

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED JUNE 30, 2016

COMMENTARY

CVC Limited (ASX: CVC) is pleased to report a net profit after tax attributable to shareholders of \$13.8 million. This compares to the 2015 result of \$18.3 million which was higher due to the realisation of significant listed equity investments during that financial year.

After payment of dividends during the financial year totalling 8 cents per share, net tangible assets per share (NTA) increased by 13 cents per share to \$1.68 (2015: \$1.55). This represents a return on equity, after movements in reserves, of 13% (2015: 4%).

The Directors today resolved to pay a fully franked final dividend of 5 cents per share payable on 15 September 2016.

Listed Investments

The total contribution to comprehensive income amounted to \$11.4 million (2015: loss of \$0.3 million), which includes both movements in reserves of \$11.8 million (2015: reduction of \$16.9 million) and loss on realised investments of \$0.4 million (2015: profit of \$16.6 million). The listed portfolio objective is to identify investments which are considered either counter-cyclical or under-performing and from which there will be substantial value uplift over time. During the year CVC continued to make acquisitions in listed companies it considers to be undervalued, including an additional investment in Lantern Hotel Group.

Significant contributions to total comprehensive income included the revaluations of Lantern Hotel Group (ASX: LTN), Heritage Brands Limited (NSX: HBA), Cyclopharm Limited (ASX: CYC) and Afterpay Holdings Limited (ASX: AFY) offset by impairments on significant investments in the resources and biotech sectors.

Property

Total contribution to comprehensive income was \$19.2 million (2015: \$3.9 million) net of project specific borrowing costs of \$1.9 million. This included interest related income generated from the provision of mezzanine finance facilities of \$12.4 million, exit from property investments of \$4.2 million and profit recognised from the construction of the South Nowra property of \$4.5 million.

During the year CVC sold the South Nowra retail property and completed the development of the site under a development and delivery agreement.



CVC's Donnybrook joint venture, of which CVC holds a 49% share, has entered into a conditional contract to sell 67.9 ha of the 274 ha proposed residential development project for \$34 million. The sale is subject to achieving a Precinct Structure Plan by 6 April 2020. This has significantly improved the joint venture's commercial position and will free up capital to develop the remaining 206 ha of the project. The entire property was purchased by the Donnybrook joint venture in 2014 for \$22.8 million.

During the year CVC invested in three new sites: a 15 hectare commercial site in Caboolture, Queensland; an industrial site in East Bentleigh, Victoria and a commercial site in Mooloolaba, Queensland. All projects provide long term development pipelines once rezoning has been achieved of combined retail, commercial and residential uses.

CVC continues to progress the planning approval of the Marsden Park North property in conjunction with Mirvac Homes (NSW) Pty Limited, to achieve a residential rezoning. The area has experienced significant growth since CVC acquired the site in 2012, and once the sale of residential lots commence the project is expected to generate significant long term value for CVC.

Private Equity

The total contribution to comprehensive income was \$4.3 million (2015: \$2.2 million) including the results of equity accounted investments. During the year the final tranche of shares were bought back by Ron Finemore Transport Pty Limited for proceeds of \$7.5 million, generating a profit of \$1.2 million. CVC has also made an investment in PAFtec Pty Limited, an Australian patented and developed breathing device manufacturer with significant export earnings and a recent recipient of the prestigious red dot design award.

CVC made a number of smaller investments into earlier stage companies with a view to longer term value creation. CVC continues to seek investment opportunities in private companies, and expects that investment conditions may present more opportunities in the next 12 – 18 months.

Green's Foods Holdings Pty Limited (Green's) contributed \$1.7 million to CVC's comprehensive income during the year. In addition dividends amounting to \$3.5 million were received. CVC has explored the sale of it's shareholding in Green's and is of the opinion that the current value of the shareholding is in the range of \$20 - \$24 million. If the shareholding in Green's was to be sold at the director's assessed value this would generate an increase in the net assets of CVC in the range of \$2.2 - \$5.0 million and a contribution to profit after tax of approximately \$7.9 - \$10.7 million.



Funds Management

The contribution to comprehensive income of this segment was \$0.5 million (2015: \$0.6 million).

Concise Asset Management Limited (Mid Cap Australian Equities Specialist) continues to grow its funds management business and has contributed \$0.5 million to CVC's comprehensive income during the year.

During the year Eildon Capital Limited (formerly CVC Private Equity Limited) completed a restructure to change its focus from private equity investments to a pure property investment focus. The company plans to undertake a capital raising and pursue an ASX listing this year. This will provide shareholders, as well as retail investors, the opportunity to invest directly into a CVC entity that specialises in mezzanine funded projects with the objective of generating higher returns for investors.

CVC is launching a specialist early stage investment fund to be known as Add+Venture, which will seek to enhance our early stage deal flow and provide opportunities for investors to participate in investments in a crowd funding style platform.

Controlled Investees

Cellnet Group Limited (ASX: CLT) provided a contribution to comprehensive income of \$1.8 million (2015: \$1.6 million) for the period. The Cellnet Group Limited result was achieved despite difficult trading conditions exacerbated by the closure of Dick Smith Electronics stores. During the second half of the year a number of organic growth opportunities were implemented which are expected to further improve operating performance during the 2017 financial year. Cellnet Group Limited is continuing to seek value enhancing acquisition opportunities.

Balance Sheet Strength

Following the payment of \$9.6 million in dividends during the financial year shareholders' equity increased by \$15.5 million to \$201.2 million.

Capital Management

As previously stated the directors have resolved to pay a fully franked final dividend of 5 cents per share payable on 15 September 2016. CVC is transitioning to a more robust dividend framework in future periods reflecting a move towards more reliable earnings and consistent growth in underlying net assets.



2017 OUTLOOK

CVC has increased its investment in mezzanine finance projects by approximately \$20 million during the 2016 financial year. As financial institutions continue to tighten lending requirements CVC has experienced an increase in the number of property investment opportunities. This provides CVC with the opportunity to invest in a combination of high quality short term mezzanine finance and direct investment opportunities.

In addition to creating a separate property focused investment vehicle, CVC has identified an opportunity to allow investors to co-invest in private equity style investments. CVC is in the process of establishing a crowd funding platform to allow investors with direct access to such investments.

CVC has a core earnings base underpinned by mezzanine finance transactions, which it endeavours to enhance with other investment earnings and realisations of investments. CVC's ability to reliably predict optimal timing for capital profits from investment realisations, and thereby meaningfully forecast profits from other investment activities, is limited by factors outside of the Company's control. In particular, CVC cannot forecast the timing of regulatory or planning outcomes which may add substantial value to CVCs property interests and ultimately their conversion into profits. As such, visibility around earnings for the 2017 year is, as usual, difficult to forecast.

CVC continues to focus on delivering pre-tax investment returns in excess of 15% per annum over the investment cycle.

Alexander Beard Managing Director 30 August 2016

Appendix 4E

Preliminary Final Report Results for announcement to the market

	CVC Limited	
ABN	Financial Year ended	Previous Financial Year ended
	('Reporting Period')	('Corresponding period')
34 002 700 361	30 June 2016	30 June 2015

Results

Income from ordinary activities	up/ down	19%	to	\$149,177,134
Profit after tax attributable to members	up /down	25%	to	\$13,798,394
Net profit for the period attributable to members	up /down	25%	to	\$13,798,394

Dividends (distributions)

	Amount per security	Franked amount per security
Final Dividend – 2016	5 ¢	5 ¢
Interim Dividend – 2016	5 ¢	5 ¢

Information on Dividends:

The directors have resolved to pay a final fully franked dividend in respect of the year ended 30 June 2016 of 5 cents per share payable on 15 September 2016.

A fully franked interim dividend in respect of the financial year ended 30 June 2016 of 5 cents per share was paid on 8 March 2016.

The Dividend Reinvestment Plan continues to be suspended and as such will not be in operation in relation to the payment of the dividend.

Ex-dividend date	2 September 2016
Record date for determining entitlements to the final dividend	5 September 2016
Payment Date	15 September 2016

Net tangible asset per security

	Year ended 30 June 2016	Year ended 30 June 2015
Net assets per share	\$1.68	\$1.55
Net tangible assets ("NTA") per share	\$1.68	\$1.55

The preliminary final report is based on accounts that have been audited.

Commentary

Brief explanation of any of the figures reported above:

Please refer to the attached commentary for a detailed review.

CVC LIMITED AND ITS CONTROLLED ENTITIES

FINANCIAL REPORT

For the year ended 30 June 2016

The financial report was authorised for issue by the Directors on 30 August 2016.

The company has the power to amend and reissue the financial report.

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT

Your Directors present the Financial Report of CVC Limited (the "Company") and its controlled entities ("CVC"), for the year ended 30 June 2016 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 and Ian Houston Campbell. 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 Director of Patrys Limited, The Environmental Group Limited and the Central Coast Water Corporation.

Alexander Damien Harry Beard (Managing Director and Company Secretary)

B.Com. (Uni. of NSW)

Fellow of the Chartered Accountants 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 and Eildon Funds Management Limited (formerly CVC Property Managers Limited) as Responsible Entity for CVC Property Fund.

Ian Houston Campbell (Non-Executive Director)

Fellow of the Chartered Accountants 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.

COMPANY SECRETARIES

John Andrew Hunter

B.Com. (ANU), M.B.A. (MGSM), MAppFin (MAFC)

Member of the Chartered Accountants 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:

John Andrew Hunter Chief Financial Officer

Elliott Grant Kaplan (a) Investment Director and Executive Officer

(a) Elliott Kaplan ceased to be considered to be a member of the key management personnel on 23 November 2015 when he retired as Managing Director of Eildon Capital Limited (formerly CVC Private Equity Limited).

Directors' Meetings

	No of meetings attended	No of meetings eligible to attend
John Douglas Read	4	4
Alexander Damien Harry Beard	4	4
Ian Houston Campbell	4	4

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	No of meetings
	attended	eligible to attend
John Douglas Read	2	2
Alexander Damien Harry Beard	2	2
Ian Houston Campbell	2	2

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

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:

				Other changes	
Ordinary shares	Opening	Purchases	Sales	during the year	Closing
Mr J.D. Read	528.956				528,956
•	/	-	-	-	,
Mr A.D.H. Beard	1,381,136	-	-	-	1,381,136
Mr I.H. Campbell	50,000	-	-	-	50,000
Mr E.G. Kaplan (a)	20,000	-	-	(20,000)	-
Mr J.A. Hunter	-	-	-	-	-

⁽a) Elliott Kaplan ceased to be considered to be a member of the key management personnel on 23 November 2015 when he retired as Managing Director of Eildon Capital Limited (formerly CVC Private Equity Limited).

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 fully franked dividend in respect of the year ended 30 June 2016 of 5 cents per share was declared on 30 August 2016 to be paid on 15 September 2016 to those shareholders registered on 5 September 2016. An interim fully franked dividend of 5 cents per share amounting to \$5,976,639 was paid on 8 March 2016.

A final fully franked dividend in respect of the year ended 30 June 2015 of 3 cents per share was declared on 26 August 2015 amounting to \$3,585,984 was paid on 11 September 2015. A special fully franked dividend of 10 cents per share amounting to \$11,953,279 was paid on 27 May 2015. An interim fully franked dividend of 2 cents per share amounting to \$2,390,676 was paid on 17 March 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 2016 financial year is as follows:

- Profit before tax of \$16.9 million (2015: \$21.2 million);
- Net profit after tax of \$15.1 million (2015: \$20.1 million);
- Earnings per share of 12 cents (2015: 15 cents);
- Increase in Net Tangible Assets per share of 13 cents (2015: decrease of 8 cents), following dividends per share totalling 8 cents (2015: 15 cents) paid during the year; and
- Net increase in value of investments through reserves of \$13.1 million (2015: decrease of \$16.5 million).

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

	2016	2015
	\$	\$
Net profit after income tax	15,050,183	20,070,259
Non-controlling interests	(1,251,789)	(1,746,854)
Net profit after income tax attributable to members	13,798,394	18,323,405

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS

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

		2016			2015			
		\$			\$			
	Net profit after income tax	Other comp'sive income	Total	Net profit after income tax	Other comp'sive income	Total		
Listed investments	(457,728)	11,837,546	11,379,818	16,661,885	(16,916,461)	(254,576)		
Private equity and venture capital	3,207,635	1,073,292	4,280,927	1,772,189	410,786	2,182,975		
Property	19,164,948	-	19,164,948	3,924,056	-	3,924,056		
Funds management	324,654	140,041	464,695	566,264	(14,472)	551,792		
Controlled investees	1,798,937	-	1,798,937	1,645,804	-	1,645,804		
Unallocated	(8,988,263)	-	(8,988,263)	(4,499,939)	-	(4,499,939)		
	15,050,183	13,050,879	28,101,062	20,070,259	(16,520,147)	3,550,112		
	======	======	=====	======	(10,020,147)	======		

Listed Investments:

The total contribution to comprehensive income amounted to \$11.4 million (2015: loss of \$0.3 million), which includes both movements in reserves of \$11.8 million (2015: reduction of \$16.9 million) and loss on realised investments of \$0.4 million (2015: profit of \$16.6 million). During the year CVC continued to make acquisitions in listed companies it considers to be undervalued, including an additional investment in Lantern Hotel Group. The result for the year was directly attributed to positive results of a number of investments held during the year including:

- Lantern Hotel Group of \$5.3 million;
- Heritage Brands Limited of \$3.4 million;
- Cyclopharm Limited of \$3.6 million; and
- Afterpay Holdings Limited of \$1.2 million.

Although CVC's investment strategy of being a long term investor in undervalued stocks, in accordance with CVC's policy of impairing investment where there has been a significant reduction in share prices, the contribution by listed investments to CVC's overall performance has been reduced by impairment charge against investments. The total impairment charges raised during the year amounted to \$4.8 million (2015: \$5.8 million). This included impairment in relation to:

- Bionomics Limited of \$2.1 million (share price of \$0.285);
- Prime Media Group Limited of \$0.9 million (share price of \$0.315);
- Mitchell Services Limited of \$0.6 million (share price of \$0.016); and
- MMA Offshore Limited of \$0.7 million (share price of \$0.300).

Distributions received from various investments during the financial year amounted to \$1.0 million (2015: \$2.0 million).

Private Equity:

The total contribution to comprehensive income was \$4.3 million (2015: \$2.2 million) including the results of equity accounted investments. During the year the final tranche of shares were bought back by Ron Finemore Transport Pty Limited for proceeds of \$7.5 million, generating a profit of \$1.2 million. CVC has also made an investment in PAFtec Pty Limited, an Australian patented and developed breathing device manufacturer with significant export earnings and a recent recipient of the prestigious red dot design award.

CVC made a number of smaller investments into earlier stage companies with a view to longer term value creation. CVC continues to seek investment opportunities in private companies, and expects that investment conditions may present more opportunities in the next 12 - 18 months

Green's Foods Holdings Pty Limited (Green's) contributed \$1.7 million to CVC's comprehensive income during the year. In addition dividends amounting to \$3.5 million were received. CVC has explored the sale of it's shareholding in Green's and is of the opinion that the current value of the shareholding is in the range of 20 - 40 million. If the shareholding in Green's was to be sold at the director's assessed value this would generate an increase in the net assets of CVC in the range of 2.2 - 5.0 million and a contribution to profit after tax of approximately 7.9 - 10.7 million.

Property:

Total contribution to comprehensive income was \$19.2 million (2015: \$3.9 million) net of project specific borrowing costs of \$1.9 million. This included interest related income generated from the provision of mezzanine finance facilities of \$12.4 million, exit from property investments of \$4.2 million and profit recognised from the construction of the South Nowra property of \$4.5 million.

During the year CVC sold the South Nowra retail property and completed the development of the site under a development and delivery agreement.

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Property (Continued):

During the year CVC made investments in three new sites: a 15 hectare commercial site in Caboolture, Queensland; an industrial site in East Bentleigh, Victoria and a commercial site in Mooloolaba, Queensland. All projects provide long term development pipelines once rezoning has been achieved of combined retail, commercial and residential uses.

CVC's Donnybrook joint venture, of which CVC holds a 49% share, has entered into a conditional contract to sell 67.9 ha of the 274 ha proposed residential development project for \$34 million. The sale is subject to achieving a Precinct Structure Plan by 6 April 2020. This has significantly improved the joint venture's commercial position and will free up capital to develop the remaining 206 ha of the project. The entire property was purchased by the Donnybrook joint venture in 2014 for \$22.8 million.

CVC continues to progress the planning approval of the Marsden Park North property in conjunction with Mirvac Homes (NSW) Pty Limited, to achieve a residential rezoning. The area has experienced significant growth since CVC acquired the site in 2012, and once the sale of residential lots commence the project is expected to generate significant long term value for CVC. 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 \$10.9 million.

Following the announcement by Woolworths Limited in January 2016 regarding its exit and sale of its Home Improvement businesses, Masters Home Improvement Australia Pty Limited repudiated the Agreement for Lease in relation to the Port Macquarie site on 30 June 2016. Negotiations have failed to produce a satisfactory outcome for CVC and accordingly CVC will seek compensation via a court process.

Funds Management:

The contribution to comprehensive income of this segment was \$0.5 million (2015: \$0.6 million).

Concise Asset Management Limited (Mid Cap Australian Equities Specialist) continues to grow its funds management business and has contributed \$0.5 million to CVC's comprehensive income during the year.

During the year Eildon Capital Limited (formerly CVC Private Equity Limited) completed a restructure to change its focus from private equity investments to a pure property investment focus. The company plans to undertake a capital raising and pursue an ASX listing this year. This will provide shareholders, as well as retail investors, the opportunity to invest directly into a CVC entity that specialises in mezzanine funded projects with the objective of generating higher returns for investors.

CVC is launching a specialist early stage investment fund to be known as Add+Venture, which will seek to enhance our early stage deal flow and provide opportunities for investors to participate in investments in a crowd funding style platform.

Controlled investees

Cellnet Group Limited (ASX: CLT) provided a contribution to comprehensive income of \$1.8 million (2015: \$1.6 million) for the period. The Cellnet Group Limited result was achieved despite difficult trading conditions exacerbated by the closure of Dick Smith Electronics stores. During the second half of the year a number of organic growth opportunities were implemented which are expected to further improve operating performance during the 2017 financial year. Cellnet Group Limited is continuing to seek value enhancing acquisition opportunities.

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.

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

EVENTS SUBSEQUENT TO BALANCE DATE

A final dividend in respect of the year ended 30 June 2016 of 5 cents per share was declared on 30 August 2016 to be paid on 15 September 2016 to those shareholders registered on 5 September 2016.

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 Eildon Capital Limited (formerly CVC Private Equity Limited) and Cellnet Group Limited.

a) Eildon Capital Limited (formerly CVC Private Equity Limited)

Options issued over shares of Eildon Capital Limited (formerly 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 Eildon Capital Limited (formerly 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 Eildon Capital Limited (formerly CVC Private Equity Limited) or any other entity. When exercisable, each option is convertible into one ordinary share.

	Grant Date	Balance at start of the year	Exercised during the year	Buy-back during the year	Balance at the end of the year
ADH Beard	16 Jan 2013	1,200,000	(1,200,000)	-	-
EG Kaplan	16 Jan 2013	1,200,000	(1,200,000)	-	-
JA Hunter	16 Jan 2013	250,000	-	(250,000)	-
		2,650,000	(2,400,000)	(250,000)	-

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.

	Grant Date	Balance at start of the year	Options issued	Other movements	Balance at the end of the year	Vested
ADH Beard EG Kaplan (a)	24 Oct 2014 24 Oct 2014	1,200,000 1,200,000	-	(1,200,000)	1,200,000	1,200,000
		2,400,000		(1,200,000)	1,200,000	1,200,000

⁽a) Elliott Kaplan ceased to be considered to be a member of the key management personnel on 23 November 2015 when he retired as Managing Director of Eildon Capital Limited (formerly CVC Private Equity Limited).

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.

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.

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

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 Eildon Capital Limited (formerly CVC Private Equity Limited), but excludes the remuneration of those key management personnel of Cellnet Group Limited and Eildon Capital Limited (formerly 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 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.

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUTED)

Remuneration of key management personnel (continued):

Remuneration of key management personnel for the year ended 30 June 2016

		Short-term e						
		benefi		Post –		C1		
		Base Salary	STI	employ't benefits		Share- based		
		Fees	Bonus (b)	Super'n	Other	payment	Total	Base %
		\$	\$	\$ \$	\$	\$	10ta1 \$	(a)
Directors								
ADH Beard	2016	355,093	300,000	30,000	31,210	-	716,303	58%
(Managing Director)	2015	353,059	162,784	30,000	34,969	37,140	617,952	68%
JD Read (e)	2016	54,795	-	20,205	-	-	75,000	100%
(Non-Executive Director)	2015	50,000	-	19,555	-	-	69,555	100%
IH Campbell								
(Non-Executive Director)	2016	54,795	-	5,205	-	-	60,000	100%
	2015	13,699	-	1,301	-	-	15,000	100%
VR Gould								
(Chairperson and								
Executive Director until 19	2016	-	-	-	-	-	-	n/a
December 2014) (c)	2015	180,000	-	17,500	9,098	-	206,598	100%
J Ters								
(Executive Director until 16	2016	-	-	-	4.000	-	-	n/a
March 2015)	2015	180,438	-	12,189	4,832	-	197,459	100%
Other Key Management Perso VR Gould (c)	nnel							
(Executive from 19	2016	_	_	_	_	_	_	n/a
December to 31 March 2015)	2015	90,000	-	8,750	6,371	-	105,121	100%
JS Leaver (d)								
(Executive until 31 March	2016	-	-	-	-	-	-	n/a
2015)	2015	274,550	-	26,250	8,020	-	308,820	100%
JA Hunter (f)	2016	290,000	200,000	27,550	-	-	517,550	61%
	2015	72,500	127,020	6,887	-	-	206,407	38%
EG Kaplan (f),(g)	2016	100,000	-	20,833	10,266	-	131,099	100%
	2015	60,000	82,500	6,250	3,865		152,615	46%
	2016	854,683	500,000	103,793	41,476		1,499,952	
	2015	1,274,246	372,304	128,682	67,155	37,140	1,879,527	

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 Executive Officer effective 31 March 2015. Mr Leaver continues act in an advisory role.
- (e) Superannuation received by Mr Read includes amounts paid by CVC Limited and Eildon Capital Limited (formerly 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 in 2015 rows represents remuneration provided since 31 March 2015.
- (g) Elliott Kaplan ceased to be considered to be a member of the key management personnel on 23 November 2015 when he retired as Managing Director of Eildon Capital Limited (formerly CVC Private Equity Limited).

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUTED)

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:

Datalla	Notice Period	Payment in	Treatment of STI on termination	Treatment of LTI
Details	Perioa	neu or notice	termination	on termination
			Unvested awards	Unvested awards
Employer initiated termination	1 month	1 month	forfeited	forfeited
			Unvested awards	Unvested awards
Termination for serious misconduct	None	None	forfeited	forfeited
			Unvested awards	Unvested awards
Employee initiated termination	1 month	1 month	forfeited	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.

	2016 \$	2015 \$	2014 \$	2013 \$	2012 \$
Net profit attributable to members of the parent entity Comprehensive income/(loss) attributable to members	13,798,394	18,323,405	25,383,574	9,290,136	9,133,110
of the parent entity	13,024,484	(16,158,003)	11,858,356	10,690,344	959,714
Total comprehensive income attributable to members of the parent entity	26,822,878	2,165,402	37,241,930	19,980,480	10,092,824
Dividends paid	9,562,623	17,929,938	12,110,681	6,106,557	6,176,414
Shares bought back on market	-	-	2,288,197	878,742	4,164,452
Share price	1.51	1.52	1.42	1.00	0.895
Change in share price	(0.01)	0.10	0.42	0.105	0.035
Net assets per share	1.68	1.55	1.63	1.42	1.30
Change in net assets per share	0.13	(0.08)	0.21	0.12	0.04

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

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

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

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 11.

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

Dated at Sydney 30 August 2016.

ALEXANDER BEARD

Director

JOHN READ Director



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of CVC Limited for the year ended 30 June 2016, 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 respect of CVC Limited and the entities it controlled during the year.

Sydney, NSW 30 August 2016

M D Muller Partner

(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
INCOME FROM CONTINUING OPERATIONS		*	Ψ
Revenue from services		788,346	1,703,890
Fee income		2,318,356	734,499
Contract revenue	9	32,872,733	-
Rental income		161,533	301,124
Net gain on sale of equity investments		-	15,211,432
Interest revenue		12,131,198	7,192,393
Dividend revenue		4,885,546	2,290,043
Recovery of investments in unrelated entities		13,840,567	6,232,638
Recovery of loans in unrelated entities		-	448,898
Sale of goods		77,744,070	83,838,260
Change in fair value of investment properties		-	700,000
Finance income		579,687	1,761,934
Net realised foreign exchange gain		697,616	1,659,115
Other income		552,408	310,525
Total income	4	146,572,060	122,384,751
Share of net profits of associates accounted for using the equity			
method	15	2,605,074	22,059
EXPENSES			
Cost of goods sold		61,202,205	66,868,583
Contract Costs		28,161,174	-
Net loss on sale of equity investments		10,764,969	-
Depreciation expense		482,824	470,019
Amortisation expense		18,519	-
Employee expenses		13,776,733	12,815,603
Finance costs	5	2,308,474	1,825,453
Impairment of listed investments		4,847,376	5,797,512
Impairment of unlisted investments		31,265	1,791,934
Impairment of investments in associated entities		362,000	-
Impairment of loans to associated entities		753,202	1 201 (00
Impairment of loans to unrelated entities		40.00	1,201,608
Impairment of property, plant and equipment		49,985	457,050
Management and consultancy fees		1,171,966	229,800
Operating lease rental	-	941,410	1,026,048
Other expenses	5	7,414,261	8,673,970
Profit before related income tax expense		16,890,771	21,249,230
Income tax expense	6	1,840,588	3,633,677
Net profit from continuing operations		15,050,183	17,615,553
Net profit from discontinued operation	28		2,454,706
Net profit		15,050,183	20,070,259
Net profit attributable to non-controlling interest	25	1,251,789	1,746,854
Net profit attributable to members of the parent entity		13,798,394	18,323,405

The above statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 17 to 70.

(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
		\$	\$
Profit for the year		15,050,183	20,070,259
Other comprehensive income			
Items that may be reclassified to profit or loss			
Investment value increases recognised in other reserves	26	15,637,300	287,128
Amounts transferred from other reserves to income on sale	26	(2,586,421)	(16,807,275)
Other comprehensive income/(loss) for the year, net of tax		13,050,879	(16,520,147)
Total comprehensive income for the year		28,101,062	3,550,112
Attributable to			
Shareholders		26,822,878	2,165,402
Non-controlling interest		1,278,184	1,384,710
		28,101,062	3,550,112
Total comprehensive income/(loss) for the period attributable to members of the parent entity arises from:			
Continuing operations		28,101,062	(113,545)
Discontinued operation		-	2,278,947
		28,101,062	2,165,402
Basic and diluted earnings per share for profit from continuing	_	0.4454	0.1242
operations attributable to the members of the parent entity Basic and diluted earnings per share for profit attributable to the	7	0.1154	0.1342
members of the parent entity	7	0.1154	0.1533

The above statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 17 to 70.

(AND ITS CONTROLLED ENTITIES) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes		
		2016	2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	27	21,673,050	54,456,733
Loans and other receivables	9	80,695,636	47,419,357
Financial assets – "at fair value through profit or loss"	12	2,489,914	2,652,580
Derivative financial instrument	22	143,000	261,000
Investment properties	17	14 202 406	10,094,592
Inventories	13	14,282,496	14,965,524
Current tax assets Other assets	6 14	258 140,215	238,035
Other assets	14	140,213	
		119,424,569	130,087,821
Assets classified as held for sale	11	12,916,653	-
			
Total current assets		132,341,222	130,087,821
NON-CURRENT ASSETS			
Loans and other receivables	9	21,725,495	27,768,088
Financial assets – "available-for-sale"	10	69,331,501	48,678,295
Inventories	13	10,860,450	10,591,070
Investments accounted for using the equity method	15	5,363,372	16,269,678
Property, plant and equipment	16	581,157	970,878
Investment properties	17	13,159,852	6,502,477
Intangible assets	18	52,435	26,816
Deferred tax assets	6	1,989,207	1,774,138
Total non-current assets		123,063,469	112,581,440
TOTAL ASSETS		255,404,691	242,669,261
CURRENT LIABILITIES			
Trade and other payables	19	12,497,426	16,445,452
Interest bearing loans and borrowings	21	3,167,951	1,027,893
Provisions	20	1,184,514	1,055,386
Current tax liabilities	6	2,289,683	689,603
Total current liabilities		19,139,574	19,218,334
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	21	21,571,053	20,433,814
Provisions	20	121,006	216,810
Deferred tax liabilities	6	1,054,077	1,941,519
Total non-current liabilities		22,746,136	22,592,143
TOTAL LIABILITIES		41,885,710	41,810,477
NET ASSETS		213,518,981	200,858,784
EOLUTY			
EQUITY Contributed equity	23	102 646 040	103,646,848
Contributed equity	23	103,646,848 72,766,639	103,646,848 68,530,868
Retained earnings Other reserves	24 26	24,794,268	13,535,731
Total warrant antity interest		201 207 755	105 710 447
Total parent entity interest	0.5	201,207,755	185,713,447
Non-controlling interest	25	12,311,226	15,145,337
TOTAL EQUITY		213,518,981	200,858,784

The above statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 17 to 70.

(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Contributed equity	Retained earnings \$	Asset revaluation	Employee equity benefit \$	Foreign exchange translation \$	Owners of the parent	Non-controlling interest \$	Total \$
At 1 July 2015	103,646,848	68,530,868	7,585,634	5,981,880	(31,783)	185,713,447	15,145,337	200,858,784
Profit for the year Other comprehensive income	-	13,798,394	12,668,844	-	355,640	13,798,394 13,024,484	1,251,789 26,395	15,050,183 13,050,879
Total comprehensive income for the year	<u>-</u>	13,798,394	12,668,844	-	355,640	26,822,878	1,278,184	28,101,062
Transactions with shareholders: Acquisition of interest in controlled entities Disposal of interest in controlled entities Return of capital Dividend paid Share based payment	103,646,848	(9,562,623)	(525,780) (625,510) - - - - 19,103,188	(614,657)		(525,780) (625,510) - (9,562,623) (614,657)	(4,461,055) 1,750,727 (500,000) (1,195,336) 293,369	(4,986,835) 1,125,217 (500,000) (10,757,959) (321,288) 213,518,981
At 30 June 2016	103,646,848	72,766,639	19,103,188	5,367,223	323,857	201,207,755	12,311,226	213,518,981
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 Other comprehensive loss	-	18,323,405	(15,981,372)	(32,708)	(143,923)	18,323,405 (16,158,003)	1,746,854 (362,144)	20,070,259 (16,520,147)
Total comprehensive income/(loss) 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 Transactions with shareholders:	-	-	-	5,631,945	-	5,631,945	-	5,631,945
Acquisition of interest in controlled entities Disposal of interest in controlled entities Return of capital Dividend paid Share based payment	- - - -	- - (17,929,938) -	(136,980) 697,834 - -	- - - 147,255	- - - -	(136,980) 697,834 - (17,929,938) 147,255	(722,412) (1,383,779) (801,304) (1,263,336) 106,226	(859,392) (685,945) (801,304) (19,193,274) 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

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements as set out on pages 17 to 70.

(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

Notes

	Notes		
		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		91,200,796	109,022,091
Cash payments in the course of operations		(94,892,253)	(95,710,983)
Net cash receipts for land held for resale		6,247,695	-
Net cash payments for land held for resale		-	(4,101,130)
Proceeds from disposal of financial assets at fair value through profit or loss		2,035,338	1,241,116
Payments for disposal of financial assets at fair value through profit or loss		(2,139,422)	(1,551,010)
Proceeds on construction contract		2,771,151	-
Interest received		8,885,093	5,826,206
Dividends received		12,972,488	7,893,653
Interest paid		(556,207)	(1,429,017)
Income taxes paid		(1,695,380)	(1,602,960)
Net cash provided by operating activities	27	24,829,299	19,587,966
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure for investment properties		(1,285,066)	(2,500,770)
Payments for property, plant and equipment		(1,283,000)	(190,552)
Payments for investment properties		(5,350,000)	(170,332)
Proceeds from disposal of investment property		8,200,000	_
Payments for equity investments		(54,266,244)	(44,677,984)
Proceeds from disposal of equity investments		42,626,372	72,107,343
Proceeds from transactions with non-controlling interests		-	4,524,432
Acquisition of intangibles		(44,138)	(26,816)
Loans provided		(99,329,419)	(49,713,168)
Loans repaid		64,597,747	30,809,671
Net cash (used in)/provided by investing activities		(44,993,836)	10,332,156
CASH FLOWS FROM FINANCING ACTIVITIES		(20, 627, 070)	(41,000,100)
Repayment of borrowings		(28,627,970)	(41,098,180)
Proceeds from borrowings		30,271,000	35,436,489
Dividends paid		(10,552,026)	(18,547,959)
Payments for share buy-back		(5,631,461)	(552,793)
Proposed from issues of shares		(500,000)	(801,304)
Proceeds from issues of shares		1,723,695	(242 540)
Restructure transaction costs			(242,540)
Net cash used in financing activities		(13,316,762)	(25,806,287)
Net increase in cash and cash equivalents		(33,481,299)	4,113,835
Foreign exchange gain on cash		697,616	1,659,115
Cash and cash equivalents at the beginning of the financial year		54,456,733	48,683,783
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL			
YEAR	27	21,673,050	54,456,733

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 17 to 70.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

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.

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).

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year commencing 1 July that have a material impact on CVC.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period:

(i) AASB 9 Financial Instruments

AASB 9 Financial Instruments was released in December 2014 and is mandatory for periods beginning on or after 1 January 2018. The Standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

CVC has yet to undertake a detailed assessment of the classification and measurement of financial assets. The financial assets held by the group include:

- Equity instruments currently classified as "available-for-sale" for which a fair value through other comprehensive income election is available;
- Equity instruments currently measured "at fair value through profit or loss" which would likely continue to be measured on the same basis under the standard;
- Loans and receivables currently measured at amortised cost using the effective interest rate method which would likely continue to be measured on the same basis under the standard.

Accordingly CVC does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under AASB 139. While CVC has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of CVC's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(ii) AASB 15 Revenue from contracts with customers

AASB 15 *Revenue from contracts with customers* was released in October 2015 and is mandatory for periods beginning on or after 1 January 2018. 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 does not expect the new standard to have any material impact on the timing of recognition of its revenues in the initial period of application.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.2 Statement of Compliance

(iii) AASB 16 Leases

AASB 16 *Leases* was released in February 2016 and is mandatory for periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis; and
- Lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

Although the directors anticipate that the adoption of AASB 16 may have an impact on CVC's accounting for operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

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 2016 ("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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.3 Principles of Consolidation (Continued)

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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.6 Income Tax and Other Taxes (Continued)

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 cost 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 - 45 day terms.

1.9 Trade and Other Receivables

Trade and other receivables, which generally have 30 - 120 day terms, are stated at their amortised cost less impairment losses. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that CVC will not be able to collect the receivable.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

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 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.13 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.

1.14 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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.15 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.

1.16 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.

Fee Income

Fees and commissions that relate to the execution of a significant act (for example, advisory or arrangement services, placement fees and underwriting fees) are recognised when the significant act has been completed.

Fees charged for providing ongoing services (for example, managing and administering existing facilities and funds) are recognised as income over the service period.

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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.16 Revenue and Revenue Recognition (Continued)

Construction contract

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

1.17 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".

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.

1.18 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.

1.19 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.

1.20 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.

1.21 Comparative Figures

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

1.22 Segment Reporting

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

1.23 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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

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:

Companies incorporated in Australia:					
		t Held by	Interest Held by non-		
	Consolid	ated Entity	controlli	ng interests	
	2016	2015	2016	2015	
	%	%	%	%	
CVC Limited					
Direct Controlled Entities:					
AddVenture Pty Limited	100	-	-	-	
Biomedical Systems Pty Limited	100	100	-	-	
CVC Alternate Funding Pty Limited	100	100	-	-	
CVC Bentleigh (Loan) Pty Limited	100	-	-	-	
CVC Bentleigh (Developer) Pty Limited	100	-	-	-	
CVC Caboolture Unit Trust	60	-	40	-	
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 Litigation Funding Pty Limited	100	100	-	-	
CVC Managers Pty Limited	100	100	-	-	
CVC Masters Unit Trust	50	50	50	50	
CVC Mezzanine Finance Pty Limited	100	100	-	-	
CVC Nepean Pty Limited	100	100	-	-	
CVC (Newcastle) Pty Limited	100	100	-	-	
CVC Property Investments Pty Limited	100	100	-	-	
CVC Reef Investment Managers Pty Limited	100	100	-	-	
CVC Renewables Pty Limited	94	94	6	6	
CVC Sustainable Investments Limited	-	100	-	-	
CVC Sustainable Investments No.2 Limited	-	100	-	-	
CVC Wagga Wagga Pty Limited	100	100	-	-	
CVC Wagga Wagga Unit Trust	50	50	50	50	
Cellnet Group Limited	58	55	42	45	
Eildon Capital Limited (formerly CVC Private Equity					
Limited)	67	63	33	37	
Eildon Funds Management Limited (formerly CVC					
Property Managers Limited)	100	100	-	-	
Greens IPO SALECO	100	100	-	-	
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	
P2P Investments Pty Limited	100	100	-	-	
Renewable Energy Managers Pty Limited	100	100	-	-	
Stinoc Pty Limited	99	99	1	1	
The Eco Fund Pty Limited	100	100	-	-	

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.1 Composition of Consolidated Group (Continued)

		Held by Ited Entity		eld by non- g interests
	2016	2015	2016	2015
Controlled Entities jointly owned by CVC Renewables Pty Limited	l and CVC Ree	ef Investment M	lanagers:	
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	100	-	-

2.2 Acquisition and disposals of Business Operations

(a) 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 entitled 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.

(b) 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. The companies were deregistered during the year.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

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 Eildon Capital Limited (formerly 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 Caboolture Unit Trust, 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 \$12,311,226 (2015: \$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 Caboolture Unit Trust: a commercial property development in Caboolture, Queensland.

CVC Masters Unit Trust: commercial property developments in South Nowra and Port Macquarie, New South Wales.

Eildon Capital Limited (formerly CVC Private

Equity Limited): investment company with a focus on Australian property investments.

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

Marsden Park Development Trust: a residential property development in Riverstone, New South Wales.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.3 Interest in material subsidiaries (Continued)

(b) Information on subsidiaries (Continued):

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.

			Eildon Ćapi	tal Limited	O					,		1)		
	Cellnet Group Limited		(CVC Priva Limi	1 ,	Marsde Developm		CVC Caboolt Trust		iLiv CVC Ro Tro		CVC Master	rs Unit Trust	CVC Prope	erty Fund
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015(a)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Summarised balance sheet														
Current assets	20,566,000	20,125,000	17,386,357	11,447,813	753,534	49,985	48,535	-	5,335,164	6,446,577	5,391,184	8,689,014	-	-
Current liabilities	8,196,000	8,389,000	732,178	846,684	683,961	46,055	7,123,328		1,934,640	2,046,054	717,849	13,390		
Current net assets	12,370,000	11,736,000	16,654,179	10,601,129	69,573	3,930	7,074,793		3,400,524	4,400,523	4,673,335	8,675,624		
Non-current assets	1,204,000	1,336,000	1,139,676	7,549,612	10,860,450	10,591,070	6,329,406	_	-	-	10,696,028	6,502,477	-	-
Non-current liabilities	18,000	93,000	786,902	787,905	11,465,241	10,374,594	-	-	-	-	-	-	-	-
Non-current net assets	1,186,000	1,243,000	352,774	6,761,707	(604,791)	216,476	6,329,406	_	-	-	10,696,028	6,502,477		
Net assets	13,556,000	12,979,000	17,006,953	17,362,836	(535,218)	220,406	745,387	-	3,400,524	4,400,523	15,369,363	15,178,101	-	-
Accumulated NCI	5,627,315	5,901,778	5,280,325	6,926,974	(589,524)	(394,320)	(298,155)	-	1,699,742	2,199,742	20,369	(11,763)	-	-
Summarised statement of co	mprehensive i	income												
Revenue Profit/(loss) for the	75,154,000	78,268,000	3,324,009	2,337,679	516,362	266,364	90,953	-	2,173,253	6,012,291	34,469,125	-	-	3,172,794 1,738,908
period	1,748,000	1,649,000	2,031,172	375,686	(605,625)	(347,501)	(745,487)	-	380,710	1,173,230	6,017,400	(18,340)		
Other comprehensive income	13,000	(186,000)	(19,911)	(326,274)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	1,761,000	1,463,000	2,011,261	49,412	(605,625)	(347,501)	(745,487)		380,710	1,173,230	6,017,400	(18,340)		1,738,908
Profit/(loss) allocated to NCI	764,895	1,129,709	719,476	(58,869)	(223,391)	(118,150)	(298,195)	-	209,390	645,315	32,132	(9,170)	-	175,759

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.3 Interest in material subsidiaries (Continued)

(b) Information on subsidiaries (Continued):

			Eildon Capi		34 1	D 1	07/0.0.1 1		'I' CUCD	11 .					
	Cellnet Group Limited		(CVC Private Equity Limited)		Marsden Park Development Trust		CVC Caboolture Unit Trust		iLiv CVC Rockhampton Trust		CVC Masters Unit Trust		CVC Pro	CVC Property Fund	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015(a)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Dividends paid to NCI	231,306	-	732,787	618,021	-	-	-	-	209,390	645,315	-	-	-	-	
Summarised cash flows															
Cash flows from/(used in) operating activities	481,000	5,785,000	4,376,942	1,723,576	203,123	(117,849)	(6,299,676)	_	991,173	3,646,902	9,115,506	(3,677,609)	-	1,956,348	
Cash flows (used	,,,,,,	.,,	,,-	, -,	,	(, ,	(1, 11, 11, 11, 11, 11, 11, 11, 11, 11,		, ,	-,,	., .,	(=,= ,===,		,,-	
in)/from investing activities	(172,000)	(193,000)	(6,430,861)	(3,006,364)	-	_	_	_	-	_	-	_	_	(4,865)	
Cash flows (used	(17 = 1,000)	(150,000)	(0)100)001)	(5,000,501)										(1,000)	
in)/from financing activities	(1,095,000)	(5,715,000)	(5,377,289)	(2,215,475)	498,926	117,319	6,309,506	_	(1,473,385)	(3,168,731)	(8,343,334)	3,684,757		(1,942,540)	
Net foreign exchange	(1,093,000)	(3,7 13,000)	(3,311,203)	(2,213,473)	470,720	117,517	0,307,300		(1,475,565)	(5,100,751)	(0,040,004)	3,004,737		(1,542,540)	
differences	(176,000)	(55,000)	-	-	-	-	-	-	-	-	-	-	-	-	
Net (decrease)/increase															
in cash and cash															
equivalents	(962,000)	(178,000)	(7,431,208)	(3,498,263)	702,049	(530)	9,830		(482,212)	478,171	772,172	7,148		8,943	

⁽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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.3 Interest in material subsidiaries (Continued)

(c) Transactions with non-controlling interests:

(i) Cellnet Group Limited

In March 2016, Cellnet Group Limited bought back and cancelled 2,050,000 shares for \$370,845 and issued 363,666 shares for no consideration. As a result, CVC increased its holding in Cellnet Group Limited by 2%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Cellnet Group Limited was \$5,910,477. CVC recognised a decrease in non-controlling interest of \$390,057 and a decrease in equity attributable to owners of the parent of \$19,212.

In September 2015, Cellnet Group Limited bought back and cancelled 2,074,800 shares for \$375,331. As a result, CVC increased its holding in Cellnet Group Limited by 2%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Cellnet Group Limited was \$5,853,399. CVC recognised a decrease in non-controlling interest of \$417,554 and a decrease in equity attributable to owners of the parent of \$42,223.

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.

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

	2016 \$	2015 \$
Carrying amount of non-controlling interests acquired Consideration paid to non-controlling interests	807,611 (746,176)	156,808 (169,012)
Discount/(excess) of consideration paid recognised in the transactions with non-controlling interests reserve within equity	61,435	(12,204)

(ii) Eildon Capital Pty Limited (formerly CVC Private Equity Limited)

In January 2016, 400,000 options were exercised for \$260,000. As a result, CVC decreased its holding in Eildon Capital Pty Limited (formerly CVC Private Equity Limited) by 2%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Eildon Capital Pty Limited (formerly CVC Private Equity Limited) was \$4,811,382. CVC recognised an increase in non-controlling interest of \$353,062 and a decrease in equity attributable to owners of the parent of \$93,062.

On 22 December 2015, Eildon Capital Pty Limited (formerly CVC Private Equity Limited) bought back and cancelled 3,880,077 shares and 500,000 options for \$4,838,420. As a result, CVC increased its holding in Eildon Capital Pty Limited (formerly CVC Private Equity Limited) by 13%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Eildon Capital Pty Limited (formerly CVC Private Equity Limited) was \$9,292,900. CVC recognised a decrease in non-controlling interest of \$4,208,130 and a decrease in equity attributable to owners of the parent of \$630,290.

In October 2015, 2,250,000 options were exercised for \$1,462,500. As a result, CVC decreased its holding in Eildon Capital Pty Limited (formerly CVC Private Equity Limited) by 7%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Eildon Capital Pty Limited (formerly CVC Private Equity Limited) was \$7,380,493. CVC recognised an increase in non-controlling interest of \$1,994,948 and a decrease in equity attributable to owners of the parent of \$532,448.

On 4 August 2014, Eildon Capital Pty Limited (formerly CVC Private Equity Limited) bought back and cancelled 608,253 shares for \$552,793. As a result, CVC increased its holding in Eildon Capital Pty Limited (formerly CVC Private Equity Limited) by 2%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Eildon Capital Pty Limited (formerly 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	1,860,120	588,680
Consideration paid to non-controlling interests	(3,115,920)	(552,793)
(Excess)/discount of consideration paid recognised in the transactions with		
non-controlling interests reserve within equity	(1,255,800)	35,887

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 3: PARENT COMPANY INFORMATION

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

i) STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
INCOME	\$	\$
INCOME		11 042 125
Net gain on sale of equity investments Interest revenue	4,082,944	11,043,135 5,656,704
Dividend revenue	18,536,833	14,231,316
Recovery of investment in controlled entities	10,330,033	6,986,840
Recovery of investment in unrelated entities	12,414,820	5,486,487
Recovery of loans to unrelated entities	12,414,020	48,898
Finance income	289,843	880,967
Fee income	46,923	244,499
Other income	21,552	244,477
Outer meonic		
Total income	35,392,915	44,578,846
EMPENSES		
EXPENSES	0.64=044	
Net loss on sale of equity investments	9,647,841	-
Impairment of listed investments	4,530,803	4,718,198
Impairment of unlisted investments	2 402 026	1,659,545
Impairment of loans to controlled entities	3,492,836	3,133,242
Impairment of loans to other entities		1,201,608
Management and consultancy fees	7,127,461	7,198,557
Finance costs	5,656,605	16,227,055
Other expenses	959,217	1,429,468
Profit before related income tax expense	3,978,152	9,011,173
Income tax benefit	(1,538,631)	(4,751,465)
Net profit	5,516,783	13,762,638
Other comprehensive income Items that may be reclassified to profit or loss		
Investment value increase/(decrease) recognised in other reserves Amounts transferred from other reserves to other comprehensive income on	7,636,629	(1,511,917)
sale	(266,689)	(18,266,628)
Other comprehensive income/(loss) for the year, net of tax	7,369,940	(19,778,545)
Total comprehensive income/(loss) for the year	12,886,723	(6,015,907)

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 3: PARENT COMPANY INFORMATION (CONTINUED)

ii) STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS Cash and cash equivalents Loans and other receivables Financial assets – "at fair value through profit or loss" Other assets 17,786,316 Assets classified as held for sale Total current assets NON-CURRENT ASSETS Loans and other receivables Financial assets – "available-for-sale" \$\$ \$\$ CURRENT ASSETS Loans and other receivables Financial assets – "available-for-sale" \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$\$ \$	15 \$
Cash and cash equivalents 14,130,360 41,357,85 Loans and other receivables 1,008,111 3,497,33 Financial assets – "at fair value through profit or loss" 2,471,606 2,145,85 Other assets 176,239 129,06 Assets classified as held for sale 311,936 47,130,15 Total current assets 18,098,252 47,130,15 NON-CURRENT ASSETS 10,751,207 44,954,55 Loans and other receivables 70,751,207 44,954,55	Ф
Loans and other receivables 1,008,111 3,497,33 Financial assets – "at fair value through profit or loss" 2,471,606 2,145,83 Other assets 176,239 129,00 Assets classified as held for sale 311,936 47,130,19 Total current assets 18,098,252 47,130,19 NON-CURRENT ASSETS 10,751,207 44,954,50 Loans and other receivables 70,751,207 44,954,50	2/
Financial assets – "at fair value through profit or loss" 2,471,606 2,145,88 Other assets 176,239 129,00 17,786,316 47,130,19 Assets classified as held for sale 311,936 Total current assets 18,098,252 47,130,19 NON-CURRENT ASSETS Loans and other receivables 70,751,207 44,954,50	
Other assets 176,239 129,00 17,786,316 47,130,19 Assets classified as held for sale 311,936 Total current assets 18,098,252 47,130,19 NON-CURRENT ASSETS 20,751,207 44,954,50 Loans and other receivables 70,751,207 44,954,50	
Assets classified as held for sale Total current assets 18,098,252 47,130,19 NON-CURRENT ASSETS Loans and other receivables 70,751,207 44,954,56	
Total current assets 18,098,252 47,130,19 NON-CURRENT ASSETS 44,954,58 Loans and other receivables 70,751,207 44,954,58	- 93
NON-CURRENT ASSETS Loans and other receivables 70,751,207 44,954,56	-
Loans and other receivables 70,751,207 44,954,56	-
	_
Financial assets – "available-for-sale" 89,931,356 74,020,30	39
)8
Total non-current assets 160,682,563 118,974,89	— ∂7
TOTAL ASSETS 178,780,815 166,105,09	-
CURRENT LIABILITIES	_
Trade and other payables 817,205 6,511,4.	17
Current tax liabilities 1,589,120 403,00	
Total current liabilities 2,406,325 6,914,45	55
NON-CURRENT LIABILITIES	_
Trade and other payables 62,400,891 48,541,13	36
Total non-current liabilities 62,400,891 48,541,13	36
TOTAL LIABILITIES 64,807,216 55,455,59	- }1
NET ASSETS 113,973,599 110,649,49	- -
	_
EQUITY	
Contributed equity 103,646,845 103,646,845 103,646,845	
Retained earnings (377,494) 3,668,34	
Other reserves 10,704,248 3,334,30)8 —
TOTAL EQUITY 113,973,599 110,649,49) 9

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

	2016	2015
NOTE 4: INCOME	\$	\$
Rental income		
Unrelated entities	161,533	301,124
Revenue from services	101,333	301,124
Unrelated entities	788,346	1,703,890
Fee income	700,540	1,703,070
Unrelated entities	2,318,356	734,499
Net gain on sales of equity investments	2,310,330	15,211,432
Interest		10,211,102
Associated entities	2,741,957	11,558
Unrelated entities	9,389,241	7,180,835
Dividends	3,003,211	7,100,000
Related entities	1,214,798	1,601,822
Unrelated entities	3,670,748	688,221
Sale of goods	77,744,070	83,838,260
Change in fair value of investment properties		700,000
Contract Revenue	32,872,733	-
Finance income	579,687	1,761,934
Impairment recoveries	273,007	1). 01).01
Recovery of investments in unrelated entities	13,840,567	6,232,638
Recovery of loans in unrelated entities	-	448,898
Net realised foreign exchange gain	697,616	1,659,115
Other revenue	552,408	310,525
outer revenue		
Total income	146,572,060	122,384,751
		
NOTE 5: PROFIT BEFORE INCOME TAX EXPENSE		
Profit before income tax expense has been arrived at after char	ging the following items:	
Finance costs:		
Related entities	661,620	733,502
Other entities		
Interest and finance charges paid/payable for financial		
liabilities not at fair value through profit or loss	1,646,854	1,091,951
Total finance costs expensed	2,308,474	1,825,453
Other expenses:		
Audit fees	348,910	355,622
Directors fees	192,711	464,203
Insurance	344,221	370,263
Legal costs	259,111	275,179
Travel and accommodation	629,263	616,888
All other expenses	5,640,045	6,591,815
Total other expenses	7,414,261	8,673,970
-		

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

	2016 \$	2015 \$
IOTE 6: INCOME TAX		
1 Income Tax Expense:		
Profit from continuing operations before income tax expense	16,890,771	21,249,230
Profit from discontinued operation before income tax expense		(434,102)
Accounting profit before income tax	16,890,771	20,815,128
Income tax expense at the statutory income tax rate of 30%	5,067,231	6,244,538
Increase in income tax expense due to:		
Sundry items Trust losses not deductible	82,640 380,232	161,930 -
Decrease in income tax expense due to: Dividends received	(2.417.420)	(1.057.541)
Trust profit not assessable	(2,417,439) (82,096)	(1,857,541) (937,202)
Effect of lower tax rate in New Zealand (28%)	(1,414)	(9,548)
Tax losses previously not recognised utilised	(620,626)	(286,455)
Tax losses not recognised	1,806,075	-
Net deferred tax not recognised	(2,572,063)	(2,657,749)
	1,642,540	657,973
Adjustments in respect of current income tax of previous years (a)	198,048	86,896
Income tax expense	1,840,588	744,869
The major components of income tax expense are:		
Current income tax charge	2,759,373	1,175,263
Deferred income tax	(1,116,833)	(517,290)
Adjustments in respect of current income tax of previous years (a)	198,048	86,896
Income tax expense reported in the statement of financial performance	1,840,588	744,869
Income tax expense is attributable to:		
Profit from continuing operations	1,840,588	3,633,677
Profit from discontinued operation	-	(2,888,808)
Aggregate income tax expense	1,840,588	744,869
a) The adjustment in respect of current income tax includes an under/(over) provision	n on tax liability arising	g from the 2015 inc
tax year.		
2 Current Tax Assets:		
Income tax receivable:		
Balance at the end of the year	258	-
.3 Current Tax Liabilities:		
Income tax payable:		

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 6: INCOME TAX (CONTINUED)

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 2016			
Provisions and accrued expenses	756,958	-	756,958
Impairment expenses	7,585,928	-	7,585,928
Share raising costs	-	143,716	143,716
Equity accounted investments	2,596,578	-	2,596,578
Property, plant and equipment	164,404	-	164,404
Other	79,810	-	79,810
Tax losses	6,479,992	-	6,479,992
Deferred tax assets not recognised	(15,816,929)	(1,250)	(15,818,179)
	1,846,741	142,466	1,989,207
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
Deferred Tax Liabilities Deferred income tax at 30 June related to the follow	ving deferred tax liabilities	::	
Year ended 30 June 2016			
"Available-for-sale" investments	7,704,994	-	7,704,994
Receivables	10,416	-	10,416
Equity accounted income	11,464,940	-	11,464,940
Intangible assets	21,000	-	21,000
Gain on acquisition	405,247	-	405,247
Other Deferred tax liabilities not recognised	366 (18,552,886)	-	366 (18,552,886)
	1,054,077		1,054,077
	=======================================		
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

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 6: INCOME TAX (CONTINUED)

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

	2016 \$	2015 \$
Basic and diluted earnings per share		
From continuing operations attributable to the members of the parent entity	0.1154	0.1342
From discontinued operations attributable to the members of the parent entity	-	0.0191
Total basic and diluted earnings per share attributable to the members of the parent		
entity	0.1154	0.1533
Reconciliation of earnings used in the calculation of earnings per share:		
Profit after income tax from continuing operations	15,050,183	17,615,553
Less: non-controlling interest in continuing operations	1,251,789	1,571,095
Net profit from continuing operations attributable to members of the parent entity	13,798,394	16,044,458
Profit after income tax from discontinued operation	_	2,454,706
Less: non-controlling interest in discontinued operation	-	175,759
Net profit from discontinued operation attributable to members of the parent entity	-	2,278,947
Net profit attributable to members of the parent entity	13,798,394	18,323,405
	Number of	Shares
Weighted average number of ordinary shares – Basic and Diluted	119,532,788	119,532,788
Number of shares on issue at the end of the year	119,532,788	119,532,788

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

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
2016 Interim dividend on ordinary share	s 5.00	5,976,639	8 March 2016	30%	100%
2015 Final dividend on ordinary shares	3.00	3,585,984	11 September 2015	30%	100%
2015 Special dividend on ordinary share	s 10.00	11,953,279	27 May 2015	30%	100%
2015 Interim dividend on ordinary share	s 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%

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 2016 of 5 cents per share was declared on 30 August 2016 to be paid on 15 September 2016 to those shareholders registered on 5 September 2016.

	The Company		
	2016	2015	
	\$	\$	
Dividend franking account			
Franking credits available to shareholders for subsequent financial years	12,555,079	12,843,599	

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.

NOTE 9: LOANS AND OTHER RECEIVABLES

Current		
Trade receivables	11,316,274	9,815,080
Allowance for impairment loss	(65,841)	(104,486)
Amounts due from customers for contract work	4,122,719	-
Other receivables and prepayments	663,569	11,641,623
Loans to associated entities	12,811,326	-
Loans to other corporations	51,847,589	26,372,019
Impairment of loans to other corporations	-	(304,879)
		
	80,695,636	47,419,357
Loans to associated entities Loans to other corporations	12,811,326 51,847,589 	26,372,019 (304,879)

Trade and other receivables includes a retention of \$4,122,719 (2015: nil) relating to a construction contract in progress.

Non-current		
Loans to associated entities	17,257,809	12,411,823
Loans to other corporations	4,467,686	16,557,873
Impairment of loans to other corporations		(1,201,608)
	21,725,495	27,768,088

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 9: LOANS AND OTHER RECEIVABLES (CONTINUED)

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.

		2016	2015	
		\$	\$	
Movements in the provision for impairment loss were as follows:				
Carrying amount at the beginning of the year		104,486	58,657	
Receivables written off during the year as uncollectible		(82,647)	(20,495)	
Provision for impairment recognised during the year		44,002	66,324	
Carrying amount at the end of the year		65,841	104,486	
The ageing analysis of the trade receivables is as follows:				
Total Not past due days (0 – 30 31 – PDNI) days (PDN			+60 days (CI)

PDNI – Past due not impaired CI – Considered impaired

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.

2016 \$	2015 \$
*	*
1,506,487	353,777
753,202	1,201,608
(2,259,689)	-
-	(48,898)
-	1,506,487
	\$ 1,506,487 753,202

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

9.3 Construction contract

On the balance sheet, CVC reports the net contract position as an asset. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings. The net balance sheet position for ongoing construction contract relates to:

The aggregate costs incurred and recognised profits (less recognised		
losses) to date	32,872,733	-
Less: Progress billings	(28,750,014)	-
Net balance sheet position for ongoing contracts	4,122,719	-

Measurement of construction contract revenue and expense

CVC uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 10: FINANCIAL ASSETS – "AVAILABLE-FOR-SALE"	2016 \$	2015 \$
Non-current		
Shares in listed corporations – at market value	58,338,703	41,062,295
Other investments – at cost	8,771,869	7,080,936
Impairment of other investments – at cost	(250,000)	(683,821)
Public unlisted investments – at market value	1,381,992	1,218,885
Other investments – at market value	1,088,937	
	69,331,501	48,678,295

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, Cyclopharm Limited, Heritage Brands Ltd, Lantern Hotel Group, MMA Offshore Limited, Mitchell Services Limited, Primary Opinion Limited, Spicers Limited, 360 Capital Total Return Fund, Universal Biosensors Inc, 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 \$250,000 (2015: \$683,821).

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 \$1,088,937 (2015: nil) has been determined by using the fair value approach. The most recent capital raising undertaken was considered to an appropriate indication for the fair value of the investment.

NOTE 11: ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets held for sale		
Shares in unlisted corporation	12,916,653	-

In June 2016, the directors of CVC decided to sell its shareholding in Green's Foods Holdings Pty Limited. The sale is expected to be completed before December 2016. The holding is presented within total assets of the Private Equity and Venture Capital segment in note 31.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

	2016	2015
	\$	\$
NOTE 12: FINANCIAL ASSETS – "AT FAIR VALUE THROUGH PR	OFIT OR LOSS"	
Current		
Shares in listed corporations – at market value	2,489,914	2,652,580
NOTE 13: INVENTORIES		
Current		
Stock on hand	9,455,086	8,347,883
Provision for obsolescence	(487,051)	(257,200)
Land and development held for resale	5,314,461	6,874,841
Total inventories at the lower of cost and net realisable value	14,282,496	14,965,524
Non-current		
Land and development held for resale	10,860,450	10,591,070

Inventories recognised as an expense for the year ended 30 June 2016 totalled \$61,202,205 (2015: \$66,868,583). 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 CVC's investment in the Land and development held for resale at Lot 11 Richards Road, Riverstone New South Wales is \$40 million compared to a carrying value of \$10,860,450.

NOTE 14: OTHER ASSETS

140,215 ————————————————————————————————————	238,035
QUITY METHOD	
3,486,434	-
1,876,938	16,269,678
5,363,372	16,269,678
	QUITY METHOD 3,486,434 1,876,938

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.

- Concise Asset Management Limited

The carrying value of Concise Asset Management Limited has been calculated as \$1,125,489 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.

- JAK Investment Group Pty Limited

The carrying value of JAK Investment Group Pty Limited has been calculated as \$352,654 based on the net asset backing methodology, using the most recent reports provided by the trust. Refer note 36.6.

- LAC Unit Trust

The carrying value of LAC Unit Trust has been calculated as \$398,695 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.

- MAKE EBRB Dev Nominee Pty Ltd

The carrying value of MAKE EBRB Dev Nominee Pty Ltd has been calculated as \$3,486,434 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.1 Details of material interests in investments accounted for using the equity method are as follows:

			Ownership Interest Consolidated		ing Amount dated	Dividend Received Consolida	
		2016	2015	2016	2015	2016	2015
		%	%	\$	\$	\$	\$
Associated entities							
Concise Asset Management Limited	Ords	42.0	42.0	1,125,489	1,081,096	231,000	210,064
Green's Foods Holdings Pty Limited (b)	Ords	43.5	43.5	-	14,660,528	3,480,788	2,623,529
JAK Investment Group Pty Ltd (c)	Ords	40.0	50.0	352,654	168,054	261,000	105,000
Turrella Property Unit Trust (formerly Ryedale Road Trust) (a)	Ords	50.0	50.0	-	-	-	206,484
Londonderry Road Trust	Ords	30.0	30.0	-	-	646,529	-
LAC Unit Trust	Ords	33.3	-	398,695	-	-	-
LAC JV Pty Ltd	Ords	33.3	-	100	-	-	-
Donnybrook JV Pty Ltd	Ords	49.0	49.0	-	-	-	-
Urban Properties Pty Limited	Ords	33.3	33.3	-	360,000	-	-
Urban Properties Cairns Pty Limited	Ords	20.0	20.0	-	-	-	-
Urban Properties Centenary Pty Limited	Ords	20.0	20.0	-	-	-	-
Mooloolaba Wharf Holding Company Pty Limited (a)	Ords	50.0	-	-	-	-	-
BioPower Systems Pty Limited	Ords	25.1	25.1	-	-	-	-
Joint Ventures							
MAKE EBRB Dev Nominee Pty Ltd (a)	Ords	50.0	-	3,486,434	-	-	-
MAKE 246 EBRB Pty Ltd (a)	Ords	50.0	-				
				5,363,372	16,269,678	4,619,317	3,145,077

⁽a) Turrella Property Unit Trust (formerly Ryedale Road Trust), Mooloolaba Wharf Holding Company Pty Limited, MAKE EBRB Dev Nominee Pty Ltd and MAKE 246 EBRB Pty Ltd are not considered to be controlled entities of CVC as management of each entity is controlled by the holders of the remaining 50%.

⁽b) In June 2016, the directors of CVC decided to sell its shareholding in Green's Foods Holdings Pty Limited. The investment was reclassified to Assets Classified as Held for Sale during the year.

⁽c) JAK Investment Group Pty Ltd was not considered to be a controlled entity of CVC during the 2015 financial year as management of the company was controlled by the holders of the remaining 50%.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.2 Information on investments accounted for using the equity method:

				- •
Asso	ctat	hot	enti	tipe

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.

Turrella Property Unit Trust

(formerly Ryedale Road Trust) - a residential property development in Turrella, New South Wales.

Londonderry Road Trust - a residential property development in Londonderry, New South Wales.

LAC Unit Trust - a residential property development in Moorebank, New South Wales.

LAC JV Pty Ltd - trustee of LAC Unit Trust.

Donnybrook JV Pty Ltd - 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.

Mooloolaba Wharf Holding Company

Pty Limited - the landowner of "The Wharf Mooloolaba", Parkland Parade and River Esplanade in Mooloolaba, Queensland.

BioPower Systems Pty Limited - a renewable energy technology company.

Joint Ventures

MAKE EBRB Dev Nominee Pty Ltd - a residential property development in East Bentleigh, Victoria.

MAKE 246 EBRB Pty Ltd - the landowner of 240-246 East Boundary Rd, East Bentleigh, Victoria, the property held for the purpose of a residential development

by MAKE EBRB Dev Nominee Pty Ltd.

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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.3 Reconciliations:

Movements in the carrying amount of the investments accounted for using the equity method are as follows:

	Joint Venture	As	ssociated entities Concise Asset		
	MAKE EBRB Dev	Green's Foods	Management	Other Entities	
	Nominee Pty Ltd	Holdings Pty Limited	Limited	(a)	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2016					
Balance at the beginning of the year	-	14,660,528	1,081,096	528,054	16,269,678
New interests acquired	4,000,000	-	-	400,795	4,400,795
Sale of investments	-	-	-	(14,205)	(14,205)
Share of profits before tax	(513,566)	3,723,558	393,418	1,322,334	4,925,744
Share of tax expenses	-	(1,986,645)	(118,025)	(216,000)	(2,320,670)
Dividend paid	-	(3,480,788)	(231,000)	(907,529)	(4,619,317)
Impairment	-	-	-	(362,000)	(362,000)
Reclassification of investments	-	(12,916,653)	-	-	(12,916,653)
Balance at the end of the year	3,486,434	-	1,125,489	751,449	5,363,372
Year ended 30 June 2015					
Balance at the beginning of the year	_	13,316,753	800,997	208,630	14,326,380
Share of profits before tax	-	(906,220)	700,233	741,669	535,682
Share of tax expenses	-	(192,792)	(210,070)	(110,761)	(513,623)
Share of 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

Notes:

⁽a) Other entities include JAK Investment Group Pty Ltd, Donnybrook JV Pty Limited, Urban Properties Pty Limited, Turrella Property Unit Trust (formerly Ryedale Road Trust), Londonderry Road Trust, Urban Properties Cairns Pty Limited, Urban Properties Centenary Pty Limited, LAC Unit Trust, LAC JV Pty Ltd, Mooloolaba Wharf Holding Company Pty Limited, MAKE 246 EBRB Pty Ltd and BioPower Systems Pty Limited.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.4 Summarised financial information for investments accounted for using the equity method

The table below provide summarised financial information for those investments accounted for using the equity method that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant investments accounted for using the equity method 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.

			Green's Foods I	Holdings Pty	Concise Asset M	lanagement
	MAKE EBRB Dev Nom	inee Pty Ltd	Limit	ed	Limite	d
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Summarised balance sheet						
Current assets	9,647	-	-	58,041,130	1,885,995	2,122,323
Current liabilities	121,088	-		77,381,000	380,579	723,833
Current net assets	(111,441)	-	-	(19,339,870)	1,505,416	1,398,490
Non-current assets	26,627,144	-	-	57,303,000	21,885	23,115
Non-current liabilities	19,542,835	-	-	2,128,000	-	
Non-current net assets	7,084,309			55,175,000	21,885	23,115
Net assets	6,972,868	-	-	35,835,130	1,527,301	1,421,605
Reconciliation to carrying amor	unts:					
Opening net assets 1 July	-	-	-	32,744,330	1,421,605	777,835
Shares issued	8,000,000	-	-	-	· · ·	, -
(Loss)/profit for the period	(1,027,132)	-	-	(2,526,464)	655,696	1,143,770
Movement in option reserve	-	-	-	12,947,000	-	-
Dividend paid	-	-	-	(6,029,736)	(550,000)	(500,000)
Return of capital	-	-	-	(1,300,000)	-	-
Closing net assets	6,972,868	-	-	35,835,130	1,527,301	1,421,605
Group's share - percentage	50%	_	(a)	43.5%	42%	42%
Group's share - dollars	3,486,434	_	-	15,588,282	641,466	597,074
Adjusted to market value	-	_	_	-	484,022	484,022
Discount on acquisition	-	-	-	(927,754)	-	-
Carrying amount	3,486,434			14,660,528	1,125,488	1,081,096
Comment of statement of some	and and ive in some					
Summarised statement of comp Revenue	882,206		210,552,000	192,384,000	2,811,156	3,356,700
(Loss)/profit for the period		-	3,991,999			
Other comprehensive income	(1,027,132)	-	3,991,999	(2,526,464)	655,696 -	1,143,770 -
Total comprehensive income	(1,027,132)		3,991,999	(2,526,464)	655,696	1,143,770
Dividends received			3,480,788	2,623,529	231,000	210,064

⁽a) In June 2016, the directors of CVC decided to sell its holding in Green's Foods Holdings Pty Limited. The investment was reclassified to Assets Classified as Held for Sale during the year.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.5 Individually immaterial investments accounted for using the equity method

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

	2016 \$	2015 \$
Aggregate carrying amount of individually immaterial		
investments accounted for using the equity method	751,449	528,054
Aggregate amounts of CVC's share of:	,	,
Profit for the period	1,106,334	630,908
Total comprehensive income	1,106,334	630,908
NOTE 16: PROPERTY, PLANT AND EQUIPMENT		
16.1 Total property, plant and equipment	581,157	970,878
Comprises:		
Plant and equipment		
At cost (a)	1,390,721	1,550,844
Accumulated depreciation	(896,546)	(849,683)
	494,175	701,161
(a) The carrying amount of specific items of plant and equipment w included in the 2015 statement of financial performance, which v 24 April 2015.		
Leasehold improvements		
At cost	319,954	319,954
Accumulated depreciation	(259,972)	(77,237)
	59,982	242,717
Properties		
At cost (a)	<u>27,000</u>	27,000
(a) The carrying value of land was determined with reference to rational an impairment charge of \$67,959 included in the 2015 statement supported by an independent expert report as at 24 April 2015.		
16.2 Reconciliation		
Plant and equipment	F04.474	1 000 517
Carrying amount at the beginning of the year Additions	701,161 143,088	1,303,516
Depreciation	143,088 (300,089)	190,552 (403,816)
Impairment	(49,985)	(389,091)
Carrying amount at the end of the year	494,175	701,161

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

	2016	2015
	\$	\$
NOTE 16: PROPERTY, PLANT AND EQUIPMENT (CONTINUED))	
16.2 Reconciliation (continued)		
Leasehold improvements		
Carrying amount at the beginning of the year	242,717	308,920
Depreciation	(182,735)	(66,203)
•		
Carrying amount at the end of the year	59,982	242,717
Properties		
Carrying amount at the beginning of the year	27,000	94,959
Impairment	-	(67,959)
Comming amount at the end of the year	27,000	27,000
Carrying amount at the end of the year	======================================	27,000
NOTE 17: INVESTMENT PROPERTIES		
Investment properties (note 34)		
Current	-	10,094,592
Non-current	13,159,852	6,502,477
	13,159,852	16,597,069
Comprises:		
Leased properties	2,000,000	2,700,000
Development properties	11,159,852	13,897,069
	13,159,852	16,597,069
Reconciliation:		
Investment properties at the beginning of the year	16,597,069	41,733,439
Additions – acquisition of properties	5,350,000	-
Additions – capital expenditure	1,307,375	2,418,495
Reclassification to construction contract	(1,894,592)	-
Carrying value of investment property sold	(8,200,000)	-
Disposal of properties arising from disposal of controlled		(20.250.000)
entity Fair value adjustment	-	(28,250,000)
raii value aujustilietit	-	695,135
Carrying amount at the end of the year	13,159,852	16,597,069
Amounts recognised in comprehensive income Rental income		
	161 522	201 124
From continuing operations From discontinued operation	161,533	301,124 2,674,932
From discontinued operation	-	2,074,732
Direct operating expenses from property that generated rental		
income		
From continuing operations	29,927	-
From discontinued operation	-	442,731
Established and Citifacilian in the Citifacili		
Fair value profit/(loss) recognised in other income		700,000
From discontinued operation	-	700,000
From discontinued operation	-	(4,865)

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 17: INVESTMENT PROPERTIES (CONTINUED)

Carrying amount at the end of the year

NOTE 17: INVESTMENT PROPERTIES (CONTINUED)		
17.1 Leased properties		
• •	2016	2015
	\$	\$
96 Fairfield Street Fairfield	-	2,700,000
423 – 479 Pumicestone Road, Caboolture	2,000,000	-
	2,000,000	2,700,000
	=	=======
(a) CVC sold the property at 96 Fairfield Street Fairfield for a pri	ice of \$2.7 million on 19 September	2015.
	Weighted	l average
	2016	2015
Capitalisation rate	6.66%	10.55%
Lease expiry	2.33 years	1.75 years
Occupancy	100%	100%
	2016	2015
	\$	\$
17.2 Others		
Current		
Investment properties	-	7,394,592
		
Non-current		< =00 4EE
Investment properties	9,809,852	6,502,477
The fair value has been determined by Directors as an estimate based of	on costs incurred to 30 June 2016.	
NOTE 18: INTANGIBLE ASSETS		
Intangible assets	52,435	26,816
Paramatikatian		
Reconciliations:		
Intangible assets	26.916	
Carrying amount at the beginning of the year Additions	26,816 44,138	26,816
Amortisation	(18,519)	20,010
AHOTUSAUOH	(10,513)	-

52,435

26,816

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

	2016	2015
NOTE 19: TRADE AND OTHER PAYABLES	\$	\$
Current		
Trade and other payables	6,053,586	8,231,225
Sundry creditors and accruals	6,443,840	8,214,227
	12,497,426	16,445,452
NOTE 20: PROVISIONS		
Current		
Employee entitlements	1,184,514	1,055,386
Non-Current		
Employee entitlements	121,006	216,810
NOTE 21: INTEREST BEARING LOANS AND BORROWINGS		
Current		
Secured loan	2,405,000	473,385
Trade finance facility	762,951	554,508
	3,167,951	1,027,893
Non-Current		
Secured loans	11,465,241	10,374,594
Unsecured loan from associated entity	10,105,812	10,059,220
	21,571,053	20,433,814

21.1 Secured Loans

The secured loans are from various institutions and are secured by first ranking mortgages over the applicable properties.

	Facility Amount
	\$
Security	
423 – 479 Pumicestone Road, Caboolture	2,405,000
Lot 11 Richards Road, Riverstone New South Wales	11,465,241

The carrying value of the security provided includes \$10,860,450 (2015: \$16,015,911) of properties classified as inventories (note 13).

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

	2016	2015
	\$	\$
Current asset		
Forward foreign exchange contracts	143,000	261,000

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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 23: CONTRIBUTED EQUITY

	The Company			
	2016		20	15
	Number	\$	Number	\$
Issued and paid-up ordinary share capital				
Balance at the beginning and end of the year	119,532,788	103,646,848	119,532,788	103,646,848

On 23 November 2015 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.

		2016	2015
NOTE 24:	RETAINED EARNINGS	\$	\$
	arnings at the beginning of the year	68,530,868	68,137,401
	attributable to members of the parent company	13,798,394	18,323,405
Dividends		(9,562,623)	(17,929,938)
Retained ea	arnings at the end of the year	72,766,639	68,530,868
NOTE 25:	NON-CONTROLLING INTEREST		
Reconciliatio	on of non-controlling interest in controlled entities:		
Balance at t	the beginning of the year	15,145,337	17,825,232
Share of ne	t profit	1,251,789	1,746,854
Acquisition	of interests in controlled entities	(4,461,055)	(722,412)
Disposal of	shares by non-controlling interest in controlled entities	1,750,727	(1,383,779)
Return of c		(500,000)	(801,304)
Dividends	paid	(1,195,336)	(1,263,336)
Share based		293,369	106,226
Revaluation	n of investments	26,395	(362,144)
Balance at t	the end of the year	12,311,226	15,145,337
The non-con	trolling interest at the end of the year comprises interests in:		
Share capit	al	19,679,146	23,537,579
Other reser		663,408	343,644
Accumulate	ed losses	(8,031,328)	(8,735,886)
		12,311,226	15,145,337
		12,311,226	15,145,337

Please refer to note 2.3 for more information.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 26: OTHER RESERVES

	Asset Revaluation Reserve	Employee Equity Benefit Reserve \$	Foreign Exchange Translation Reserve	Total \$
Year ended 30 June 2016				
Reserves at the beginning of the year Share based payments Net unrealised gain on investments through	7,585,634 -	5,981,880 (614,657)	(31,783)	13,535,731 (614,657)
reserves Net unrealised gain on "available-for-sale"	15,262,763	-	374,537	15,637,300
investments – non-controlling interest	(2,190)	-	(18,897)	(21,087)
Acquisition of non-controlling interest	(525,780)	-	-	(525,780)
Disposal of non-controlling interest	(625,510)	-	-	(625,510)
Realised profit on "available-for-sale" investments	(2 596 421)			(2 596 421)
transferred to profit and loss Realised profit on "available-for-sale" investments	(2,586,421)	-	-	(2,586,421)
transferred to profit and loss – non-controlling				
interest	(5,308)		<u>.</u>	(5,308)
Reserves at the end of the year	19,103,188	5,367,223 ———	323,857	24,794,268
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"	303,423	_	(50,255)	207,120
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

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 change in value arising from the acquisition and disposal 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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

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:

	2016 \$	2015 \$
	Ψ	Ψ
Cash on deposit	20,371,525	52,850,183
Funds held by bank (note 30)	1,301,525	1,606,550
Cash and cash equivalents	21,673,050	54,456,733
27.2 Reconciliation of Profit after Income Tax to Cash provided by C	Operating Activities	
Net profit	15,050,183	20,070,259
Add/(less) non-cash items:		
Share of equity accounted profits	(2,605,074)	(22,059)
Depreciation of property, plant and equipment	482,824	470,019
Amortisation of intangibles	18,519	
Bad debt	43,086	_
Change in fair value of investment properties	, <u>-</u>	(695,135)
Impairment of property, plant and equipment	49,985	457,050
Impairment expenses on financial instruments	5,993,843	8,791,054
Impairment recoveries on financial instruments	(13,840,567)	(6,681,536)
Loss/(profit) on disposal of investments	10,764,969	(12,857,222)
Net foreign currency differences	(697,616)	(1,659,115)
Non-cash employee benefits expense-share based payments	(321,288)	253,481
Interest income not received	(3,246,105)	(1,366,589)
Interest expense not paid	661,620	733,502
Dividend income	1,180,855	3,090,296
Movement in current tax liabilities	1,599,822	(386,568)
Movement in deferred tax assets and liabilities	(1,068,119)	(472,610)
Changes in operating assets and liabilities:		
Inventories	420,734	8,640,018
Financial assets at fair value through profit or loss	(104,085)	(309,894)
Trade and other receivables	7,181,180	4,505,374
Trade and other payables	3,133,387	(3,054,062)
Provisions	33,325	72,772
Other assets	97,821	8,931
Net cash provided by operating activities	24,829,299	19,587,966
		

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 27: NOTES TO THE CASH FLOW STATEMENTS (CONTINUED)

	2016 \$	2015 \$
27.3 Financing Facilities	Ф	φ
At 30 June 2016, CVC had access to the following specific lines of credit.		
Total facilities available:		
Secured bank loan	22,772,510	22,408,025
Total facilities used:		
Secured bank loan	13,167,951	11,027,893

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 entitled 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.

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 \$
Revenue Expenses	3,172,794 (1,252,686)
Profit before income tax Income tax benefit	1,920,108
Profit after income tax of discontinued operation	1,920,108
Loss on sale of the subsidiary before income tax Income tax benefit	(2,354,210) 2,888,808
Gain on sale of the subsidiary after income tax	534,598
Profit from discontinued operation	2,454,706
Attributable to Shareholders Non-controlling interest	2,278,947
	2,454,706 ———
Net cash inflow from operating activities 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	1,956,348
subsidiary)	4,693,444
Net cash outflow from financing activities	(1,942,540)
Net increase in cash generated by the subsidiary	4,707,252

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 28: DISCONTINUED OPERATION (CONTINUED)

Carrying value of assets and liabilities as at the date of sale Cash and other assets 453,168 Investment properties 28,250,000	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 Investment properties Total assets Trade creditors Interest bearing loans and borrowings (14,446,000) Total liabilities (15,012,425) Investment revaluation reserve 697,835 Non-controlling interest (1,383,779) Net assets sold 13,004,799 Consideration Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax NOTE 29: AUDITORS' REMUNERATION NOTE 29: AUDITORS' REMUNERATION Amounts received or due and receivable to Auditors of the Company: Audit or review of the financial report Amounts received or due and receivable by non HLB Mann Judd audit firms for:	,	2015	
Cash and other assets Investment properties 28,250,000 Total assets 28,703,168 Trade creditors Interest bearing loans and borrowings (14,446,000) Total liabilities (15,012,425) Investment revaluation reserve (697,835) Non-controlling interest (1,383,779) Net assets sold 13,004,799 Consideration Carrying amount of net assets sold (13,004,799) Loss on sale before income tax Income tax benefit 2,888,808 Gain on sale after income tax NOTE 29: AUDITORS' REMUNERATION 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:		\$	
Investment properties 28,250,000 Total assets 28,703,168 Trade creditors (566,425) Interest bearing loans and borrowings (14,446,000) Total liabilities (15,012,425) Investment revaluation reserve 697,835 Non-controlling interest (1,383,779) Net assets sold 13,004,799 Consideration 10,650,589 Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION NOTE 29: AUDITORS' REMUNERATION Amounts received or due and receivable to Auditors of the Company: Audit or review of the financial report 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:		450 4 40	
Total assets 28,703,168 Trade creditors (566,425) Interest bearing loans and borrowings (14,446,000) Total liabilities (15,012,425) Investment revaluation reserve 697,835 Non-controlling interest (1,383,779) Net assets sold 13,004,799 Consideration 10,650,589 Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:			
Trade creditors Interest bearing loans and borrowings (14,446,000) Total liabilities (15,012,425) Investment revaluation reserve 697,835 Non-controlling interest (1,383,779) Net assets sold 13,004,799 Consideration Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,334,210) Income tax benefit 2,888,808 Gain on sale after income tax Sold NOTE 29: AUDITORS' REMUNERATION Property Auditor of the Company is HLB Mann Judd. Amounts received or due and receivable by non HLB Mann Judd audit firms for:	investment properties		
Interest bearing loans and borrowings Total liabilities (15,012,425) Investment revaluation reserve Non-controlling interest (1,383,779) Net assets sold 13,004,799 Consideration Consideration Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Total assets	28,703,168	
Total liabilities (15,012,425) Investment revaluation reserve 697,835 Non-controlling interest (1,383,779) Net assets sold 13,004,799 Consideration 10,650,589 Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Trade creditors	(566,425)	
Investment revaluation reserve Non-controlling interest Non-controlling interest (1,383,779) Net assets sold 13,004,799 Consideration Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax NOTE 29: AUDITORS' REMUNERATION Page 16 2015 \$ \$ 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 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Interest bearing loans and borrowings	(14,446,000)	
Investment revaluation reserve Non-controlling interest Non-controlling interest (1,383,779) Net assets sold 13,004,799 Consideration Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax NOTE 29: AUDITORS' REMUNERATION Page 16 2015 \$ \$ 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 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Total linkilition	(15 012 425)	
Non-controlling interest (1,383,779) Net assets sold 13,004,799 Consideration 10,650,589 Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Total Habilities	(15,012,425)	
Net assets sold Consideration Consideration Consideration Corrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Investment revaluation reserve	697,835	
Consideration 10,650,589 Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Non-controlling interest	(1,383,779)	
Consideration 10,650,589 Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Not assets sold	12 004 700	
Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Net assets sold	13,004,799	
Carrying amount of net assets sold (13,004,799) Loss on sale before income tax (2,354,210) Income tax benefit 2,888,808 Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:			
Loss on sale before income tax Income tax Length (2,354,210) Income tax benefit (2,354,210) Income tax benefit (2,354,210) Income tax benefit (2,888,808) Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:		10,650,589	
Income tax benefit Gain on sale after income tax 534,598 NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ \$ 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 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Carrying amount of net assets sold	(13,004,799)	
Income tax benefit Gain on sale after income tax S34,598 NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ \$ 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 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Loss on sale before income tax	(2,354,210)	
NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Income tax benefit		
NOTE 29: AUDITORS' REMUNERATION 2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:			
2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Gain on sale after income tax	534,598	
2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:			
2016 2015 \$ \$ 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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:			
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 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	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 Amounts received or due and receivable by non HLB Mann Judd audit firms for:			
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 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:			
Amounts received or due and receivable to Auditors of the Company: Audit or review of the financial report Amounts received or due and receivable by non HLB Mann Judd audit firms for:		>	Þ
Audit or review of the financial report 217,787 233,450 Amounts received or due and receivable by non HLB Mann Judd audit firms for:	The auditor of the Company is HLB Mann Judd.		
Amounts received or due and receivable by non HLB Mann Judd audit firms for:	Amounts received or due and receivable to Auditors of the Company:		
	Audit or review of the financial report	217,787	233,450
Audit or review of the financial report 131,123 135,672	Amounts received or due and receivable by non HLB Mann Judd audit firms for:		
	Audit or review of the financial report	131,123	135,672

The Auditors received no other benefits.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

		-	
		2016	2015
NOTE		\$	\$
NOTI	30: COMMITMENTS AND CONTINGENCIES		
30.1	Operating Lease Commitments		
Com Futu	-cancellable operating lease expense mitments – CVC Limited and its 100% subsidiaries re operating lease commitments not provided for in the acial statements and payable:		
	thin one year	100,309	190,698
	er than one year but not later than five years	4,770	556,139
		105,079	746,837
	mitments - Cellnet Group Limited		
	re operating lease commitments not provided for in the acial statements and payable:		
	thin one year	390,000	578,000
	er than one year but not later than five years	339,000	135,000
		729,000	713,000
30.2	Operating leases - leases as lessor		
lease to the lease. The full Less	of the investment properties are leased to tenants under long-term operms for all properties are on average 2.33 years (2015: 1.75 years), except term. Iture minimum lease payments under non-cancellable leases are as for than one year teen one and five years	cluding options for lease exte	
Detw	een one and rive years		
		322,979	498,330
30.3 Bank	Financial Guarantees		
The D	irectors are of the opinion that provisions are not required in respect nomic benefits will be required or the amount is not capable of reliable.		probable that a future sacrifice
	Limited and its 100% subsidiaries		
	s guarantee (a) rantee (b)	1,264,525 5,497,800	1,256,550
	mitments – Cellnet Group Limited guarantee	37,000	350,000
(a) (b)	The bank guarantee provided by CVC is secured by a fixed and floa The guarantee provided by CVC to National Australia Bank Limit 1000 Donnybrook Victoria.	-	loan facility in relation to 960-
30.4	Capital Commitments		
Signif	cant capital expenditure contracted for at the end of the reporting per	riod but not recognised as lia	abilities is as follows:
	stment property than one year	-	19,423,913
	•		

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 30: COMMITMENTS AND CONTINGENCIES (CONTINUED)	2016 \$	2015 \$
30.5 Options Exposure on open written option positions.		
Puts Later than 2 months but not more than 6 months	390,300	1,320,600
Covered Calls Later than 2 months but not more than 6 months	690,000	390,600
30.6 Loans and other investments		
Amounts available to be drawn by borrowers under existing loan facility agreemen	ts	
Related entities	5,013,969	195,545
Unrelated entities	13,842,453	5,834,528
	18,856,422	6,030,073

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 "ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191".

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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 31: SEGMENT INFORMATION (CONTINUED)

Year Ended 30 June 2016	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
Revenue:							
Total revenue for reportable segments	1,680	15,155	52,975	49	75,849	-	145,708
Inter-segment revenue			2,079	12,137		(14,216)	
Unallocated amounts:							
Interest income							800
Unallocated amounts: corporate income							64
Consolidated revenue							146,572
Equity accounted income	1,737	<u>-</u>	593	275			2,605
Results:							
Total profit for reportable segments	1,471	(458)	18,572	49	1,799	-	21,433
Unallocated amounts: corporate expenses							(8,988)
Share of profit of equity accounted associates							2,605
Consolidated profit after tax							15,050
Assets:							
Segment assets	28,817	60,506	115,779	1,882	21,762		228,746
Unallocated amounts:							
Cash and cash equivalents							20,262
Equity accounted investments							4,965
Other assets							1,432
Total assets							255,405
Liabilities:							
Segment liabilities	6		26,764	1,937	8,215		36,922
Unallocated amounts:							
Other liabilities							4,964
Total liabilities							41,886

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 31: SEGMENT INFORMATION (CONTINUED)

Year Ended 30 June 2015	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
Continuing operations Revenue: Total revenue for reportable segments Inter-segment revenue	4,580	22,592	13,229 2,993	76 9,696	79,684 -	(12,689)	120,161
Unallocated amounts: Interest income Unallocated amounts: corporate income							1,963 261
Consolidated revenue							122,385
Equity accounted income	(1,099)	-	631	490	-	-	22
Results: Total profit for reportable segments Unallocated amounts: corporate expenses Share of profit of equity accounted associates	2,872	16,662	3,727	76	1,646	-	24,983 (7,389) 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
Unallocated amounts: Cash and cash equivalents Equity accounted investments Other assets							52,084 25,977 513
Total assets							242,669
Liabilities: Segment liabilities	2,511	<u>-</u> _	26,201	130	8,319		37,161
Unallocated amounts: Other liabilities							4,650
Total liabilities							41,811

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 32: RELATED PARTY INFORMATION

32.1 Key management personnel compensation

	2016	2015
	\$	\$
Short-term employee benefits	1,354,683	1,646,550
Post-employment benefits	103,793	128,682
Other	41,476	67,155
Share-based payments	-	37,140
Total	1,499,952	1,879,527

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	Entitlement
ADH Beard	0.5%
IA 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	Entitlement
ADH Beard	1.0%
JA Hunter	0.8%

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) Eildon Capital Limited (formerly CVC Private Equity Limited) Option Plan

The establishment of the Eildon Capital Limited (formerly CVC Private Equity Limited) Option Plan ("ECOP") was approved by a resolution of shareholders on 26 November 2012. Options are granted under the ECOP 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 ECOP 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 Eildon Capital Limited. Amounts received on the exercise of options are recognised as a non-controlling interest in CVC.

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

		Exercise		Granted	Exercised	Buy-back	Lapsed	Balance at	
	Exercise	Price	Balance at	during the	during the	during the	during the	end of	
Grant Date	Date	(cents)	start of year	year	year	year	year	year	Vested
Year ended 30	June 2016								
16 Jan 2013	15 Jan 2016	65.0	3,150,000	-	(2,650,000)	(500,000)	-	-	-
Year ended 30	June 2015								
16 Jan 2013	15 Jan 2016	65.0	3,150,000	-	-	-	-	3,150,000	3,150,000

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 were as follows:

	Exercise		Granted	Exercised	Buy-back	Lapsed	Balance at
	Price	Balance at	during the	during the	during the	during the	end of
	(cents)	start of year	year	year	year	year	year
ADH Beard	65.0	1,200,000	-	(1,200,000)	-	-	-
EG Kaplan (a)	65.0	1,200,000	-	(1,200,000)	-	-	-
JA Hunter	65.0	250,000	-	-	(250,000)	-	-

⁽a) Elliott Kaplan ceased to be considered to be a member of the key management personnel on 23 November 2015 when he retired as Managing Director of Eildon Capital Limited (formerly CVC Private Equity Limited).

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 32: RELATED PARTY INFORMATION (CONTINUED)

32.2 Share-based payments (continued)

(a) Eildon Capital Limited (formerly CVC Private Equity Limited) Option Plan (continued)

All the above options were either exercised or bought back during the year. 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 2015 financial year. Cellnet has not issued options to key management personnel of CVC. No options were issued during the current year.

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

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 lapsed (a)
Year ended 30	June 2015								\$
21 Oct 2011	21 Oct 2013	36.0	1,200,000			(1,200,000)		-	24,000

⁽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) 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.

The fair value of the performance rights granted were determined by management of Cellnet using either a binomial pricing model (profit before tax ("PBT") hurdle) or trinomial lattice pricing model incorporating a Monte-Carlo simulation (total shareholder return ("TSR") hurdle) depending on the nature of the associated vesting conditions. Further terms and conditions include:

Grant date - 3 February 2015;

Rights granted - 3,300,000;

Expected volatility - 50%; and

Risk-free interest rate for the life of the options – 1.80%.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 32: RELATED PARTY INFORMATION (CONTINUED)

32.2 Share-based payments (continued)

(b) Cellnet Group Limited Option Plan (continued)

(ii) Performance Rights Plan

The following table illustrates movements in the number of performance rights on issue during the year.

Vesting	Vesting	Exercise Price	Balance at start of	Granted during the	Exercised during the	Lapsed during the	Balance at end of the		Value per
Conditions	Date	(cents)	the year	year	year	year	year	Vested	right
0 June 2016									\$
PBT	30 Jun 2015	-	366,666	-	(366,666)	-	-	-	0.28
PBT	30 Jun 2016	-	366,667	-	-	(33,333)	333,334	333,334	0.28
PBT	30 Jun 2017	-	366,667	-	-	(33,334)	333,333	333,333	0.28
TSR	30 Jun 2017	-	2,200,000	-	-	(200,000)	2,000,000	2,000,000	0.13
					-			-	
0 June 2015									
PBT	30 Jun 2015	-	-	366,666	-	-	366,666	366,666	0.28
PBT	30 Jun 2016	-	-	366,667	-	-	366,667	366,667	0.28
PBT	30 Jun 2017	-	-	366,667	-	-	366,667	366,667	0.28
TSR	30 Jun 2017	-	-	2,200,000	-	-	2,200,000	2,200,000	0.13
	Conditions O June 2016 PBT PBT PBT TSR O June 2015 PBT PBT PBT	Conditions Date 40 June 2016 PBT 30 Jun 2015 PBT 30 Jun 2016 PBT 30 Jun 2017 TSR 30 Jun 2017 40 June 2015 PBT 30 Jun 2015 PBT 30 Jun 2016 PBT 30 Jun 2017	Vesting Conditions Vesting Date Price (cents) ***O June 2016 ***Date ***Cents) ***PBT 30 Jun 2015 - ***PBT 30 Jun 2017 - ***TSR 30 Jun 2017 - ************************************	Vesting Conditions Vesting Date Price (cents) start of the year 10 June 2016 PBT 30 Jun 2015 - 366,666 PBT 30 Jun 2016 - 366,667 PBT 30 Jun 2017 - 366,667 TSR 30 Jun 2017 - 2,200,000 10 June 2015 PBT 30 Jun 2015 - - PBT 30 Jun 2016 - - - PBT 30 Jun 2016 - - - PBT 30 Jun 2017 - - -	Vesting Conditions Vesting Date Price (cents) start of the year during the year 10 June 2016 30 Jun 2015 - 366,666 - PBT 30 Jun 2016 - 366,667 - PBT 30 Jun 2017 - 366,667 - TSR 30 Jun 2017 - 2,200,000 - 10 June 2015 PBT 30 Jun 2015 - - 366,666 PBT 30 Jun 2016 - - 366,667 PBT 30 Jun 2016 - - 366,667 PBT 30 Jun 2016 - - 366,667 PBT 30 Jun 2017 - - 366,667	Vesting Conditions Vesting Date Price (cents) start of the year during the year during the year 10 June 2016 30 Jun 2015 - 366,666 - (366,666) PBT 30 Jun 2016 - 366,667 - - PBT 30 Jun 2017 - 366,667 - - TSR 30 Jun 2017 - 2,200,000 - - - 10 June 2015 PBT 30 Jun 2015 - - 366,666 - - PBT 30 Jun 2016 - - 366,667 - - PBT 30 Jun 2016 - - 366,667 - - PBT 30 Jun 2016 - - 366,667 - - PBT 30 Jun 2017 - - 366,667 - -	Vesting Conditions Vesting Date Price (cents) start of the year during the	Vesting Conditions Vesting Date Price (cents) start of the year during the year end of the year 10 June 2016 30 Jun 2016 - 366,666 - (366,666) - - - PBT 30 Jun 2017 - 366,667 - - (33,333) 333,333 TSR 30 Jun 2017 - 2,200,000 - - (200,000) 2,000,000 10 June 2015 PBT 30 Jun 2015 - - 366,666 - - - 366,666 PBT 30 Jun 2016 - - 366,667 - - 366,667 PBT 30 Jun 2016 - - 366,667 - - 366,667 PBT 30 Jun 2017 - - 366,667 - - 366,667 PBT 30 Jun 2017 - - 366,667 - - 366,667	Vesting Conditions Vesting Date Price (cents) start of the year during the year during the year during the year during the year end of the year Vested 10 June 2016 - 366,666 - (366,666) - - - - - PBT 30 Jun 2016 - 366,667 - - (33,333) 333,333 333,333 333,333 333,333 TSR 30 Jun 2017 - 2,200,000 - - - (200,000) 2,000,000

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

(iii) 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			Exercise	Balance at	Granted	Exercised	Lapsed	Other	Balance at		Value of
Management		Exercise	Price	start of the	during the	during the	during	changes	end of the		options
Personnel	Grant Date	Date	(cents)	year	year	year	the year		year	Vested	granted
Year ended 30 Jun	e 2016										\$
ADH Beard	24 Oct 2014	31 Oct 2017	25.0	1,200,000	-	-	-	-	1,200,000	1,200,000	37,140
EG Kaplan (a)	24 Oct 2014	31 Oct 2017	25.0	1,200,000	-	-	-	(1,200,000)	-	-	-
				2,400,000	-	-	-	(1,200,000)	1,200,000	1,200,000	37,140
Year ended 30 Jun	e 2015										
ADH Beard	24 Oct 2014	31 Oct 2017	25.0	-	1,200,000	-	-	-	1,200,000	1,200,000	37,140
EG Kaplan (a)	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

⁽a) Elliott Kaplan ceased to be considered to be a member of the key management personnel on 23 November 2015 when he retired as Managing Director of Eildon Capital Limited (formerly CVC Private Equity Limited).

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

No expense (2015: \$74,280) was recognised in respect of the above options during the year ended 30 June 2016.

32.3 Loans to Key Management Personnel

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

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 32: RELATED PARTY INFORMATION (CONTINUED)

Loans with Related Parties 32.4

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

	2016	2015	Interest Rate
	\$	\$	%
Loans Receivable			
Londonderry Road Trust	-	2,704,455	0%
Donnybrook JV Pty Limited	8,205,517	9,707,367	0%
Mooloolaba Wharf Holding Company Pty Limited	1,047,763	-	0%
MAKE EBRB Dev Nominee Pty Ltd	7,667,835	-	15%
Turrella Property Unit Trust	336,694	-	20%
Urban Properties Cairns Pty Limited	3,784,656	-	17.5%
Urban Properties Centenary Pty Limited	9,026,670	-	17.5%
Loans Payable			
Winten (No. 20) Pty Limited	10,105,812	10,059,220	6.5%
Co-investment in Marsden Park and Donnybrook Projects (refer note 32.1)			
Alexander Beard and Pascale Beard as trustees for the AD &			
MP Superannuation Fund	121,682	106,901	0%
Virtual Sales Pty Limited(a)	101,119	51,031	0%
Elliott Kaplan and Brenda Kaplan as trustees for the Kaplan			
Family Superannuation Fund(b)	-	117,689	0%
Wenola Pty Limited as trustee for Wenola Pty Limited Pension			
Fund(c)	-	200,000	0%

Private company associated with Mr Hunter.

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

2016

2015

	2010	6	2015	5
	Paid	Received	Paid	Received
	\$	\$	\$	\$
Management and consulting fees				
Villa World Limited	-	-	-	13,140
Urban Properties Pty Limited	-	36,000	-	240,000
Interest income				
Concise Asset Management Limited	-	-	-	11,558
MAKE EBRB Dev Nominee Pty Ltd	-	607,835	-	-
Turrella Property Unit Trust	-	9,458	-	-
Urban Properties Cairns Pty Limited	-	1,124,024	-	-
Urban Properties Centenary Pty Limited	-	1,000,640	-	-
Dividend and distribution income				
Vita Life Sciences Limited	-	-	-	41,016
Villa World Limited	-	-	-	1,366,839
Concise Mid Cap Fund	-	32,577	-	19,383
Ron Finemore Transport Pty Limited	-	634,746	-	106,812
Nepean Highway Unit Trust	-	1,214,798	-	139,760
Marsden Park distribution (refer note 32.1)				
Alexander Beard and Pascale Beard as trustees for the AD &	30,042	-		
MP Superannuation Fund			-	-
Virtual Sales Pty Limited(c)	30,042	-	-	-
Other amounts				
Melbourne Corporation of Australia Pty Limited - Secretarial				
(a)	-	-	44,100	43,086
Winten (No. 20) Pty Limited - Borrowing costs (b)	661,520	-	733,502	-
(a) Private company associated with Mr Gould				

⁽a) Private company associated with Mr Gould.

Mr. Kaplan ceased to be considered to be a member of the key management personnel on 23 November 2015 when he retired as Managing Director of Eildon Capital Limited (formerly CVC Private Equity Limited).

Private company associated with Mr. Leaver. Mr. Leaver resigned as Executive Officer effective 31 March 2015. (c)

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

Private company associated with Mr Hunter.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

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.

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:

			Fixed Inter	rest		
	Note	Floating Interest Rate	1 Year or Less	1 to 5 Years	Non Interest Bearing	Total
2016:		\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	27	6,942,801	14,729,747	-	502	21,673,050
Loans and other receivables	9	-	64,658,917	12,187,518	25,574,696	102,421,131
Derivative financial instrument	22	-	-	-	143,000	143,000
Financial liabilities						
Trade and other payables	19	-	-	-	12,497,426	12,497,426
Interest bearing liabilities	21	12,228,192	-	12,510,812	-	24,739,004
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
-						

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

33.1 Interest Rate Risk (Continued)

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 decrease by 50 basis points during the 2017 financial year (2016: stay the same), at reporting date the impact for the 2016 financial year on CVC, with all other variables held constant, would be:

	Decrease of 50 bp
2016	\$
2016	o=
Net loss	87,615
Equity decrease	87,615

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%
	\$	\$
2016		
Net profit/(loss)	187,778	(187,778)
Equity increase/(decrease)	6,783,837	(6,783,837)
2015		
Net profit/(loss)	191,026	(191,026)
Equity increase/(decrease)	4,802,809	(4,802,809)

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

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.

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.

	Less than 6 months	6 months to 1 Year	1 to 5 Years	Greater than 5 Years	Total
	\$	\$	\$	\$	\$
2016					
Trade and other payables	12,497,426	-	-	-	12,497,426
Interest bearing liabilities	3,167,951	-	21,571,053	-	24,739,004
2015					
Trade and other payables	16,445,452	-	-	_	16,445,452
Interest bearing liabilities	1,027,893	-	20,433,814	-	21,461,707

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.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

33.5 Currency Risk (Continued)

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 and New Zealand dollar that is not designated as cashflow hedges:

	2016 \$	2015 \$
Financial assets	•	Ф
Loans and other receivables	3,264,486	3,129,382
Financial assets – "available-for-sale"	3,931,633	2,883,286
Trade and other receivables	239,000	295,000
	7,435,119	6,307,668
Financial liabilities		
Trade and other payables	2,131,000	1,809,000
Forward foreign currency contracts (a)	13,710,000	13,059,000
	15,841,000	14,868,000

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

Foreign currency sensitivity

CVC is exposed to the 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.

\$	\$
USD	
2016	
Net profit/(loss) (1,014,980) 1,567,	369
Equity increase/(decrease) (1,281,848) 1,241,	197
2015	
Net profit/(loss) (955,000) 1,167,	000
Equity increase/(decrease) (1,198,625) 1,464,	763
NZD	
2016	
Net profit/(loss)	_
Equity increase/(decrease) (296,771) 362,	721
2015	
Net profit/(loss) -	
	700
Equity increase/(decrease) (284,489) 347,	/09

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

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 2016 Financial assets "Available-for-sale" investments				
Shares in listed corporations – at market value	7,409,444	50,929,259	-	58,338,703
Public unlisted investments – at market value	-	1,381,992	-	1,381,992
Other investments	-	175,884	9,434,922	9,610,806
"Fair value through profit or loss" investments				
Shares in listed corporations – at market value	2,489,914	-	-	2,489,914
Derivative financial instruments	-	143,000	-	143,000
Non-financial assets				
Investment properties			13,159,852	13,159,852
	9,899,358	52,630,135	22,594,774	85,124,267
Year ended 30 June 2015				
Financial assets "Available-for-sale" investments				
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
"Fair value through profit or loss" investments				
Shares in listed corporations – at market value	2,652,580	-	-	2,652,580
Derivative financial instruments	-	261,000	-	261,000
Non-financial assets			4 (=0= 0 (0	4 / 505 0 / 0
Investment properties	-		16,597,069	16,597,069
	23,561,376	21,869,630	22,757,938	68,188,944

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 34: FAIR VALUE MEASUREMENTS (CONTINUED)

Reconciliation of Level 3 fair value movements:

	2016	2015
	\$	\$
Balance at the beginning of the year	22,757,938	41,945,338
Purchases	12,806,186	6,709,642
Sales	(11,890,798)	(28,396,833)
(Losses)/gain recognised in other income (a)	(65)	585,557
Gains recognised in other comprehensive income	816,105	167,022
Transfer out of Level 3 to Level 1	-	(1,565,000)
Transfer out of Level 3 (c)	(1,894,592)	-
Transfer into Level 3 from Level 2 (b)	-	3,312,212
Balance at the end of the year	22,594,774	22,757,938
(a) Unrealised losses recognised in profit or loss attributable to assets held at		
the end of the reporting period.	65	909,577

⁽b) 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.

⁽c) The capital cost of the property at 190-198 Princes Highway South Nowra was reclassified from investment properties to construction contract after CVC entered into a development delivery agreement for the construction of the site.

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 34: FAIR VALUE MEASUREMENTS (CONTINUED)

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:

	Fair va	alue				
	30 June 2016	30 June 2015	Unobservable	Weighte	d average	Relationship of unobservable inputs to
Description	\$	\$	inputs	2016	2015	fair value
Leased properties	2,000,000	2,700,000	Capitalisation rate	6.66%	10.55%	The higher the capitalisation rate, the lower the fair value
			Lease expiry	2.33 years	1.75 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	11,159,852	13,897,069	Capitalisation rate	6.0%	6.5%	The higher the capitalisation rate on completion of construction, the lower the fair value
	13,159,852	16,597,069				
Other investments – at cost	9,434,922	6,160,869	(a)			

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

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

NOTE 35: EVENTS SUBSEQUENT TO YEAR END

A final dividend in respect of the year ended 30 June 2016 of 5 cents per share was declared on 30 August 2016 to be paid on 15 September 2016 to those shareholders registered on 5 September 2016.

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 \$753,202 (2015: \$1,506,487) that have a carrying value of \$56,315,275 (2015: \$42,929,892). 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 13.

36.5 Absence of active market

In calculating the fair value of Resource Generation Limited, Buru Energy Limited, Bionomics Limited, Grays Ecommerce Group Limited, Cyclopharm Limited, Heritage Brands Ltd, Lantern Hotel Group, MMA Offshore Limited, Mitchell Services Limited, Primary Opinion Limited, Spicers Limited, 360 Capital Total Return Fund, Universal Biosensors Inc, 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 had a carrying value of \$14,660,528 as at 30 June 2015. CVC had 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.

Concise Asset Management Limited has a carrying value of \$1,125,489 (2015: \$1,081,096).

JAK Investment Group Pty Limited has a carrying value of \$352,654 (2015: \$168,054).

LAC Unit Trust has a carrying value of \$398,695 (2015: nil).

Urban Properties Pty Limited has a carrying value of nil (2015: \$360,000).

The carrying value of MAKE EBRB Dev Nominee Pty has a carrying value of \$3,486,434 (2015: nil).

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.

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' DECLARATION

For the Year Ended 30 June 2016

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:
 - giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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 7 to 9 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 2016.

Dated at Sydney 30 August 2016.

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

ADH Beard
Director

JD Read
Director



INDEPENDENT AUDITOR'S REPORT

To the members of CVC Limited:

We have audited the accompanying financial report of CVC Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, 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 the company 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 a basis for our audit opinion.



INDEPENDENT AUDITOR'S REPORT (continued)

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 2016 and 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 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd Chartered Accountants

HLB Man Judd

Sydney, NSW 30 August 2016 M D Muller Partner

M. MuMe

(AND ITS CONTROLLED ENTITIES)

CORPORATE GOVERNANCE STATEMENT

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 (Managing Director) - Appointed 17 August 2000, member of the audit committee

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 2016, 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.

(AND ITS CONTROLLED ENTITIES)

CORPORATE GOVERNANCE STATEMENT

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 to 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 2016:

- 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 2016. 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.

(AND ITS CONTROLLED ENTITIES)

CORPORATE GOVERNANCE STATEMENT

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 2016, 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.

(AND ITS CONTROLLED ENTITIES)

ADDITIONAL INFORMATION

The following information was current as at 25 August 2016.

Distribution schedule

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

Category	Number of ordin	nary shareholders
(size of holding)		
1 - 1,000		189
1,001 - 5,000		244
5,001 - 10,000		151
10,001 - 100,000		226
100,001 - over		84
Total		894
Unmarketable parcels	3.61	NI I C
	Minimum	Number of
M:	parcel size	shareholders
Minimum \$500.00 parcel at \$1.52 per share	329	69

On market share buy-back

The Company has a current on market share buy-back which commenced on 23 November 2015.

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
Joseph David Ross	12,000,000
Muk Min Fa Limited	7,280,246

(AND ITS CONTROLLED ENTITIES)

ADDITIONAL INFORMATION (CONTINUED)

20 largest shareholders - ordinary shares

As at 25 August 2016, 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
Pacific Securities Inc.	7,280,248	6.09
Muk Min Fa Limited	7,280,246	6.09
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	2,767,120	2.31
Mr Nigel Cameron Stokes	1,000,000	0.84
Mr Alexander Damien Beard	824,136	0.69
Dr Raymond Joseph Healey	808,817	0.68
Melbourne Corporation of Australia Pty Limited	623,208	0.52
Allan J Heasman Pty Limited	505,100	0.42
Julian Tertini	480,000	0.40
Alexander Beard & Pascale Beard	469,000	0.39
Cannington Corporation Pty Limited	466,094	0.39
John Angela Pty Limited	445,000	0.37
Professional Group Services Limited	429,817	0.36
	99,828,901	83.51

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.