale in relation to 96 Fairfield Street Fairfield for a sale price of \$2.7 million on 20 July 2015 with settlement on 19 September 2015.

Ron Finemore Transport Pty Limited bought back all outstanding shares held by CVC for total proceeds of \$7.5 million.

A final dividend in respect of the year ended 30 June 2015 of 3 cents per share was declared on 26 August 2015 to be paid on 11 September 2015 to those shareholders registered on 2 September 2015.

Other than as set out above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in future financial years.

NOTE 36: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

CVC makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

36.1 Loans to other corporations

An impairment has been raised against certain loans to other corporations of \$1,506,487 (2014: \$353,777) that have a carrying value of \$42,929,892 (2014: \$20,976,082). The recoverable amount has been assessed in note 9.

36.2 Trade receivables

The recoverable value of trade receivables has been assessed in note 9.

36.3 Available-for-sale investments

The fair value of the investments has been assessed in note 10.

36.4 Inventories

The fair value of the inventories has been assessed in note 12.

36.5 Absence of active market

In calculating the fair value of Resource Generation Limited, Buru Energy Limited, Bionomics Limited, Grays Ecommerce Group Limited (formerly Mnemon Limited), Cyclopharm Limited, Mitchell Services Limited, 360 Capital Total Return Fund and Vita Life Sciences Limited CVC has determined that an active market may not exist for significant holdings because each company does not trade on a daily basis; each trade that is executed, excluding those by CVC, is small in size; and the market capitalisation is small such that larger institutions do not hold significant shareholdings. However the active market in small amounts of trading does provide a guide for valuation in that it indicates whether or not the market values the intangible assets of an entity. This factor has been used in determining the valuation of each company. The fair value of the investments has been assessed in note 10.

36.6 Investments accounted for using the equity method - unlisted investments

Green's Foods Holdings Pty Limited has a carrying value of \$14,660,528 (2014: \$13,316,753). CVC has discounted net tangible asset backing to reflect an estimate of the recoverable value of assets of the company to reflect the current trading environment. If the discount is +/- 10% the impact on the carrying value of Green's Foods Holdings Pty Limited is +/- \$1,466,053 (2014: \$1,331,675).

Concise Asset Management Limited has a carrying value of \$1,081,096 (2014: \$800,997).

JAK Investment Group Pty Limited has a carrying value of \$168,054 (2014: \$208,630).

Urban Properties Pty Limited has a carrying value of \$360,000.

The recoverable amounts have been assessed in note 14.

36.7 Property, plant and equipment

The recoverable value of property, plant and equipment have been assessed in note 16.

36.8 Investment properties

The recoverable value of investment properties have been assessed in note 17.

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2015

In the opinion of the Directors of CVC Limited:

- (a) The financial statements and notes of the consolidated entity 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 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) the audited remuneration disclosures set out on pages 12 to 14 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s. 295A of the *Corporations Act 2001* for the financial period ended 30 June 2015.

Dated at Sydney 28 August 2015.

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

ADH Beard
Director

JD Read
Director

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2015

To the members of CVC Limited:

Report on the Financial Report

We have audited the accompanying financial report of CVC Limited ("the Company"), which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of financial performance, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of CVC Limited, are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide for our audit opinion.

Independence

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

Opinion

In our opinion:

- (a) the financial report of CVC Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of CVC Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

HLB MANN JUDD
Chartered Accountants

M. D. MULLER
Partner

Sydney, 28 August 2015

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

The Board of Directors of the Company is responsible for the corporate governance of CVC. It is required to act with integrity, honesty, in good faith and in the best interest of the Company as a whole in the execution of its duties including setting, guiding and monitoring the business and affairs of the Company, including risk management, and compliance with regulatory, legal and ethical standards. The Board is responsible for the oversight of reporting to the shareholders by whom they are elected and to whom they are accountable. It is responsible for ensuring there is adequate oversight and management of material business risks facing the Company and ensuring there are systems in place to identify, assess, monitor and manage market, operational and compliance risks. This is achieved via a control environment, accountability and review of risk profiles.

The Board has delegated to the Managing Director all of the necessary power and authority to manage the business of the Company on a day-to-day basis with the assistance of senior management. This includes execution of the strategy approved by the Board, managing performance, risk management and compliance of the Company. The Company has implemented a risk management framework which describes and sets out the risks (financial and non-financial) facing the business activities of the Company and controls surrounding those risks. The profiles are formally reviewed annually by management. The financial risks that may adversely impact the operations of the Company are described and analysed in the annual financial report.

At the date of this report the Directors in office are as follows:

Alexander Damien Beard – Appointed 17 August 2000, member of the audit committee
(Managing Director)

John Douglas Read – Appointed 20 March 1989, member of the audit committee

Ian Houston Campbell – Appointed 16 March 2015, member of the audit committee

Appointment to the Company and the Board is dependent on skills, experience, character and other qualifications rather than solely on achieving a pre-specified diversity target. The Board seeks to ensure its members have an appropriate mix of skills, knowledge and experience to enable it to properly perform its duties, which have been detailed in the Directors' Report, including numbers and attendances of Board and audit committee meetings. Given the size and scale of the organisation the Board has not adopted a policy and measurable targets in relation to diversity but notes that neither the Board nor the senior management have a woman appointed and currently 33% of the Company's employees are women.

The Board considers that CVC seeks to comply, where appropriate, with the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. Where CVC does not comply, this is primarily due to the current size, scale and nature of the operations. The Council recognises that "a one size fits all" approach may be inappropriate. Companies are at liberty to determine whether each recommendation is appropriate. Different companies face different circumstances hence some recommendations are unnecessary or may even be counter-productive. In particular it acknowledged that it may be inappropriate or uneconomic for smaller companies, such as CVC, to follow the same

rules as Australia's largest listed companies. The Council has issued recommendations and require companies to adopt an 'if not why not' approach to reporting compliance, requiring companies to identify the recommendations that have not been followed and give reasons for not following them.

The Company chose to adopt selected recommendations throughout the financial year ended 30 June 2015, in particular those discussed in detail below:

Board Composition and Directors' Experience

The Board of the Company comprises three Directors.

Mr Beard, being Managing Director, is responsible for the management and operation of the Company and ensures that members of the Board are properly briefed on the operations of the Company. Those powers not specifically reserved to the Board and which are required for the management and operation of the Company, are conferred on the Managing Director.

Mr Read is a non-executive Director of the Board and Chairman of the audit committee. As he has been on the Board of the Company for more than twenty five years, he is not considered independent. Further information in relation to the audit committee can be found in the Directors' Report to the financial report.

Mr Campbell is an independent non-executive Director and has extensive skills, experience and knowledge to perform his duties in that capacity.

The Board elects a member to chair each meeting and believe that the current structure of the Board operates effectively and efficiently, allowing the Board to collectively exercise its authority without the need for the appointment of additional independent directors or the creation of further sub-committees and is appropriate for the size and scale of the Company. The Board has considered the competencies and experience of each of the Directors and believes that it is not in the interest of shareholders to seek to replace or appoint Board members. The Board as a whole reviews Board succession planning and continuing development to ensure the members have an appropriate balance of skills. Directors are encouraged to undertake professional development to enable them develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, where considered appropriate for the oversight of the Company.

The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and deals with regulatory bodies on statutory matters.

For these reasons, the Company did not adopt the following recommendations throughout the financial year ended 30 June 2015:

- Appointing a majority of independent Directors;
- Appointing an independent Chairman;
- Appointing an internal audit function, audit committee with an independent chairman, a majority of independent Directors or non-executive Directors;

- A nomination committee of the Board;
- A risk committee of the Board;
- Establishment of formal performance policies for Directors and senior management;
- Documentation of a Board skills matrix;
- Implementing a program for inducting new Directors;
- Implementing policies and processes for communication with shareholders and participation at meetings;
- A remuneration committee of the Board;
- Written agreement with directors and senior executives setting out terms of roles; and
- Adopting a policy and measurable targets to achieve gender diversity.

Performance of the Board and Senior Management

The Directors and senior management are regularly reviewed for measureable and qualitative performance. The Board as a whole has the responsibility to review its own performance and of individual directors. The Board undertakes an annual review at 30 June each year of the Managing Director and senior management.

The Board did not undertake a review of the performance of its members during the year ended 30 June 2015. Rather, the Board, mindful of its duties, considers it appropriate to monitor the performance on an ongoing basis and conduct a formal review as necessary.

When applicable, remuneration of non-executive Directors is in accordance with resolutions of shareholders at the general meeting. The Company does not have any schemes for retirement benefits, other than statutory superannuation for non-executive Directors.

The details of remuneration paid to Directors and senior management are disclosed in the Remuneration Report.

Costs and Benefits of Compliance

A number of the recommendations require the formal documentation of policies and procedures that the Company already substantially performs. The Company considered that to create such documentation independently and specifically for the Company, and create separate Boards and sub-committees to satisfy the requirements of the Corporate Governance Principles and Recommendations would have had minimal additional benefit but substantial additional expense. The Company is also mindful to not adopt such procedures and structures solely for the sake of adoption or where they could actually inhibit the proper function or development of the Company.

The Board has determined that the adoption of such formal policies and procedures must be tailored to the Company at minimal expense and must be appropriate for the Company, taking into account the size and complexity of its operations. The Company is currently considering the adoption and implementation of the following recommendations:

- A formal charter for the audit committee of the Company;
- Written policies and procedures to ensure compliance with ASX listing rules disclosure requirements; and
- A process for performance evaluation of the Board and individual Directors.

Other Information

The Company has a policy of allowing Directors to take reasonable independent legal advice in the furtherance of their duties at the expense of the Company.

All members of the Board are members of the Audit Committee.

In respect of the year ended 30 June 2015, the Managing Director and the Chief Financial Officer have provided certifications to the Board that the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and has a sound system of risk management and internal control which is operating effectively.

The Company has adopted policies in relation to conduct of Directors, senior management and employees of the Company. The policies require Directors, senior management and employees to act ethically, responsibly, honestly, in good faith, and in the best interest of the Company as a whole, whilst complying with laws and regulations.

The Company has adopted a Share Trading Policy, which must be complied with by all directors and employees. The policy summarises the insider trading prohibitions in the Corporations Act 2001 and provides information on trading windows, exceptional circumstances, excluded trading, and an obligation on directors and employees to disclose all trades in the Company's shares.

The Company's external auditor attends the annual general meeting and is available to answer questions from the shareholders relevant to the audit.

In accordance with the ASX Continuous Disclosure requirements, the Company ensures that price sensitive information is released to the market on a timely basis including through the annual and half-yearly reports. At the election of shareholders reports issued by the Company are provided electronically. Additional information regarding the operation of CVC can be found at www.cvc.com.au, by contacting the Company directly or by attending the annual general meeting.

ADDITIONAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

The following information was current as at 31 August 2015.

Distribution schedule

The distribution of shareholders and their shareholdings was as follows:-

Category (size of holding)	Number of ordinary shareholders
1 – 1,000	140
1,001 – 5,000	248
5,001 – 10,000	157
10,001 – 100,000	250
100,001 – over	77
Total	872

	Minimum parcel size	Number of shareholders
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Unmarketable parcels

Minimum \$500.00 parcel at \$1.50 per share	334	66
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On market share buy-back

The Company has a current on market share buy-back which commenced on 20 November 2014.

Substantial holders

The names of the Company's substantial holders and the number of ordinary shares in which each has a relevant interest as disclosed in substantial holder notices given to the Company are as follows:

Shareholder	Number of ordinary shares in which interest held
Leagou Pty Limited	20,704,611
Southsea (Aust.) Pty Limited	17,610,506
Bennett Estates Limited	15,575,978
Derrin Brothers Properties Limited	7,899,259
Executive Recruitment Services Limited	6,661,235
Joseph David Ross	12,000,000

20 largest shareholders – ordinary shares

As at 31 August 2015, the top 20 shareholders and their shareholdings were as follows:

Shareholder	Shares held	% of issued capital held
Leagou Pty Limited	20,704,611	17.32
Southsea (Aust.) Pty Limited	17,610,506	14.73
Bennett Estates Limited	15,575,978	13.03
J K M Securities Pty Limited	12,000,000	10.04
Derrin Brothers Properties Limited	7,899,259	6.61
Executive Recruitment Services Limited	6,661,235	5.57
Chemical Trustee Limited	4,861,741	4.07
Saudi Film Investments Fund Limited	3,264,711	2.73
Lloyds & Casanove Investment Partners Limited	2,432,568	2.04
Wenola Pty Limited	2,544,860	2.13
Mr Nigel Cameron Stokes	1,017,271	0.85
Dr Raymond Joseph Healey	808,817	0.68
Mr Alexander Damien Beard	694,136	0.58
Melbourne Corporation of Australia Pty Limited	623,208	0.52
Alexander Beard & Pascale Beard	599,000	0.50
Ms Valerie May Vogt	560,678	0.47
Allan J Heasman Pty Limited	505,100	0.42
Julian Tertini	480,000	0.40
Cannington Corporation Pty Limited	466,094	0.39
JC Criticos Pty Limited	445,000	0.37
	99,754,773	83.45

Voting Rights

The Company's constitution details the voting rights of members and states that every member, present in person or by proxy, shall have one vote for every ordinary share registered in his or her name.

Registered Office

The Company is registered and domiciled in Australia. Its registered office and principal place of business are at Suite 601, Level 6, Gold Fields House, 1 Alfred Street, Sydney NSW 2000.

CVC LIMITED

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