

OBSTACLES DON'T HAVE TO STOP YOU

If you run into
a wall, don't turn
around and
give up.

Figure out
how to climb it,
go through it,
or work around it.

Michael Jordan



ANNUAL REPORT | 2016



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COMPANY PARTICULARS

CVC LIMITED ABN 34 002 700 361 AFSL 239665

"SIGNIFICANT EFFORT HAS BEEN EXPENDED OVER THE PAST 12 MONTHS TO DEVELOP SKILLS, AND DEAL FLOW ACROSS THE FINANCE, AND PROPERTY SECTORS, WHICH WE BELIEVE WILL BE SIGNIFICANT CONTRIBUTORS TO THE GROWTH IN NET ASSETS AND CONTINUED PROFITABILITY OF THE COMPANY."

REGISTERED OFFICE

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

DIRECTORS

- Alexander Beard
- John Read
- Ian Campbell

MANAGEMENT TEAM

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

SECRETARIES

- Alexander Beard
- John Hunter

BANKERS

Suncorp-Metway Limited
Westpac Banking Corporation Limited

AUDITORS

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

SHARE REGISTRY

Next Registries
Level 16, 1 Market Street, Sydney NSW 2000

THE YEAR IN REVIEW

1 JULY 2015 - 30 JUNE 2016

2016 WAS A STRONG YEAR FOR CVC, UNDERPINNED BY THE PERFORMANCE FROM PROPERTY BACKED INVESTMENTS, SIGNIFICANT PROGRESS ON A NUMBER OF KEY INVESTMENTS, INCREASED ANNUAL DIVIDEND, AND SOLID PLATFORM FOR 2017 AND BEYOND.

NET PROFIT AFTER TAX OF \$13.8 MILLION, REPRESENTED EARNINGS PER SHARE OF 12 CENTS, AND A HEALTHY CASH POSITION OF \$21.7 MILLION, SUPPORTED BY CONTINUED STRONG BALANCE SHEET WITH NET TANGIBLE ASSETS OF \$213.5 MILLION, REPRESENTING A GROWTH OF 13% ON THE PRIOR YEAR (INCLUDING DIVIDENDS PAID).

Highlights

- Partial sale of land at Donnybrook which (subject to planning outcomes) will provide the JV between CVC and Villa World Limited a free carried interest in land capable of producing approximately 1,200 lots;
- Continued progression of Marsden Park development;
- Development of an option portfolio with partner LeaMac, creating the opportunity to participate in future residential developments on favourable terms, for developments planned to exceed 5,000 potential lots;
- Returns of \$19 million from property backed investments;
- Management of ASX listed portfolio, with additions and subtractions to core portfolio, and substantial value uplift in a number of key investments during the year including Lantern Hotel Group;
- Continued development of strategic investment partnerships and deal flow pipe line in the property and funds management sectors;
- Establishment of Eildon Capital Limited to provide a purely property backed investment vehicle focused on enhanced returns, with a view to compliance listing on the ASX in 2016/17;
- Establishment of Add+Venture to provide an early stage investment vehicle, capitalising on CVC's track record, existing portfolio and potential investment incentives;
- Continued growth of private equity portfolio, including pursuit of liquidity for Green's Foods Holdings Pty Limited and progression of new investment opportunities;
- Continued development of Litigation Funding deal flow and above benchmark returns from first case;
- Payment of 10 cent dividends per share representing commitment to enhance shareholder returns.

THE YEAR IN REVIEW

1 JULY 2015 – 30 JUNE 2016

Management Team

The CVC management team continue to deliver with regard to sourcing and capitalising on key investments across a range of sectors. The management team continue to represent the core of CVC's performance and ability to deliver against the outperformance targets set by the Board and shareholders.

Significant effort has been expended over the past 12 months to develop skills, and deal flow across the finance, and property sectors, which we believe will be significant contributors to the growth in net assets and continued profitability of the Company.

The skills of the management team include:

- Sourcing, selection, and structuring of investment opportunities;
- Operational management of investee companies, including strategy and corporate advisory, board positions
- on investee companies including Chairmanship where appropriate;
- Corporate advisory skills, including under-writing of placements and general offers;
- Divestments, including trade sales, demergers, initial public offerings, mergers and acquisitions, management buyouts and financial restructuring;
- Infrastructure investment capabilities, including financial feasibility, negotiation of off-take agreements, negotiation of senior and mezzanine debt facilities and sourcing of equity;
- Distressed debt recoveries and investment turn-arounds;
- Project financing and property development capabilities, including structuring, joint ventures, feasibility and mezzanine financing;
- Financial product development and distribution;
- Assessment and management of litigation funding opportunities, including case management and negotiation;
- Availability and access to government grants;
- Advice/implementation of internal control procedures, management information systems, monthly reporting procedures and statutory reports;
- Development of distribution networks, licensing of technology, patent and advice on portfolio/intellectual property protection, and export market penetration;
- Specialist investment skills in environmental industries, with a depth of expertise in low emission and cleaner technologies; and
- Long term investment performance.

Approach

We believe timing is crucial in both investment and divestment decisions, particularly in smaller capitalised companies or private companies.

The approach taken by management continues to lie in backing skilled management teams to create or realise value in their underlying business and assets. Included in this investment approach is the need to identify assets and companies who have suffered due to cyclical issues, triggering of financial covenants, ownership and management issues or other circumstances that have temporarily impaired the asset or business, or created an opportunity for an investment.

CVC continues to aim to identify businesses that have potential investment upsides through improved economic climates, removal or reduction of underperforming segments and assets and de-risking strategies created through market acceptance, restored credit worthiness or improved regulatory approvals and requirements.

CVC continues to structure its investment portfolio by maintaining a balance of income producing and capital growth assets. Management continues to target opportunities with potential for superior risk adjusted returns, and to identify unique opportunities which build on investment insights accumulated over the past 30 years.

During 2016 the management team have continued to focus and expand on investments across a range of sectors including:

- Providing financing solutions to property backed investments;
- Private equity investments;
- Earlier stage investments;
- A core ASX listed share portfolio;
- Strategic long term investments that are largely equity accounted;
- Litigation funding;
- Opportunistic investment opportunities; and
- Funds management initiatives.

THE YEAR IN REVIEW

1 JULY 2015 - 30 JUNE 2016

Approach

Due to the nature of diversified investments, particularly those of a venture capital or private equity nature, there may be enhanced exposures to risks that are outside of the management team's control. These can include market volatility amongst listed shares, the strength of the economy, negotiations between buyers and sellers and regulatory changes.

The management team have developed substantial networks in the property industry and continues to utilise these to procure, evaluate and manage real estate investments. The value of this network in protecting capital and producing strong returns is significant. With regard to

earlier stage investments, for accounting purposes it is often difficult to ascribe any significant carrying value to the investment, due to underlying losses whilst the commerciality of the investment is established. Accordingly, it is hard to provide investors any meaningful information on potential value of these investments other than to provide a brief description of the company's aims and website information to enable some insights into individual companies. Earlier stage investments account for less than 5% of the assets of CVC at cost, but historically they have contributed significant periodic capital gains.

To enhance the return on these investment opportunities requires time and patience to diligently identify, analyse and negotiate strong outcomes. As part of executing this plan, CVC engages in rigorous due diligence as well as patiently supporting management through the phases of business engagement and development, including inevitable periods where performance doesn't meet plans, through to the realisation phase of the investment lifecycle. CVC continues to aim to structure exits from its investments through trade sales, initial public offerings and on-market sell downs.

"CVC CONTINUES TO STRUCTURE ITS INVESTMENT PORTFOLIO BY MAINTAINING A BALANCE OF INCOME PRODUCING AND CAPITAL GROWTH ASSETS."

Dividend Policy

CVC distributed significant shareholder returns by way of a total of 10 cent fully franked dividends, paid in two 5 cent instalments in March and September. In view of CVC's maturity, the Board is endeavouring to maintain regular dividends and increase them over time to match a level of underlying profitability. It is anticipated that future dividend payments will be franked to 100%, subject to available credits.

Capital Management

CVC will periodically purchase shares under its share buy-back scheme, dependent on price. Historically the buy-back scheme has enabled a better matching of assets with recurrent earnings and has achieved accretion in shareholder value. The Board has also periodically distributed special dividends when warranted by either significant surplus cash, or significant realisations.

Corporate Governance

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

THE YEAR IN REVIEW

1 JULY 2015 - 30 JUNE 2016

GROUP SUMMARY

Earnings per share

12 cents

2015 | **15** cents

Total assets employed

\$255.4 million

2015 | **\$242.6** million

Shareholders equity

\$201.2 million

2015 | **\$185.7** million

Dividends per share

10 cents

2015 | **15** cents

Shares on issue at
year end

119,532,788

2015 | **119,532,788** shares

Net assets per share
attributable to shareholders

\$1.68

2015 | **\$1.55**

NET ASSETS PER SHARE

168 cents

2015 | **155** cents

2014 | **163** cents

2013 | **142** cents

2012 | **130** cents

2011 | **126** cents

2010 | **124** cents

2009 | **110** cents

2008 | **169** cents

THE YEAR IN REVIEW

1 JULY 2015 - 30 JUNE 2016

ENHANCE INVESTOR RETURNS

Outlook and Growth

CVC aims to enhance investor returns by way of asset growth, and improved asset yield, through a range of new and existing investment opportunities. Backed by a strong balance sheet, CVC will continue to source and execute on transactions that enhance shareholder value and return.

CVC remains cautious about the economic climate, and expects continued

volatility throughout the year - presenting both challenges and opportunities. Accordingly, the investment approach will continue to hold significant reserves for opportunities that may present themselves in the event markets significantly correct.

Performance in 2017 will be derived from the following key investment areas.

Property

2017 is expected to see further value creation in existing investments including the Donnybrook and Marsden Park sites as a result of planning progress, as well as uplift in value of the option portfolio which accesses the potential to develop in excess of 5,000 residential lots if planning outcomes are achieved.

CVC will continue to provide mezzanine finance to a range of developers and projects – which deliver strong secured returns.

In addition, CVC's direct property investment in projects in Caboolture, Port Macquarie, Mooloolaba and Cairns should all contribute meaningfully to revenues and profit during the year.

Investment	Potential Dwellings	CVC Ownership	Forecast Development Commencement Date
Marsden Park	1,300	66%	FY 2017
Donnybrook	1,200	49%	FY 2018
Turrella*	325	50%	FY 2019
Liverpool*	5,000	33%	FY 2021
TOTAL	7,825		

**Deal structured as an option*

In response to the enhanced and increasing deal flow being accessed by the management team, and its ability to provide consistent returns and income, CVC plans to launch Eildon Capital Limited as a specific property investment vehicle – and pursue a capital raising and

listing on the ASX. Eildon Capital Limited will utilise the expertise and experience of members of the CVC management team to identify and execute on property transactions within Australia, with a target of enhanced returns and regular income distributions.

THE YEAR IN REVIEW

1 JULY 2015 – 30 JUNE 2016

Private Equity Investments

CVC will continue to evaluate and invest in private equity opportunities, as a fundamental objective of delivering superior long term returns. CVC views private equity opportunities as businesses that are mature and requiring capital for growth, facilitating change of ownership or are undergoing a turnaround strategy.

CVC's long term holding in Green's Foods Holdings Limited is in the process of being realised, and is envisaged to release cash of approximately \$24 million and net profits after tax of approximately

\$10 million to the Group during 2016/17, representing investment returns in excess of 30% per annum since acquisition from GPG in 2012.

CVC will continue to look to participate in a full spectrum of private equity investments, including succession planning, turnarounds, shareholder liquidity, expansion/merger and acquisition activity and pre-IPO investments. Where warranted by size or complexity CVC will provide significant management resources to assist with execution of the investment objective.

CVC will seek to acquire a meaningful stake in private equity opportunities during the year, to provide for substantial longer term equity accounted earnings and capital growth.

In 2016 meaningful stakes were acquired in award winning breathing device manufacturer PAFtec Pty Limited, and NSX listed Heritage Brands Limited – both of which we anticipate will contribute meaningfully to future profitability.

Listed Investments

CVC continued to hold significant investments in Cellnet Group Limited, Lantern Hotel Group, Mitchell Services Limited, 360 Total Return Fund, Bionomics Limited, Prime Media Group Limited, Vita Life Sciences Limited, and Cyclopharm Limited. CVC derives income from these strategic listed investments, including dividend income, but has acquired the holdings with the view to meaningful long-term capital returns from a re-rating or improved performance.

Where appropriate CVC provided active management of key strategic investments with assistance in both acquisitive and organic growth and operational and financial restructuring.

During the financial year, CVC will continue to identify new strategic investments in which the Company can acquire significant and meaningful stakes to complement existing major holdings and contribute a source of dividends and capital growth.

Funds Management

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

Litigation Funding

During the year CVC funded a number of litigation cases, primarily for liquidators pursuing recovery of insolvency assets. CVC derives a return on the monies loaned, and a percentage share of successful outcomes.

CVC sees the potential to build a recurrent portfolio of cases over time with the ability to derive meaningful returns from limited balance sheet exposure – and envisages in some future period that this investment strategy will warrant its own investment vehicle.

"THE APPROACH
TAKEN BY
MANAGEMENT
CONTINUES TO
LIE IN BACKING
SKILLED
MANAGEMENT
TEAMS TO CREATE
OR REALISE
VALUE IN THEIR
UNDERLYING
BUSINESS AND
ASSETS."

THE YEAR IN REVIEW

1 JULY 2015 - 30 JUNE 2016

Early Stage Investments

CVC increased its focus on earlier stage investments during the year, as a result of three key developments:

- 1) an improved investment environment for returns from earlier stage investments;
- 2) improved access to capital for early stage companies including crowd-funding; and

- 3) potential for improved regulatory support and incentives for earlier stage investments

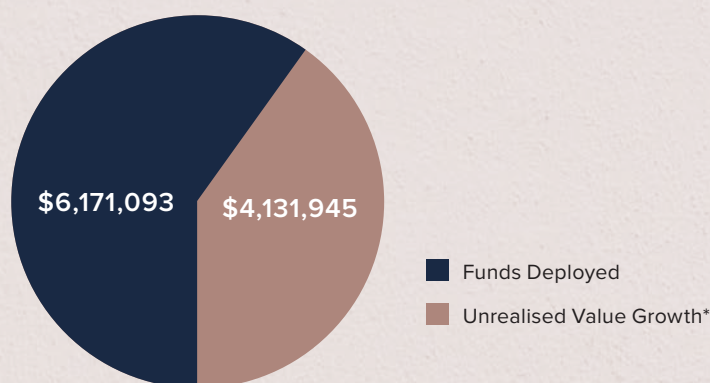
Early stage investments have played a fundamental part in CVC's growth from inception and represents one part of CVC's multi-decade investment success.

As a result of the success of some of these earlier stage investments, and the

quality of deal flow we are receiving, CVC is launching a new early stage strategy comprising a crowd funding style syndication platform, under the new name Add+Venture.

Through Add+Venture, CVC will offer qualifying investors exposure to the potentially substantial returns available to investors in early stage companies.

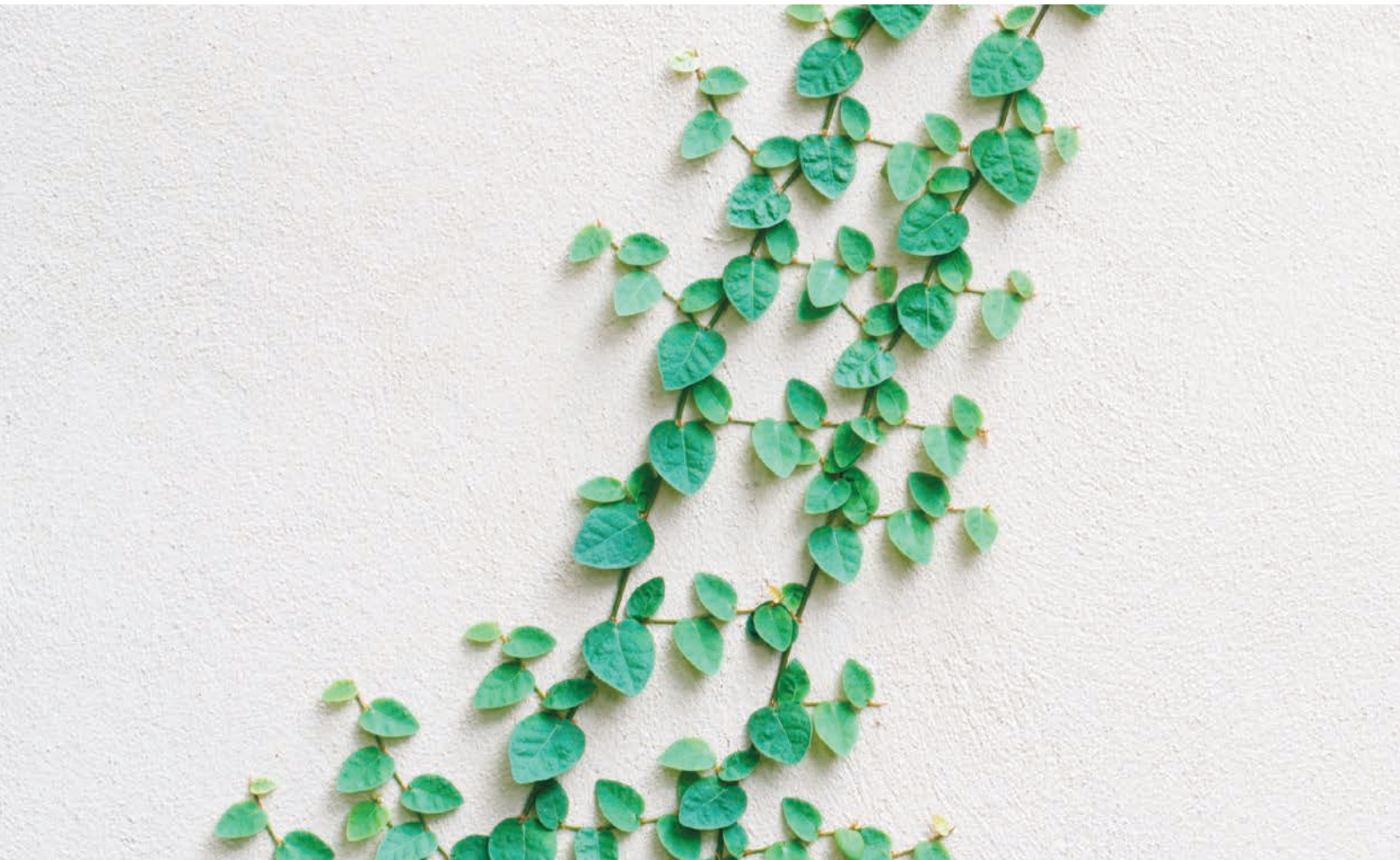
CVC Early Stage Investment Performance to 30 September 2016



*Investments made from November 2014, currently held by CVC Limited. Unrealised valuations as at date of this report - based on most recent capital raising valuation, or current share price on listed market where relevant.

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016



DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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 the 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 the 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 Jean's 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 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 attended	No. of meetings eligible to attend
John Douglas Read	2	2
Alexander Damien Harry Beard	2	2
Ian Houston Campbell	2	2

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S INTERESTS

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

Ordinary shares	Opening	Purchases	Sales	Other changes during the year	Closing
Mr J.D. Read	528,956	-	-	-	528,956
Mr A.D.H. Beard	1,381,136	-	-	-	1,381,136
Mr 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

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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

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 investments 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 charges against investments. The total impairment charges raised during the year amounted to \$4.8 million (2015: \$5.8 million). This included impairments 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 its 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.

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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

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 cash flows 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.

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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	24 Oct 2014	1,200,000	-	-	1,200,000	1,200,000
EG Kaplan (a)	24 Oct 2014	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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

REMUNERATION REPORT (AUDITED) CONT.

Remuneration of key management personnel (cont.)

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

		Short-term employee benefits		Post – employ't benefits		Share- based payment		
		Base Salary	STI				Total	Base %
		Fees	Bonus (b)	Super'n	Other		\$	(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	2016	54,795	-	5,205	-	-	60,000	100%
(Non-Executive Director)	2015	13,699	-	1,301	-	-	15,000	100%
VR Gould	2016	-	-	-	-	-	-	n/a
(Chairperson & Executive Director until 19 Dec 2014) (c)	2015	180,000	-	17,500	9,098	-	206,598	100%
J Ters	2016	-	-	-	-	-	-	n/a
(Executive Director until 16 March 2015)	2015	180,438	-	12,189	4,832	-	197,459	100%
Other Key Management Personnel								
VR Gould (c)	2016	-	-	-	-	-	-	n/a
(Executive from 19 Dec to 31 March 2015)	2015	90,000	-	8,750	6,371	-	105,121	100%
JS Leaver (d)	2016	-	-	-	-	-	-	n/a
	2015	274,550	-	26,250	8,020	-	308,820	100%
JA Hunter (f)	2016	290,000	200,000	27,550	-	-	517,550	61%
(Executive until 31 March 2015)	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:

- Base % reflects the amount of base level remuneration that is not dependent on individual or CVC performance.
- The Short Term Incentive Bonus represents discretionary bonuses as determined by the Directors of CVC, based on their performance during the year.
- 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.
- Mr Leaver resigned as Executive Officer effective 31 March 2015. Mr Leaver continues to act in an advisory role.
- Superannuation received by Mr Read includes amounts paid by CVC Limited and Eildon Capital Limited (formerly CVC Private Equity Limited).
- 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.
- 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' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

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:

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

Consequences of performance on shareholder wealth

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

	2016 \$	2015 \$	2014 \$	2013 \$	2012 \$
Net profit attributable to members of the parent entity	13,798,394	18,323,405	25,383,574	9,290,136	9,133,110
Comprehensive income/(loss) attributable to members 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.

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 18.

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

FOR THE YEAR ENDED 30 JUNE 2016

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.

Dated at Sydney NSW 30 August 2016.

M. D. MULLER

Partner

HLB Mann Judd (NSW partnership)

Liability limited by a scheme approved under Professional Standards Legislation

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
INCOME FROM CONTINUING OPERATIONS			
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	-
Impairment of loans to unrelated entities		-	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 25 to 77.

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			
<i>Items that may be reclassified to profit or loss</i>			
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 operations attributable to the members of the parent entity	7	0.1154	0.1342
Basic and diluted earnings per share for profit attributable to the 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 25 to 77.

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	-	10,094,592
Inventories	13	14,282,496	14,965,524
Current tax assets	6	258	-
Other assets	14	140,215	238,035
		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
EQUITY			
Contributed equity	23	103,646,848	103,646,848
Retained earnings	24	72,766,639	68,530,868
Other reserves	26	24,794,268	13,535,731
Total parent entity interest		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 25 to 77.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Contributed equity \$	Retained earnings \$	Asset revaluation \$
At 1 July 2015	103,646,848	68,530,868	7,585,634
Profit for the year	-	13,798,394	-
Other comprehensive income	-	-	12,668,844
Total comprehensive income for the year	-	13,798,394	12,668,844
<i>Transactions with shareholders:</i>			
Acquisition of interest in controlled entities	-	-	(525,780)
Disposal of interest in controlled entities	-	-	(625,510)
Return of capital	-	-	-
Dividend paid	-	(9,562,623)	-
Share based payment	-	-	-
At 30 June 2016	103,646,848	72,766,639	19,103,188
At 1 July 2014	103,646,848	68,137,401	23,006,152
Profit for the year	-	18,323,405	-
Other comprehensive loss	-	-	(15,981,372)
Total comprehensive income/(loss) for the year	-	18,323,405	(15,981,372)
<i>Other movements in equity:</i>			
Share of associates equity based remuneration recognised in other reserve	-	-	-
<i>Transactions with shareholders:</i>			
Acquisition of interest in controlled entities	-	-	(136,980)
Disposal of interest in controlled entities	-	-	697,834
Return of capital	-	-	-
Dividend paid	-	(17,929,938)	-
Share based payment	-	-	-
At 30 June 2015	103,646,848	68,530,868	7,585,634

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 25 to 77.

Employee equity benefit \$	Foreign exchange translation \$	Owners of the parent \$	Non-controlling interest \$	Total \$
5,981,880	(31,783)	185,713,447	15,145,337	200,858,784
-	-	13,798,394	1,251,789	15,050,183
-	355,640	13,024,484	26,395	13,050,879
-	355,640	26,822,878	1,278,184	28,101,062
-	-	(525,780)	(4,461,055)	(4,986,835)
-	-	(625,510)	1,750,727	1,125,217
-	-	-	(500,000)	(500,000)
-	-	(9,562,623)	(1,195,336)	(10,757,959)
(614,657)	-	(614,657)	293,369	(321,288)
5,367,223	323,857	201,207,755	12,311,226	213,518,981
235,388	112,140	195,137,929	17,825,232	212,963,161
-	-	18,323,405	1,746,854	20,070,259
(32,708)	(143,923)	(16,158,003)	(362,144)	(16,520,147)
(32,708)	(143,923)	2,165,402	1,384,710	3,550,112
5,631,945	-	5,631,945	-	5,631,945
-	-	(136,980)	(722,412)	(859,392)
-	-	697,834	(1,383,779)	(685,945)
-	-	-	(801,304)	(801,304)
-	-	(17,929,938)	(1,263,336)	(19,193,274)
147,255	-	147,255	106,226	253,481
5,981,880	(31,783)	185,713,447	15,145,337	200,858,784

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	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		(143,088)	(190,552)
Payments for investment properties		(5,350,000)	-
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			
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)
Payments for return of capital		(500,000)	(801,304)
Proceeds from issues of shares		1,723,695	-
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 25 to 77.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this Financial Report are:

1.1 Basis of Preparation

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.2 Statement of Compliance (cont.)

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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.6 Income Tax and Other Taxes (cont.)

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.15 Interest-Bearing Loans and Borrowings (cont.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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:

	Interest Held by Consolidated Entity		Interest Held by non-controlling 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	-	-

2.1 Composition of Consolidated Group (cont.)

	Interest Held by Consolidated Entity		Interest Held by non-controlling interests	
	2016	2015	2016	2015
	%	%	%	%
Controlled Entities jointly owned by CVC Renewables Pty Limited and CVC Reef Investment Managers:				
Wind Corporation Australia Pty Limited	100	100	-	-
Hampton Wind Park Company Pty Limited	100	100	-	-
Controlled Entities controlled by Cellnet Group Limited:				
C&C Warehouse (Holdings) Pty Limited	100	100	-	-
Regadget Pty Limited	100	100	-	-
OYT Pty Limited	100	100	-	-
Cellnet Online Pty Limited	100	100	-	-
Companies incorporated in New Zealand:				
Controlled Entities controlled by Cellnet Group Limited:				
Cellnet Limited	100	100	-	-
Companies incorporated in Hong Kong:				
Controlled Entities controlled by Cellnet Group Limited:				
3SixT Limited	100	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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.3 Interest in material subsidiaries (cont.)

(b) Information on subsidiaries (cont.):

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

	Cellnet Group Limited		Eildon Capital Limited (CVC Private Equity Limited)		Marsden Park Development Trust	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Summarised balance sheet						
Current assets	20,566,000	20,125,000	17,386,357	11,447,813	753,534	49,985
Current liabilities	8,196,000	8,389,000	732,178	846,684	683,961	46,055
Current net assets	12,370,000	11,736,000	16,654,179	10,601,129	69,573	3,930
Non-current assets	1,204,000	1,336,000	1,139,676	7,549,612	10,860,450	10,591,070
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
Net assets	13,556,000	12,979,000	17,006,953	17,362,836	(535,218)	220,406
Accumulated NCI	5,627,315	5,901,778	5,280,325	6,926,974	(589,524)	(394,320)
Summarised statement of comprehensive income						
Revenue	75,154,000	78,268,000	3,324,009	2,337,679	516,362	266,364
Profit/(loss) for the period	1,748,000	1,649,000	2,031,172	375,686	(605,625)	(347,501)
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)
Profit/(loss) allocated to NCI	764,895	1,129,709	719,476	(58,869)	(223,391)	(118,150)
Dividends paid to NCI	231,306	-	732,787	618,021	-	-
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)
Cash flows (used in)/from investing activities	(172,000)	(193,000)	(6,430,861)	(3,006,364)	-	-
Cash flows (used in)/from financing activities	(1,095,000)	(5,715,000)	(5,377,289)	(2,215,475)	498,926	117,319
Net foreign exchange 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)

(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.

CVC Caboolture Unit Trust		iLiv CVC Rockhampton Trust		CVC Masters Unit Trust		CVC Property Fund	
2016	2015	2016	2015	2016	2015	2016	2015(a)
\$	\$	\$	\$	\$	\$	\$	\$
48,535	-	5,335,164	6,446,577	5,391,184	8,689,014	-	-
7,123,328	-	1,934,640	2,046,054	717,849	13,390	-	-
7,074,793	-	3,400,524	4,400,523	4,673,335	8,675,624	-	-
6,329,406	-	-	-	10,696,028	6,502,477	-	-
-	-	-	-	-	-	-	-
6,329,406	-	-	-	10,696,028	6,502,477	-	-
745,387	-	3,400,524	4,400,523	15,369,363	15,178,101	-	-
(298,155)	-	1,699,742	2,199,742	20,369	(11,763)	-	-
90,953	-	2,173,253	6,012,291	34,469,125	-	-	3,172,794
(745,487)	-	380,710	1,173,230	6,017,400	(18,340)	-	1,738,908
-	-	-	-	-	-	-	-
(745,487)	-	380,710	1,173,230	6,017,400	(18,340)	-	1,738,908
(298,195)	-	209,390	645,315	32,132	(9,170)	-	175,759
-	-	209,390	645,315	-	-	-	-
(6,299,676)	-	991,173	3,646,902	9,115,506	(3,677,609)	-	1,956,348
-	-	-	-	-	-	-	(4,865)
6,309,506	-	(1,473,385)	(3,168,731)	(8,343,334)	3,684,757	-	(1,942,540)
-	-	-	-	-	-	-	-
9,830	-	(482,212)	478,171	772,172	7,148	-	8,943

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.3 Interest in material subsidiaries (cont.)

(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	807,611	156,808
Consideration paid to non-controlling interests	(746,176)	(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.

	2016 \$	2015 \$
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

NOTE 3: PARENT COMPANY INFORMATION

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

	2016 \$	2015 \$
i) STATEMENT OF COMPREHENSIVE INCOME		
INCOME		
Net gain on sale of equity investments	-	11,043,135
Interest revenue	4,082,944	5,656,704
Dividend revenue	18,536,833	14,231,316
Recovery of investment in controlled entities	-	6,986,840
Recovery of investment in unrelated entities	12,414,820	5,486,487
Recovery of loans to unrelated entities	-	48,898
Finance income	289,843	880,967
Fee income	46,923	244,499
Other income	21,552	-
Total income	35,392,915	44,578,846
EXPENSES		
Net loss on sale of equity investments	9,647,841	-
Impairment of listed investments	4,530,803	4,718,198
Impairment of unlisted investments	-	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		
<i>Items that may be reclassified to profit or loss</i>		
Investment value increase/(decrease) recognised in other reserves	7,636,629	(1,511,917)
Amounts transferred from other reserves to other comprehensive income on 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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: PARENT COMPANY INFORMATION (CONT.)

	2016 \$	2015 \$
ii) STATEMENT OF FINANCIAL POSITION		
CURRENT ASSETS		
Cash and cash equivalents	14,130,360	41,357,894
Loans and other receivables	1,008,111	3,497,338
Financial assets – “at fair value through profit or loss”	2,471,606	2,145,896
Other assets	176,239	129,065
	17,786,316	47,130,193
Assets classified as held for sale	311,936	-
Total current assets	18,098,252	47,130,193
NON-CURRENT ASSETS		
Loans and other receivables	70,751,207	44,954,589
Financial assets – “available-for-sale”	89,931,356	74,020,308
Total non-current assets	160,682,563	118,974,897
TOTAL ASSETS	178,780,815	166,105,090
CURRENT LIABILITIES		
Trade and other payables	817,205	6,511,417
Current tax liabilities	1,589,120	403,038
Total current liabilities	2,406,325	6,914,455
NON-CURRENT LIABILITIES		
Trade and other payables	62,400,891	48,541,136
Total non-current liabilities	62,400,891	48,541,136
TOTAL LIABILITIES	64,807,216	55,455,591
NET ASSETS	113,973,599	110,649,499
EQUITY		
Contributed equity	103,646,845	103,646,845
Retained earnings	(377,494)	3,668,346
Other reserves	10,704,248	3,334,308
TOTAL EQUITY	113,973,599	110,649,499

	2016 \$	2015 \$
NOTE 4: INCOME		
Rental income		
Unrelated entities	161,533	301,124
Revenue from services		
Unrelated entities	788,346	1,703,890
Fee income		
Unrelated entities	2,318,356	734,499
Net gain on sales of equity investments	-	15,211,432
Interest		
Associated entities	2,741,957	11,558
Unrelated entities	9,389,241	7,180,835
Dividends		
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		
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
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 charging 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
NOTE 6: INCOME TAX		
6.1 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	82,640	161,930
Trust losses not deductible	380,232	-
Decrease in income tax expense due to:		
Dividends received	(2,417,439)	(1,857,541)
Trust profit not assessable	(82,096)	(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 on tax liability arising from the 2015 income tax year.		
6.2 Current Tax Assets		
<i>Income tax receivable:</i>		
Balance at the end of the year	258	-
6.3 Current Tax Liabilities		
<i>Income tax payable:</i>		
Balance at the end of the year	2,289,683	689,603

NOTE 6: INCOME TAX (CONT.)

6.4 Deferred Tax Assets

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

	Included in Income \$	Included in Equity \$	Total \$
Year ended 30 June 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

6.5 Deferred Tax Liabilities

Deferred income tax at 30 June related to the following 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	366	-	366
Deferred tax liabilities not recognised	(18,552,886)	-	(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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6: INCOME TAX (CONT.)

6.6 Tax Consolidation

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

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

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

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

	2016 \$	2015 \$
NOTE 7: EARNINGS PER SHARE		
Basic and diluted earnings per share		
From continuing operations attributable to the members of the parent entity	0.1154	0.1342
From discontinued operation 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 operation	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

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 shares	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 shares	10.00	11,953,279	27 May 2015	30%	100%
2015 Interim dividend on ordinary shares	2.00	2,390,676	17 March 2015	30%	100%
2014 Final dividend on ordinary shares	3.00	3,585,983	3 September 2014	30%	100%

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
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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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9: LOANS AND OTHER RECEIVABLES (CONT.)

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 \$	0 – 30 days (PDNI) \$	31 – 60 days (PDNI) \$	61 – 90 days (PDNI) \$	+91 days (PDNI) \$	+60 days (CI) \$
Closing balance - 2016	11,316,274	10,134,274	257,000	249,000	110,000	500,000	66,000
Closing balance - 2015	9,815,080	8,584,082	288,000	183,500	108,000	547,498	104,000

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 \$
Movements in the provision for impairment loss were as follows:		
Carrying amount at the beginning of the year	1,506,487	353,777
Charge for the year	753,202	1,201,608
Loan written off during the year as uncollectible	(2,259,689)	-
Amount recovered	-	(48,898)
Carrying amount at the end of the year	-	1,506,487

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.

	2016 \$	2015 \$
NOTE 10: FINANCIAL ASSETS – “AVAILABLE-FOR-SALE”		
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	-
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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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
NOTE 12: FINANCIAL ASSETS – “AT FAIR VALUE THROUGH PROFIT 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

Current		
Prepayments and deposits	140,215	238,035

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Non-current		
Equity accounted interests in joint ventures	3,486,434	-
Equity accounted shares in associated companies	1,876,938	16,269,678
	5,363,372	16,269,678

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.

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

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

	Type	Ownership Interest Consolidated		Investment Carrying Amount Consolidated		Dividend Received/ Receivable Consolidated	
		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%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

15.2 Information on investments accounted for using the equity method

Associated entities

Concise Asset Management Limited	- a boutique fund manager focused on investments in ASX listed entities.
Green's Foods Holdings Pty Limited	- an Australian based company producing and distributing household food products.
JAK Investment Group Pty Limited	- a boutique real estate finance and investment house specialising in the provision of real estate capital solutions.
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.

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

15.3 Reconciliations

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

	<i>Joint Venture</i>		<i>Associated entities</i>		
	MAKE EBRB Dev Nominee Pty Ltd	Green's Foods Holdings Pty Limited	Concise Asset Management Limited	Other Entities (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)
Dividends 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)
Dividends 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

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

The table below provides 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.

	MAKE EBRB Dev Nominee Pty Ltd		Green's Foods Holdings Pty Limited		Concise Asset Management Limited	
	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 amounts:						
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	-	-
Dividends 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
Summarised statement of comprehensive income						
Revenue	882,206	-	210,552,000	192,384,000	2,811,156	3,356,700
(Loss)/profit for the period	(1,027,132)	-	3,991,999	(2,526,464)	655,696	1,143,770
Other comprehensive income	-	-	-	-	-	-
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.

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

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
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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 were impaired by \$389,091 which has been included in the 2015 statement of financial performance, which was based on an independent expert's report as at 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)	27,000	27,000
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(a) The carrying value of land was determined with reference to rating values as at 31 December 2014 resulting in an impairment charge of \$67,959 included in the 2015 statement of financial performance. The valuation was supported by an independent expert report as at 24 April 2015.

16.2 Reconciliation

Plant and equipment

Carrying amount at the beginning of the year	701,161	1,303,516
Additions	143,088	190,552
Depreciation	(300,089)	(403,816)
Impairment	(49,985)	(389,091)
Carrying amount at the end of the year	494,175	701,161

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
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NOTE 16: PROPERTY, PLANT AND EQUIPMENT (CONT.)

16.2 Reconciliation (cont.)

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)
Carrying amount at the end of the year	27,000	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 entity	-	(28,250,000)
Fair value adjustment	-	695,135
Carrying amount at the end of the year	13,159,852	16,597,069

Amounts recognised in comprehensive income

<i>Rental income</i>		
From continuing operations	161,533	301,124
From discontinued operation	-	2,674,932
<i>Direct operating expenses from property that generated rental income</i>		
From continuing operations	29,927	-
From discontinued operation	-	442,731
<i>Fair value profit/(loss) recognised in other income</i>		
From continuing operations	-	700,000
From discontinued operation	-	(4,865)

	2016 \$	2015 \$
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NOTE 17: INVESTMENT PROPERTIES (CONT.)

17.1 Leased properties

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 price of \$2.7 million on 19 September 2015.

	Weighted average 2016 \$	2015 \$
Capitalisation rate	6.66%	10.55%
Lease expiry	2.33 years	1.75 years
Occupancy	100%	100%

	2016 \$	2015 \$
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17.2 Others

Current

Investment properties	-	7,394,592
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Non-current

Investment properties	9,809,852	6,502,477
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The fair value has been determined by Directors as an estimate based on costs incurred to 30 June 2016.

NOTE 18: INTANGIBLE ASSETS

Intangible assets	52,435	26,816
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Reconciliations:

Intangible assets

Carrying amount at the beginning of the year	26,816	-
Additions	44,138	26,816
Amortisation	(18,519)	-
Carrying amount at the end of the year	52,435	26,816

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
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

	Facility Amount \$
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21.1 Secured Loans

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

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.

	2016 \$	2015 \$
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NOTE 22: DERIVATIVE FINANCIAL INSTRUMENTS

Current assets

Forward foreign exchange contracts	143,000	261,000
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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.

	2016	The Company	2015	
	Number	\$	Number	\$

NOTE 23: CONTRIBUTED EQUITY

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
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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

Retained earnings at the beginning of the year	68,530,868	68,137,401
Net profit attributable to members of the parent company	13,798,394	18,323,405
Dividends	(9,562,623)	(17,929,938)
Retained earnings at the end of the year	72,766,639	68,530,868

NOTE 25: NON-CONTROLLING INTEREST

Reconciliation of non-controlling interest in controlled entities:

Balance at the beginning of the year	15,145,337	17,825,232
Share of net 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 capital	(500,000)	(801,304)
Dividends paid	(1,195,336)	(1,263,336)
Share based payment	293,369	106,226
Revaluation of investments	26,395	(362,144)
Balance at the end of the year	12,311,226	15,145,337

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

Share capital	19,679,146	23,537,579
Other reserves	663,408	343,644
Accumulated losses	(8,031,328)	(8,735,886)
	12,311,226	15,145,337

Please refer to note 2.3 for more information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	Asset Revaluation Reserve \$	Employee Equity Benefit Reserve \$	Foreign Exchange Translation Reserve \$	Total \$
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NOTE 26: OTHER RESERVES

Year ended 30 June 2016

Reserves at the beginning of the year	7,585,634	5,981,880	(31,783)	13,535,731
Share based payments	-	(614,657)	-	(614,657)
Net unrealised gain on investments through reserves	15,262,763	-	374,537	15,637,300
Net unrealised gain on "available-for-sale" 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 transferred to profit and loss	(2,586,421)	-	-	(2,586,421)
Realised profit on "available-for-sale" investments transferred to profit and loss – non-controlling interest	(5,308)	-	-	(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" 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.

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 \$
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 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	-	(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

27.3 Financing Facilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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	3,172,794
Expenses	(1,252,686)
Profit before income tax	1,920,108
Income tax benefit	-
Profit after income tax of discontinued operation	1,920,108
Loss on sale of the subsidiary before income tax	(2,354,210)
Income tax benefit	2,888,808
Gain on sale of the subsidiary after income tax	534,598
Profit from discontinued operation	2,454,706
Attributable to	
Shareholders	2,278,947
Non-controlling interest	175,759
	2,454,706
Net cash inflow from operating activities	1,956,348
Net cash inflow from investing activities (includes a net inflow of \$5,000,000 (2015) and \$4,086,703 (2014) from the sale of the subsidiary)	4,693,444
Net cash outflow from financing activities	(1,942,540)
Net increase in cash generated by the subsidiary	4,707,252

2015
\$

NOTE 28: DISCONTINUED OPERATION (CONT.)

28.3 Details of the sale of the subsidiary

Carrying value of assets and liabilities as at the date of sale

Cash and other assets	453,168
Investment properties	28,250,000

Total assets	28,703,168
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Trade creditors	(566,425)
Interest bearing loans and borrowings	(14,446,000)

Total liabilities	(15,012,425)
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Investment revaluation reserve	697,835
Non-controlling interest	(1,383,779)

Net assets sold	13,004,799
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Consideration	10,650,589
Carrying amount of net assets sold	(13,004,799)

Loss on sale before income tax	(2,354,210)
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Income tax benefit	2,888,808
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Gain on sale after income tax	534,598
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2016
\$

2015
\$

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
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Amounts received or due and receivable by non HLB Mann Judd audit firms for:

Audit or review of the financial report	131,123	135,672
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The Auditors received no other benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
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NOTE 30: COMMITMENTS AND CONTINGENCIES

30.1 Operating Lease Commitments

Non-cancellable operating lease expense

Commitments – CVC Limited and its 100% subsidiaries

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

- within one year	100,309	190,698
- later than one year but not later than five years	4,770	556,139
	105,079	746,837

Commitments – Cellnet Group Limited

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

- within one year	390,000	578,000
- later than one year but not later than five years	339,000	135,000
	729,000	713,000

30.2 Operating leases - leases as lessor

Some of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Remaining lease terms for all properties are on average 2.33 years (2015: 1.75 years), excluding options for lease extensions upon completion of the lease term.

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

Within one year	135,894	284,760
Later than one year but not later than five years	187,085	213,570
	322,979	498,330

30.3 Financial Guarantees

Bank Guarantees

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

CVC Limited and its 100% subsidiaries

Bank guarantee (a)	1,264,525	1,256,550
Guarantee (b)	5,497,800	-

Commitments – Cellnet Group Limited

Bank guarantee	37,000	350,000
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(a) The bank guarantee provided by CVC is secured by a fixed and floating charge.

(b) The guarantee provided by CVC to National Australia Bank Limited is used as security for a loan facility in relation to 960-1000 Donnybrook Victoria.

30.4 Capital Commitments

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

Investment property

Within one year	-	19,423,913
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	2016 \$	2015 \$
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NOTE 30: COMMITMENTS AND CONTINGENCIES (CONT.)

30.5 Options

Exposure on open written option positions.

Puts

Later than 2 months but not more than 6 months	390,300	1,320,600
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Covered Calls

Later than 2 months but not more than 6 months	690,000	390,600
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30.6 Loans and other investments

Amounts available to be drawn by borrowers under existing loan facility agreements

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.

31.2 Secondary Segments - Geographical Segments

CVC operates predominantly in Australia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 31: SEGMENT INFORMATION (CONT.)

	Private Equity and Venture Capital \$'000's	Listed Investments \$'000's	Property \$'000's	Funds Management \$'000's	Controlled Investees \$'000's	Eliminations \$'000's	Consolidated \$'000's
Year Ended 30 June 2016							
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)	-
<i>Unallocated amounts:</i>							
Interest income							800
Unallocated amounts: corporate income							64
Consolidated revenue							146,572
Equity accounted income	1,737	-	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
<i>Unallocated amounts:</i>							
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
<i>Unallocated amounts:</i>							
Other liabilities							4,964
Total liabilities							41,886

NOTE 31: SEGMENT INFORMATION (CONT.)

	Private Equity and Venture Capital \$'000's	Listed Investments \$'000's	Property \$'000's	Funds Management \$'000's	Controlled Investees \$'000's	Eliminations \$'000's	Consolidated \$'000's
Year Ended 30 June 2015							
Continuing operations							
Revenue:							
Total revenue for reportable segments	4,580	22,592	13,229	76	79,684	-	120,161
Inter-segment revenue	-	-	2,993	9,696	-	(12,689)	-
<i>Unallocated amounts:</i>							
Interest income							1,963
Unallocated amounts: corporate income							261
Consolidated revenue							122,385
Equity accounted income	(1,099)	-	631	490	-	-	22
Results:							
Total profit for reportable segments	2,872	16,662	3,727	76	1,646	-	24,983
Unallocated amounts: corporate expenses							(7,389)
Share of profit of equity accounted associates							22
Consolidated profit after tax							17,616
Discontinued operation							
Revenue							819
Net profit after tax							2,455
Assets:							
Segment assets	16,978	43,990	80,065	1,768	21,294	-	164,095
<i>Unallocated amounts:</i>							
Cash and cash equivalents							52,084
Equity accounted investments							25,977
Other assets							513
Total assets							242,669
Liabilities:							
Segment liabilities	2,511	-	26,201	130	8,319	-	37,161
<i>Unallocated amounts:</i>							
Other liabilities							4,650
Total liabilities							41,811

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
NOTE 32: RELATED PARTY INFORMATION		
32.1 Key management personnel compensation		
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%
JA Hunter	0.5%

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

Key Management Personnel	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.

Grant Date	Exercise Date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Buy-back during the year	Lapsed during the year	Balance at the end of the 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.

NOTE 32: RELATED PARTY INFORMATION (CONT.)

32.2 Share-based payments (cont.)

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

Options issued to key management personnel were as follows:

	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Buy-back during the year	Lapsed during the year	Balance at the end of the year	Vested
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).

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 the start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 32: RELATED PARTY INFORMATION (CONT.)

32.2 Share-based payments (cont.)

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

(i) Executive Share Option Plan (cont.)

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

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%.

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

Tranche	Vesting Conditions	Vesting Date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested	Value per right
Year ended 30 June 2016										\$
Tranche 1	PBT	30 Jun 2015	-	366,666	-	(366,666)	-	-	-	0.28
Tranche 2	PBT	30 Jun 2016	-	366,667	-	-	(33,333)	333,334	333,334	0.28
Tranche 3	PBT	30 Jun 2017	-	366,667	-	-	(33,334)	333,333	333,333	0.28
Tranche 4	TSR	30 Jun 2017	-	2,200,000	-	-	(200,000)	2,000,000	2,000,000	0.13
Year ended 30 June 2015										
Tranche 1	PBT	30 Jun 2015	-	-	366,666	-	-	366,666	366,666	0.28
Tranche 2	PBT	30 Jun 2016	-	-	366,667	-	-	366,667	366,667	0.28
Tranche 3	PBT	30 Jun 2017	-	-	366,667	-	-	366,667	366,667	0.28
Tranche 4	TSR	30 Jun 2017	-	-	2,200,000	-	-	2,200,000	2,200,000	0.13

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

NOTE 32: RELATED PARTY INFORMATION (CONT.)

32.2 Share-based payments (cont.)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 32: RELATED PARTY INFORMATION (CONT.)

32.4 Loans with Related Parties

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

	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%

(a) Private company associated with Mr Hunter.

(b) 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).

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

NOTE 32: RELATED PARTY INFORMATION (CONT.)

32.5 Other Transactions

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

	2016		2015	
	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 & MP Superannuation Fund	30,042	-	-	-
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.

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

(c) Private company associated with Mr Hunter.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 Interest		Non Interest	
	Note	Floating Interest Rate \$	1 Year or Less \$	1 to 5 Years \$	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

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.

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

33.1 Interest Rate Risk (cont.)

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	
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)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

33.4 Liquidity Risk

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

The following table details CVC's contractual liabilities.

	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.

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 cash flow hedges:

	2016 \$	2015 \$
Financial assets		
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.

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

33.5 Currency Risk (cont.)

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.

	Increase in AUD of 10% \$	Decrease in AUD of 10% \$
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)	-	-
Equity increase/(decrease)	(284,489)	347,709

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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				
<i>“Available-for-sale” investments</i>				
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
<i>“Fair value through profit or loss” investments</i>				
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				
<i>“Available-for-sale” investments</i>				
Shares in listed corporations – at market value	20,908,796	20,219,678	-	41,128,474
Public unlisted investments – at market value	-	1,218,885	-	1,218,885
Other investments	-	170,067	6,160,869	6,330,936
<i>“Fair value through profit or loss” investments</i>				
Shares in listed corporations – at market value	2,652,580	-	-	2,652,580
Derivative financial instruments	-	261,000	-	261,000
Non-financial assets				
Investment properties	-	-	16,597,069	16,597,069
	23,561,376	21,869,630	22,757,938	68,188,944

	2016 \$	2015 \$
NOTE 34: FAIR VALUE MEASUREMENTS (CONT.)		
Reconciliation of Level 3 fair value movements:		
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

Description	Fair value at		Unobservable inputs	Weighted average		Relationship of unobservable inputs to fair value
	30 Jun 2016 \$	30 Jun 2015 \$		2016	2015	
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 yrs	1.75 yrs	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.

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.

NOTE 36: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT.)

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.

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:
 - (i) 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 15 to 17 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

FOR THE YEAR ENDED 30 JUNE 2016

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.

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

Sydney, NSW 30 August 2016

M. D. MULLER

Partner

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.

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:

CORPORATE GOVERNANCE STATEMENT

- 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.

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.

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 (size of holding)	Number of ordinary shareholders
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

Minimum parcel size	Number of shareholders
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Unmarketable parcels

Minimum \$500.00 parcel at \$1.52 per share	329	69
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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

ADDITIONAL INFORMATION

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.





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