

RESULTS ANNOUNCEMENT FOR THE 6 MONTHS ENDED 31 DECEMBER 2016

INTRODUCTION

CVC Limited (ASX: CVC) is pleased to report a half year net profit after tax of \$17 million (31 December 2015: \$10.2 million).

Importantly, significant contributions were made from all investment segments, and significant progress was made on initiatives across all operating segments which will contribute to the further development of the Company in 2017 and beyond.

During the six months the Company paid a 5 cent fully franked final dividend, and a 10 cent fully franked special dividend.

Statutory Net Tangible Assets per share (**NTA**), decreased by 1 cent during the period to \$1.67 after payment of 15 cents in dividends, representing an annualised return of 17.6%. For the 12 month period to 31 December 2016, NTA increased by 8 cents, after payment of 20 cents in dividends. This represents an annualised return of 18.2%. This compares to the prior 12 month period to 31 December 2015 of an annualised return of 11.4%. Statutory NTA does not include any incremental valuation uplift for any increase in value of unlisted equity or property investments.

COMMENTARY

Highlights during the half year included:

- Sale of equity holding in Green's Foods Holdings Pty Limited (**Green's Foods**) for approximately \$24 million;
- Sale of 83% holding in Cellnet Group Limited;
- Continued meaningful contribution from mezzanine portfolio;
- Continued development of property portfolio;
- Successful prospectus launch for the Initial Public Offer (IPO) of Eildon Capital Limited, with a substantial oversubscription of the \$10 million capital raising;
- Acquisition of 48% equity stake in pharmaceutical contract manufacturer South Pack Laboratories (Aust) Pty Limited; and
- Continued development of the Add+Venture portfolio and track record ahead of a planned capital raising.

Balance Sheet Strength

Closing cash balance increased by \$14.5 million to \$36 million as at 31 December 2016 giving the group substantial continued ability to capitalise on investment opportunities.

Listed Investments

Listed investments contributed \$4.1 million to the half year profit, including realisation of a pre-IPO investment opportunity that generated \$2.2 million of profit. During the period, and subsequent to the end of the half year, Lantern Hotel Group realised their entire portfolio of hotels and have commenced distributing the proceeds. It is currently anticipated that the realisation of the Lantern holding will contribute between \$10 million and \$12 million to the 2nd half result.

Property

Property investments contributed \$2.4 million during the period, principally from mezzanine property lending. As previously highlighted, due to the limitation of accounting policies the performance of property does not fully reflect the value generated from progress made on planning outcomes on development projects that has occurred during the period.

There is significant asset value in the Company's project pipeline (in excess of 3,000 potential lots - CVC Share) which is not reflected in the balance sheet. The Company has previously given guidance that the potential value uplift from its share in the Marsden Park project alone is in the order of \$40 million.

Private Equity Investments

Private Equity investments contributed \$12.3 million for the period, largely attributable to the sale of the long term shareholding in Green's Foods.

During the period the Company continued to expend significant management effort in working with investee companies to deliver long term capital growth and in identifying new investment opportunities.

Six new investments were made during the period, of which five were small stakes (approximately \$200,000 each) in early stage (pre-IPO) companies and the other a 48% stake in pharmaceutical contract manufacturer South Pack Laboratories (Aust) Pty Limited. These investments are expected to provide a combination of opportunities for longer term investment, and attractive medium term profitability.

Funds Management

Funds management contributed approx. \$0.4 million during the period. The successful capital raising by Eildon Capital Limited will provide a meaningful contribution to funds management in the future. Additionally, the Add + Venture early stage private equity vehicle will launch during the 2nd half of the 2017 financial year.

2017 OUTLOOK

CVC has a core earnings base underpinned by mezzanine finance transactions, which it endeavours to enhance with other investment earnings and realisations of investments. CVC's ability to reliably predict optimal timing for capital profits from investment realisations, and thereby meaningfully forecast profits from other investment activities, is limited by factors outside of the Company's control.

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

CAPITAL MANAGEMENT

A fully franked dividend of 5 cents per share was paid to shareholders on 15 September 2016 for the year ended 30 June 2016. A special dividend of 10 cents per share was paid on 14 December 2016. On 20 February 2017, the Directors resolved to pay an interim dividend of 5 cents per share payable on 8 March 2017.



ADH Beard
Director
24 February 2017

Appendix 4D

Half-Yearly Report

Results for announcement to the market

CVC Limited		
ABN	Half-Year ended (‘Reporting Period’)	Previous Half-Year ended (‘Corresponding period’)
34 002 700 361	31 December 2016	31 December 2015

Results

Income from continuing operations	down	42.3%	to	26,871,358
Income from discontinuing operations	up	1.2%	to	42,810,640
Profit before tax from continuing operations	up	62.4%	to	16,371,970
Profit before tax from discontinuing operations	down	18.4%	to	1,297,319
Profit after tax attributable to members	up	96.2%	to	15,434,729
Net profit attributable to members	up	96.2%	to	15,434,729

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

Dividends (distributions)

	Amount per security	Franked amount per security
Interim dividend	5.0 cents	5.0 cents
Special dividend	10.0 cents	10.0 cents
Prior year interim dividend	5.0 cents	5.0 cents
Prior year final dividend	5.0 cents	5.0 cents
<p>Information on dividends:</p> <p>On 20 February 2017 the directors resolved to pay an interim dividend of 5 cents per share, fully franked, payable on 8 March 2017.</p> <p>As previously advised the Dividend Reinvestment Plan has been suspended until such time as there is a better correlation between the share price and the underlying net asset value of CVC Limited. As a result, the Dividend Reinvestment Plan will not be in operation.</p>		
Ex-Dividend date for the purpose of receiving the dividend	23 February 2017	
Record date for determining entitlements to the dividend	24 February 2017	
Payment Date	8 March 2017	

Commentary

Brief explanation of any of the figures reported above:
Please refer to the attached commentary for a detailed review.

CVC LIMITED
AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

For the half-year ended
31 December 2016

COMPANY PARTICULARS

CVC LIMITED

ACN 002 700 361

DIRECTORS

John Read
Alexander Beard
Ian Campbell

SECRETARIES

Alexander Beard
John Hunter

MANAGEMENT TEAM

Alexander Beard
Mark Avery
Michael Bower
Andrew Harris
Jufri Abidin

John Hunter
Elliott Kaplan
Christian Jensen
Charles Williams
Tom Kellaway

PRINCIPAL AND REGISTERED OFFICE

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SHARE REGISTRY

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

AUDITORS

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

BANKERS

Westpac Banking Corporation Limited
Bank of Western Australia Limited

STOCK EXCHANGE LISTING

Australian Securities Exchange Limited

CVC LIMITED & CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for CVC Limited and its controlled entities ("CVC") for the half-year ended 31 December 2016 and the independent review report thereon.

Directors

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

John Douglas Read (Non Executive Director)
Alexander Damien Harry Beard (Executive Director and Company Secretary)
Ian Houston Campbell (Non Executive Director)

Operating Results

The net profit after tax attributable to shareholders for the six months ended 31 December 2016 of CVC amounted to \$15.4 million (2015: \$7.9 million).

Highlights during the half year included:

- Sale of equity holding in Green's Foods Holdings Pty Limited for approximately \$24 million;
- Sale of 83% holding in Cellnet Group Limited;
- Continued meaningful contribution of mezzanine portfolio;
- Continued development of property portfolio;
- Successful prospectus launch for the Initial Public Offer of Eildon Capital Limited, with a substantial oversubscription of the \$10 million capital raising;
- Acquisition of 48% equity stake in pharmaceutical contract manufacturer South Pack Laboratories (Aust) Pty Limited; and
- Realisation of significant investment under the Add+Venture portfolio with continued acquisition and development of investments ahead of a planned capital raising.

As always the results of CVC are significantly impacted by the timing of major investment realisations. The Board remains cognisant of the need to continue the development and attraction of investees so as to provide regular realisation opportunities. However, in pursuing this strategy the Board remains steadfastly committed to developing longer term value for shareholders rather than on timing realisations for accounting outcomes. During the period CVC has continued to be focused on the development of its core investments, assisting management to restructure and strengthen operations in the face of the current economic climate and to take advantage of opportunities presented to build the companies.

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

Dividends

Since the end of the period, the directors have determined to pay an interim dividend in respect of the half-year ended 31 December 2016 of 5 cents per share, fully franked, payable on 8 March 2017. During the period, directors paid a final fully franked dividend in respect of the year ended 30 June 2016 of 5 cents per share on 15 September 2016 and a special fully franked dividend of 10 cents per share on 14 December 2016.

Events subsequent to balance date

On 14 February 2017 Eildon Capital Limited successfully completed a capital raising of \$10 million. This has the effect of reducing CVC's ownership from 56.0% to 38.5% and result in the deconsolidation of Eildon Capital Limited's operations from the group.

Since the end of the period, the directors have determined to pay an interim dividend in respect of the half-year ended 31 December 2016 of 5 cents per share, fully franked, payable on 8 March 2017.

There are no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in the financial period subsequent to 31 December 2016.

Auditor's Independence Declaration

A copy of the Independence Declaration given to the directors by the auditor for the review undertaken by HLB Mann Judd Chartered Accountants is included on page 25.

Signed and Dated Sydney this 24th day of February 2017 in accordance with a resolution of directors.



ALEXANDER BEARD
Director



JOHN READ
Director

CVC LIMITED & CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	31 Dec 2016 \$	31 Dec 2015 \$
INCOME			
Contract revenue		-	22,489,924
Interest income		5,922,667	5,534,311
Income from equity investments	24	16,522,436	13,646,974
Sale of land		2,155,071	2,408,911
Fee income		882,740	347,498
Other income		1,191,014	1,142,184
Total income		26,673,928	45,569,802
Equity accounted profits			
Share of net profit of associates	7	197,430	991,978
EXPENSES			
Cost of land sold	12	1,780,582	1,977,568
Contract costs		39,021	20,549,299
Net loss on sale of equity investments		-	7,152,778
Employee costs		2,008,593	1,877,165
Finance costs		2,255,586	740,279
Impairment of financial instruments	24	2,884,117	2,673,455
Management and consultancy fees		589,840	289,727
Other expenses		941,649	1,223,119
Total expenses		10,499,388	36,483,390
Profit before related income tax expense		16,371,970	10,078,390
Income tax expense	2	2,903,341	1,509,076
Net profit from continuing operations for the half-year		13,468,629	8,569,314
Net profit from discontinued operations for the half-year	22	3,564,711	1,594,676
Net profit for the half-year		17,033,340	10,163,990
Net profit attributable to:			
Members of the parent entity	18	15,434,729	7,865,867
Non-controlling interest		1,598,611	2,298,123
Net profit for the half-year		17,033,340	10,163,990

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

CVC LIMITED & CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		31 Dec 2016	31 Dec 2015
		\$	\$
Profit for the half-year		17,033,340	10,163,990
		<hr/>	<hr/>
Other comprehensive income			
Items that may be reclassified to profit or loss			
- "Available-for-sale" investments:			
- Decrease in fair values recognised in other reserves		9,067,351	3,422,578
- Amounts transferred from other reserves to the income statement on sale		(1,613,952)	(1,956,542)
Income tax on items taken directly to or from equity		(5,635,710)	-
		<hr/>	<hr/>
Other comprehensive income for the half-year, net of tax		1,817,689	1,466,036
		<hr/>	<hr/>
Total comprehensive income for the half-year		18,851,029	11,630,026
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income for the half-year is attributable to:			
Members of the parent entity		17,271,287	9,227,726
Non-controlling interest		1,579,742	2,402,300
		<hr/>	<hr/>
		18,851,029	11,630,026
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income for the period attributable to members of the parent entity arises from:			
Continuing operations		15,286,318	9,227,726
Discontinued operation		3,564,711	2,402,300
		<hr/>	<hr/>
		18,851,029	11,630,026
		<hr/> <hr/>	<hr/> <hr/>
Basic and diluted earnings per share for profit from continuing operations attributable to the members of the parent entity (cents)	4	10.44	5.84
Basic and diluted earnings per share for profit attributable to the members of the parent entity (cents)	4	12.91	6.58
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The above statement of comprehensive income should be read in conjunction with the accompanying notes to the Half-Year Report.

CVC LIMITED & CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31 Dec 2016 \$	30 Jun 2016 \$
CURRENT ASSETS			
Cash and cash equivalents	5	36,151,097	21,673,050
Loans and other receivables	6	62,408,604	80,695,636
Financial assets - "at fair value through profit or loss"	9	7,259,554	2,489,914
Derivative financial instrument		-	143,000
Inventories	12	4,431,885	14,282,496
Current tax assets		-	258
Other assets		194,993	140,215
		<hr/>	<hr/>
		110,446,133	119,424,569
Assets classified as held for sale		-	12,916,653
		<hr/>	<hr/>
Total current assets		110,446,133	132,341,222
NON-CURRENT ASSETS			
Loans and other receivables	6	15,981,535	21,725,495
Financial assets - "available-for-sale"	8	70,333,894	69,331,501
Inventories	12	11,278,173	10,860,450
Investments accounted for using the equity method	7	17,624,915	5,363,372
Property, plant and equipment	11	305,094	581,157
Investment properties	10	37,192,188	13,159,852
Intangible assets	13	-	52,435
Deferred tax assets		6,153,160	1,989,207
		<hr/>	<hr/>
Total non-current assets		158,868,959	123,063,469
		<hr/>	<hr/>
TOTAL ASSETS		269,315,092	255,404,691
CURRENT LIABILITIES			
Trade and other payables	14	5,923,955	12,497,426
Interest bearing loans and borrowings	15	2,405,000	3,167,951
Provisions	16	773,334	1,184,514
Current tax liabilities		3,858,267	2,289,683
		<hr/>	<hr/>
Total current liabilities		12,960,556	19,139,574
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	15	36,922,798	21,571,053
Provisions	16	18,825	121,006
Deferred tax liabilities		8,493,845	1,054,077
		<hr/>	<hr/>
Total non-current liabilities		45,435,468	22,746,136
		<hr/>	<hr/>
TOTAL LIABILITIES		58,396,024	41,885,710
NET ASSETS			
		<hr/>	<hr/>
EQUITY			
Contributed equity	17	103,646,848	103,646,848
Retained profits	18	76,027,979	72,766,639
Other reserves	19	20,331,088	24,794,268
		<hr/>	<hr/>
Parent entity interest		200,005,915	201,207,755
Non-controlling interest		10,913,153	12,311,226
		<hr/>	<hr/>
TOTAL EQUITY		210,919,068	213,518,981
		<hr/>	<hr/>

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

CVC LIMITED & CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Contributed equity \$	Retained earnings \$	Asset revaluation \$	Employee equity benefit \$	Foreign exchange translation \$	Owners of the parent \$	Non-controlling interest \$	Total \$
At 1 July 2016	<u>103,646,848</u>	<u>72,766,639</u>	<u>19,103,188</u>	<u>5,367,223</u>	<u>323,857</u>	<u>201,207,755</u>	<u>12,311,226</u>	<u>213,518,981</u>
Profit for the half-year	-	15,434,729	-	-	-	15,434,729	1,598,611	17,033,340
Other comprehensive income	-	-	1,825,781	-	10,777	1,836,558	(18,869)	1,817,689
Total comprehensive income for the half-year	-	15,434,729	1,825,781	-	10,777	17,271,287	1,579,742	18,851,029
Transactions with shareholders:								
Acquisition of interest in controlled entities	-	-	1,264	-	-	1,264	(19,624)	(18,360)
Disposal of interest in controlled entities	-	-	(933,779)	-	-	(933,779)	(2,386,226)	(3,320,005)
Return of capital	-	-	-	-	-	-	(500,000)	(500,000)
Dividend paid	-	(17,929,918)	-	-	-	(17,929,918)	(289,779)	(18,219,697)
Transfer of share based payment on sale of associate	-	5,208,729	-	(4,947,284)	-	261,445	126,965	388,410
Transfer of share based payment on sale of subsidiary	-	547,800	-	(419,939)	-	127,861	90,849	218,710
At 31 December 2016	<u>103,646,848</u>	<u>76,027,979</u>	<u>19,996,454</u>	<u>-</u>	<u>334,634</u>	<u>200,005,915</u>	<u>10,913,153</u>	<u>210,919,068</u>
At 1 July 2015	<u>103,646,848</u>	<u>68,530,868</u>	<u>7,585,634</u>	<u>5,981,880</u>	<u>(31,783)</u>	<u>185,713,447</u>	<u>15,145,337</u>	<u>200,858,784</u>
Profit for the half-year	-	7,865,867	-	-	-	7,865,867	2,298,123	10,163,990
Other comprehensive income	-	-	1,007,584	-	354,275	1,361,859	104,177	1,466,036
Total comprehensive income for the half-year	-	7,865,867	1,007,584	-	354,275	9,227,726	2,402,300	11,630,026
Transactions with shareholders:								
Acquisition of interest in controlled entities	-	-	(462,304)	-	-	(462,304)	(4,235,796)	(4,698,100)
Disposal of interest in controlled entities	-	-	(532,448)	-	-	(532,448)	1,480,941	948,493
Return of capital	-	-	-	-	-	-	(500,000)	(500,000)
Dividend paid	-	(3,585,984)	-	-	-	(3,585,984)	(253,159)	(3,839,143)
Share based payment	-	-	-	47,445	-	47,445	25,173	72,618
At 31 December 2015	<u>103,646,848</u>	<u>72,810,751</u>	<u>7,598,466</u>	<u>6,029,325</u>	<u>322,492</u>	<u>190,407,882</u>	<u>14,064,796</u>	<u>204,472,678</u>

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

CVC LIMITED & CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Notes	31 Dec 2016 \$	31 Dec 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		38,007,394	44,343,635
Cash payments in the course of operations		(49,511,000)	(53,755,130)
Net cash receipts for land held for resale		1,097,773	1,715,289
Proceeds on disposal of financial assets at fair value through profit or loss		403,983	483,286
Payment for financial assets at fair value through profit or loss		(297,303)	(1,898,817)
Proceeds on construction contract		3,837,562	1,099,084
Interest received		5,422,075	5,362,488
Interest paid		(470,026)	(195,499)
Dividends received		788,412	12,907,845
Income taxes paid		(1,786,340)	(1,612,933)
Net cash flows (used in)/provided by operating activities	5(b)	<u>(2,507,470)</u>	<u>8,449,248</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure for investment properties		(1,338,102)	(750,204)
Payments for property, plant and equipment		(144,531)	(70,589)
Payments for investment property		(20,539,951)	(5,350,000)
Proceeds from disposal of investment properties		-	8,700,000
Payments for equity investments		(20,011,730)	(29,813,598)
Proceeds on disposal of equity investments		43,294,090	28,784,125
Acquisition of intangibles		(7,738)	(23,542)
Disposal of subsidiaries, net of cash received		(482,333)	-
Loans provided		(34,172,820)	(52,263,173)
Loans repaid		44,175,619	23,100,378
Net cash flows provided by/(used in) investing activities		<u>10,772,504</u>	<u>(27,686,603)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(11,944,684)	(13,312,808)
Proceeds from borrowings		33,696,137	18,662,000
Dividends paid		(18,219,697)	(3,842,600)
Proceeds from issues of shares		3,615,539	1,463,695
Payments for share buybacks		(913,901)	(5,732,648)
Net cash flows provided by/(used in) financing activities		<u>6,233,394</u>	<u>(2,762,361)</u>
Net increase/(decrease) in cash held		14,498,428	(21,999,716)
Foreign exchange (loss)/gain on cash		(20,381)	573,721
Cash at the beginning of the half-year		21,673,050	54,456,733
CASH AT THE END OF THE HALF-YEAR	5(a)	<u><u>36,151,097</u></u>	<u><u>33,030,738</u></u>

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

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: BASIS OF PREPARATION

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

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by CVC during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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

	31 Dec 2016	31 Dec 2015
	\$	\$
NOTE 2: INCOME TAX EXPENSE		
Profit from continuing operations before income tax expense	16,371,970	10,078,390
Profit from discontinued operation before income tax expense	1,297,319	1,589,947
	<hr/>	<hr/>
Accounting profit before income tax	17,669,289	11,668,337
	<hr/>	<hr/>
Income tax expense:		
Prima facie income tax expense at 30% on profit before income tax	5,300,787	3,500,501
Increase in income tax expense due to:		
Sundry items	164,246	88,256
Share based payment	388,410	-
Tax losses not recognised	281,579	-
Tax losses recouped	748,298	-
Inter-company transactions non-deductible	1,936,653	-
Deferred tax balances not recognised	-	489,238
Decrease in income tax expense due to:		
Franked dividends received	(288,168)	(1,881,736)
Trust profit not assessable	(63,032)	(529,996)
Effect of lower tax rate in New Zealand (28%)	(14,525)	(3,738)
Tax losses recouped	-	(363,558)
Deferred tax balances not recognised	(508,653)	-
Recognised deferred tax balances	(7,282,295)	-
	<hr/>	<hr/>
	663,300	1,298,967
Adjustment in respect of current income tax of previous years	(27,351)	205,380
	<hr/>	<hr/>
Income tax expense for the half-year	635,949	1,504,347
	<hr/>	<hr/>
Income tax expense/(benefit) is attributable to:		
Profit from continuing operations	2,903,341	1,509,076
Profit from discontinued operation	(2,267,392)	(4,729)
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Aggregate income tax expense	635,949	1,504,347
	<hr/>	<hr/>

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 3: DIVIDENDS

Dividends proposed or paid and not provided for in previous periods by CVC are:

CVC paid a final dividend of 5 cents per share on 15 September 2016 in respect of the year ended 30 June 2016 and a special dividend of 10 cents per share on 14 December 2016.

On 20 February 2017, CVC declared an interim dividend of 5 cents per share, fully franked, to be paid on 8 March 2017 to shareholders registered on 24 February 2017.

	31 Dec 2016	30 Jun 2016
Dividend franking account		
Franking credits available to shareholders of CVC Limited for subsequent financial years	9,270,927	12,555,079
	<u>9,270,927</u>	<u>12,555,079</u>

The franking account is stated on a tax paid basis. The balance comprises the franking account at period-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 the reporting date
- (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.

	31 Dec 2016	31 Dec 2015
NOTE 4: EARNINGS PER SHARE		
Basic and diluted earnings per share	Cents	Cents
From continuing operations attributable to the members of the parent entity	10.44	5.84
From discontinued operations attributable to the members of the parent entity	2.47	0.74
	<u>12.91</u>	<u>6.58</u>
Total basic and diluted earnings per share attributable to the members of the parent entity	<u>12.91</u>	<u>6.58</u>
	\$	\$
Reconciliation of earnings used in calculation of earnings per share:		
Profit after income tax from continuing operations	13,468,629	8,569,314
Less: non-controlling interest in continuing operations	(984,497)	(1,583,312)
	<u>12,484,132</u>	<u>6,986,002</u>
Net profit from continuing operations attributable to members of the parent entity	<u>12,484,132</u>	<u>6,986,002</u>
Profit after income tax from discontinued operation	3,564,711	1,594,676
Less: non-controlling interest in discontinued operation	(614,114)	(714,811)
	<u>2,950,597</u>	<u>879,865</u>
Net profit from discontinued operation attributable to members of the parent entity	<u>2,950,597</u>	<u>879,865</u>
Net profit attributable to members of the parent entity	<u>15,434,729</u>	<u>7,865,867</u>
	<u>15,434,729</u>	<u>7,865,867</u>
	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 half-year	119,532,788	119,532,788
	<u>119,532,788</u>	<u>119,532,788</u>

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 5: NOTES TO THE CASH FLOW STATEMENT

(a) 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 interim reporting period is reconciled to the related items in the statement of financial position as follows:

	31 Dec 2016	30 Jun 2016
	\$	\$
Cash on deposit	35,284,332	20,371,525
Funds held by bank	866,765	1,301,525
	<hr/>	<hr/>
Cash and cash equivalents	36,151,097	21,673,050
	<hr/> <hr/>	<hr/> <hr/>

(b) Reconciliation of profit after income tax to the net cash provided by operating activities:

	31 Dec 2016	31 Dec 2015
	\$	\$
Profit after income tax	17,033,340	10,163,990
Add/(less) non-cash items:		
Share of equity accounted profits	(197,430)	(991,978)
Depreciation and amortisation of plant and equipment	167,983	204,440
Non-cash employee benefits expense-share based payments	218,709	55,820
Non-cash finance cost	411,778	-
Impairment expenses on financial instruments	2,884,117	2,673,455
Impairment recoveries	(6,122,426)	(8,771,423)
Net (profit)/loss on disposal of investments	(10,241,437)	7,152,778
Interest income not received	(502,853)	(177,970)
Interest expense not paid	1,002,117	184,728
Dividend income	323,193	1,125,607
Foreign exchange profit on cash	20,381	(573,721)
Movement in income tax provision	1,568,842	1,134,290
Movement in deferred tax assets and liabilities	(2,719,234)	(1,241,890)
Changes in assets and liabilities:		
Inventories	(2,178,933)	(2,449,103)
Financial assets at fair value through profit or loss	106,680	(1,417,375)
Trade and other receivables	(10,327,799)	(2,133,125)
Trade and other payables	6,047,376	4,028,050
Provisions	58,467	(123,825)
Other assets	(60,341)	(393,500)
	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	(2,507,470)	8,449,248
	<hr/> <hr/>	<hr/> <hr/>

NOTE 6: LOANS AND OTHER RECEIVABLES

	31 Dec 2016	30 Jun 2016
	\$	\$
Current		
Trade receivables	814,228	11,316,274
Allowance for impairment loss	-	(65,841)
Amounts due from customers for contract work	-	4,122,719
Other receivables and prepayments	10,684,711	663,569
Loans to associated entities	15,370,184	12,811,326
Loans to other corporations	35,539,481	51,847,589
	<hr/>	<hr/>
	62,408,604	80,695,636
	<hr/> <hr/>	<hr/> <hr/>

Trade and other receivables don't have any retention amounts related to construction contracts in progress.

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	31 Dec 2016	30 Jun 2016
	\$	\$

NOTE 6: LOANS AND OTHER RECEIVABLES (CONT.)

Current (cont.)

(a) 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)
	<u>-</u>	<u>4,122,719</u>
Net balance sheet position for ongoing contracts	<u>-</u>	<u>4,122,719</u>

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. The receivable amount was fully repaid in August 2016.

Non-Current

Loans to associated entities	8,332,812	17,257,809
Loans to other corporations	7,648,723	4,467,686
	<u>15,981,535</u>	<u>21,725,495</u>

NOTE 7: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Equity accounted interests in joint ventures	3,406,758	3,486,434
Equity accounted shares in other associated companies	14,218,157	1,876,938
	<u>17,624,915</u>	<u>5,363,372</u>

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

	% Ownership at end of half-year		Carrying value		Contribution to net profit/(loss)	
	31 Dec 16	30 Jun 16	31 Dec 16	30 Jun 16	31 Dec 16	31 Dec 15
			\$	\$	\$	\$
Associated entities						
Concise Asset Management Limited	42.0	42.0	1,137,827	1,125,489	180,338	172,157
Green's Foods Holdings Pty Limited	-	43.5	-	-	-	123,567
JAK Investment Group Pty Ltd	40.0	40.0	174,993	352,654	(32,062)	488,508
Turrella Property Unit Trust	50.0	50.0	-	-	-	-
Londonderry Unit Trust	30.0	30.0	-	-	-	641,819
LAC Unit Trust	33.3	33.3	640,905	398,695	-	-
LAC JV Pty Ltd	33.3	33.3	100	100	-	-
Donnybrook JV Pty Ltd	49.0	49.0	8,118,747	-	(87,260)	-
Urban Properties Pty Limited	33.3	33.3	-	-	-	-
Urban Properties Cairns Pty Limited	20.0	20.0	-	-	-	-
Urban Properties Centenary Pty Limited	20.0	20.0	-	-	-	-
Mooloolaba Wharf Holding Company Pty Limited	50.0	50.0	-	-	-	-
South Pack Laboratories (Aust) Pty Ltd	48.0	-	4,059,870	-	219,870	-
Eildon Funds Management Limited	40.0	-	85,715	-	(3,779)	-
BioPower Systems Pty Limited	25.1	25.1	-	-	-	-
Joint Ventures						
MAKE EBRB Dev Nominee Pty Ltd	50.0	50.0	3,406,758	3,486,434	(79,677)	(434,073)
MAKE 246 EBRB Pty Ltd	50.0	50.0	-	-	-	-
			<u>17,624,915</u>	<u>5,363,372</u>	<u>197,430</u>	<u>991,978</u>

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	31 Dec 2016	30 Jun 2016
	\$	\$
NOTE 8: FINANCIAL ASSETS - "AVAILABLE-FOR-SALE"		
Non-Current		
Shares in listed corporations – at market value	58,194,708	58,338,703
Other investments - at cost	7,628,058	8,771,869
Impairment of other investments – at cost	(421,000)	(250,000)
Public unlisted investments – at market value	1,484,962	1,381,992
Other investments – at market value	3,447,166	1,088,937
	<u>70,333,894</u>	<u>69,331,501</u>
NOTE 9: FINANCIAL ASSETS - "AT FAIR VALUE THROUGH PROFIT OR LOSS"		
Current		
Shares in listed corporations – at market value	<u>7,259,554</u>	<u>2,489,914</u>
NOTE 10: INVESTMENT PROPERTIES		
Investment properties (note 23)		
Non-current	<u>37,192,188</u>	<u>13,159,852</u>
Reconciliation:		
Investment properties at beginning of the half-year	13,159,852	16,597,069
Additions – acquisition of properties	22,744,951	5,350,000
Additions – capital expenditure	1,287,385	1,307,375
Reclassification to construction contract	-	(1,894,592)
Carrying value of investment property sold	-	(8,200,000)
	<u>37,192,188</u>	<u>13,159,852</u>
Total investment properties at the end of the half-year	<u>37,192,188</u>	<u>13,159,852</u>
NOTE 11: PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment	<u>305,094</u>	<u>581,157</u>
<i>Plant and equipment:</i>		
At amortised cost	271,908	1,390,721
Accumulated depreciation	(89,147)	(896,546)
	<u>182,761</u>	<u>494,175</u>
Total plant and equipment	<u>182,761</u>	<u>494,175</u>

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	31 Dec 2016 \$	30 Jun 2016 \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONT.)		
<i>Leasehold improvements:</i>		
At cost	416,435	242,717
Accumulated depreciation	(321,102)	(182,735)
	<u>95,333</u>	<u>59,982</u>
Total properties	<u>95,333</u>	<u>59,982</u>
<i>Properties:</i>		
At amortised cost (a)	<u>27,000</u>	<u>27,000</u>
(a) The carrying value of land was determined with reference to rating values as at 31 December 2015.		
Reconciliation:		
<i>Plant and equipment:</i>		
Carrying amount at the beginning of the half-year	494,175	701,161
Additions	48,050	143,088
Depreciation	(91,938)	(300,089)
Disposal through sale of controlled entity	(267,526)	-
Impairment	-	(49,985)
	<u>182,761</u>	<u>494,175</u>
Carrying amount at the end of the half-year	<u>182,761</u>	<u>494,175</u>
<i>Leasehold improvements</i>		
Carrying amount at the beginning of the year	59,982	242,717
Additions	96,481	-
Depreciation	(61,130)	(182,735)
	<u>95,333</u>	<u>59,982</u>
Carrying amount at the end of the half-year	<u>95,333</u>	<u>59,982</u>
<i>Properties:</i>		
Carrying amount at the beginning and end of the half-year	<u>27,000</u>	<u>27,000</u>

NOTE 12: INVENTORIES

Current		
Stock on hand	-	9,455,086
Provision for obsolescence	-	(487,051)
Land and development held for resale	4,431,885	5,314,461
	<u>4,431,885</u>	<u>14,282,496</u>
Total inventories at the lower of cost and net realisable value	<u>4,431,885</u>	<u>14,282,496</u>
Non-current		
Land and development held for resale	<u>11,278,173</u>	<u>10,860,450</u>

Inventories recognised as an expense for the period ended 31 December 2016 include:

- Discontinued operation of \$32,419,074 (2015: \$32,788,669)
- Land sales of \$1,780,582 (2015: \$1,977,568)

These expenses have been included in the cost of goods sold in the Statement of Financial Performance.

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	31 Dec 2016 \$	30 Jun 2016 \$
NOTE 13: INTANGIBLE ASSETS		
Intangible assets	-	52,435
<i>Reconciliation:</i>		
Carrying amount at the beginning of the half-year	52,435	26,816
Additions	7,738	44,138
Depreciation	(14,915)	(18,519)
Disposal through sale of controlled entity	(45,258)	-
Carrying amount at the end of the half-year	-	52,435
NOTE 14: TRADE AND OTHER PAYABLES		
Current		
Trade and other payables	890,933	6,053,586
Sundry creditors and accruals	5,033,022	6,443,840
	5,923,955	12,497,426
NOTE 15: INTEREST-BEARING LOANS AND BORROWINGS		
Current		
Secured bank loan	2,405,000	2,405,000
Trade finance facility	-	762,951
	2,405,000	3,167,951
Non-current		
Secured loans	23,594,027	11,465,241
Unsecured loan from associated entity	13,328,771	10,105,812
	36,922,798	21,571,053
NOTE 16: PROVISIONS		
Current		
Employee entitlements	773,334	1,184,514
Non-current		
Employee entitlements	18,825	121,006

	31 Dec 2016 Number	\$	31 Dec 2015 Number	\$
NOTE 17: CONTRIBUTED EQUITY				
Issued and paid-up ordinary share capital				
Balance at the beginning and end of the half-year	119,532,788	103,646,848	119,532,788	103,646,848

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	31 Dec 2016 \$	31 Dec 2015 \$
NOTE 18: RETAINED PROFITS		
Balance at the beginning of the half-year	72,766,639	68,530,868
Net profit attributable to shareholders	15,434,729	7,865,867
Dividends	(17,929,918)	(3,585,984)
Transfer of share based payment on sale of associate	5,208,729	-
Transfer of share based payment on sale of subsidiary	547,800	-
	<u>76,027,979</u>	<u>72,810,751</u>
Balance at the end of the half-year	<u>76,027,979</u>	<u>72,810,751</u>

NOTE 19: OTHER RESERVES

	Asset Revaluation Reserve \$	Employee Equity Benefit Reserve \$	Foreign Exchange Reserve \$	Total \$
<i>Half-year ended 31 December 2016:</i>				
Balance at the beginning of the half-year	19,103,188	5,367,223	323,857	24,794,268
Share based payments	-	(5,367,223)	-	(5,367,223)
Net unrealised gain on "available-for-sale" investments	8,991,083	-	76,268	9,067,351
Net unrealised loss on "available-for-sale" investments – non-controlling interest	388	-	295	683
Acquisition of interest in controlled entities	1,264	-	-	1,264
Disposal of interest in controlled entities	(933,779)	-	-	(933,779)
Realised (gain)/loss on "available-for-sale" investments reclassified to the income statement	(1,689,325)	-	75,373	(1,613,952)
Realised loss on "available-for-sale" investments reclassified to the income statement – non-controlling interest	15,930	-	2,256	18,186
Income tax on items taken directly to or from equity	(5,492,295)	-	(143,415)	(5,635,710)
	<u>19,996,454</u>	<u>-</u>	<u>334,634</u>	<u>20,331,088</u>
Balance at the end of the half-year	<u>19,996,454</u>	<u>-</u>	<u>334,634</u>	<u>20,331,088</u>
<i>Half-year ended 31 December 2015:</i>				
Balance at the beginning of the half-year	7,585,634	5,981,880	(31,783)	13,535,731
Share based payments	-	47,445	-	47,445
Net unrealised gain on "available-for-sale" investments	2,974,457	-	448,121	3,422,578
Net unrealised (gain)/loss on "available-for-sale" investments – non-controlling interest	15,016	-	(93,846)	(78,830)
Acquisition of interest in controlled entities	(462,304)	-	-	(462,304)
Disposal of interest in controlled entities	(532,448)	-	-	(532,448)
Realised gain on "available-for-sale" investments reclassified to the income statement	(1,956,542)	-	-	(1,956,542)
Realised gain on "available-for-sale" investments reclassified to the income statement – non-controlling interest	(25,347)	-	-	(25,347)
	<u>7,598,466</u>	<u>6,029,325</u>	<u>322,492</u>	<u>13,950,283</u>
Balance at the end of the half-year	<u>7,598,466</u>	<u>6,029,325</u>	<u>322,492</u>	<u>13,950,283</u>

NOTE 20: ASSETS PER SECURITY

	31 Dec 2016 \$	31 Dec 2015 \$
Net assets per share attributable to members of the parent entity	1.67	1.59
Net tangible assets per share attributable to members of the parent entity	1.67	1.59

The figures above are calculated based on the consolidated financial position of CVC Limited.

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 21: SEGMENT REPORTING

The revenues and results by business segments are as follows:

	Private Equity and Venture Capital \$	Listed Investments \$	Property \$	Funds Management \$	Controlled Eliminations \$	Consolidated \$
<i>Half-year ended 31 December 2016:</i>						
Revenues:						
Total revenue for reportable segments	12,416,890	4,947,280	8,606,183	317,448	-	26,287,801
Inter-segment revenue	-	-	1,308,630	6,657,288	(7,965,918)	-
Unallocated amounts:						
Interest income						365,768
Other income						20,359
Consolidated revenue						26,673,928
Equity accounted income	219,870	-	(198,999)	176,559	-	197,430
Results:						
Total profit for reportable segments	12,128,403	4,111,329	2,567,612	188,100	-	18,995,444
Share of profit of equity accounted investees	219,870	-	(198,999)	176,559	-	197,430
	12,348,273	4,111,329	2,368,613	364,659	-	19,192,874
Unallocated amounts: corporate expenses						(2,820,904)
Consolidated profit before tax						16,371,970
<i>Discontinued operations</i>						
Revenue						42,970,321
Net profit before tax						1,297,319

Segment results are shown before related income tax expense.

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 21: SEGMENT REPORTING (CONT.)

	Private Equity and Venture Capital \$	Listed Investments \$	Property \$	Funds Management \$	Controlled Eliminations \$	Consolidated \$
<i>Half-year ended 31 December 2015:</i>						
<i>Continuing operations</i>						
Revenues:						
Total revenue for reportable segments	1,547,125	9,933,900	33,559,684	29,810	-	45,070,519
Inter-segment revenue	-	-	161,565	5,964,956	(6,126,521)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Unallocated amounts:						
Interest income						488,115
Other income						11,168
						<hr/>
Consolidated revenue						45,569,802
						<hr/>
Equity accounted income	123,567	-	696,254	172,157	-	991,978
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Results:						
Total profit for reportable segments	1,449,023	107,667	10,098,016	29,810	-	11,684,516
Share of profit of equity accounted investees	123,567	-	696,254	172,157	-	991,978
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,572,590	107,667	10,794,270	201,967	-	12,676,494
						<hr/>
Unallocated amounts: corporate expenses						(2,598,104)
						<hr/>
Consolidated profit before tax						10,078,390
						<hr/>
<i>Discontinued operations</i>						
Revenue						42,321,432
						<hr/>
Net profit before tax						1,589,947
						<hr/>

Segment results are shown before related income tax expense.

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 22: DISCONTINUED OPERATION

22.1 Description

On 22 December 2016 CVC sold 83% of its holding in Cellnet Group Limited for a consideration of \$7,057,568.

On 16 November 2016 CVC sold 60% of its holding in Eildon Funds Management Limited for a consideration of \$420,000.

22.2 Financial performance and cash flow information

The financial performance and cash flow information presented are for the half –year periods ended 31 December 2016 and 31 December 2015.

	31 Dec 2016	31 Dec 2015
	\$	\$
Revenue	42,970,321	42,321,432
Expenses	(41,513,321)	(40,731,485)
	<hr/>	<hr/>
Profit before income tax	1,457,000	1,589,947
Income tax (expense)/benefit	(13,756)	4,729
	<hr/>	<hr/>
Profit after income tax of discontinued operation	1,443,244	1,594,676
Losses on sale of the subsidiaries before income tax	(159,681)	-
Income tax benefit	2,281,148	-
	<hr/>	<hr/>
Gain on sale of the subsidiary after income tax	2,121,467	-
	<hr/>	<hr/>
Profit from discontinued operation	3,564,711	1,594,676
	<hr/> <hr/>	<hr/> <hr/>
Attributable to		
Shareholders	2,950,597	879,865
Non-controlling interest	614,114	714,811
	<hr/>	<hr/>
	3,564,711	1,594,676
	<hr/> <hr/>	<hr/> <hr/>
Net cash outflow from operating activities	(7,802,799)	(5,677,313)
Net cash outflow from investing activities (includes a net outflow of \$482,333 (2017) from the sale of the subsidiary)	(521,333)	(129,000)
Net cash inflow from financing activities	7,207,000	5,162,800
	<hr/>	<hr/>
Net decrease in cash generated by the subsidiary	(1,117,132)	(643,513)
	<hr/> <hr/>	<hr/> <hr/>

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 22: DISCONTINUED OPERATION (CONT.)

22.3 Details of the sale of the subsidiary

	\$
Carrying value of assets and liabilities as at the date of sale	
Cash and other assets	25,471,402
Property, plant and equipment	267,526
Inventories	11,618,096
Intangible assets	45,257
Deferred tax assets	849,616
	<hr/>
Total assets	38,251,897
	<hr/>
Trade creditors	(14,184,948)
Provision	(571,828)
Interest bearing loans and borrowings	(8,636,092)
	<hr/>
Total liabilities	(23,392,868)
	<hr/>
Other reserves	392,580
Non-controlling interest	(6,079,339)
	<hr/>
Net assets sold	9,172,270
	<hr/> <hr/>
Consideration	7,477,568
Fair value of the remaining shares	1,535,021
Carrying amount of net assets sold	(9,172,270)
	<hr/>
Losses on sale before income tax	(159,681)
Income tax benefit	2,281,148
	<hr/>
Gain on sale after income tax	2,121,467
	<hr/> <hr/>

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 23: 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
	\$	\$	\$	\$
At 31 December 2016				
Financial assets				
<i>“Available-for-sale” investments</i>				
Shares in listed corporations – at market value	9,484,587	48,710,121	-	58,194,708
Public unlisted investments – at market value	-	1,484,963	-	1,484,963
Other investments	-	-	10,654,223	10,654,223
<i>“Fair value through profit or loss” investments</i>				
Shares in listed corporations – at market value	7,259,554	-	-	7,259,554
Non-financial assets				
Investment properties	-	-	37,192,188	37,192,188
	<u>16,744,141</u>	<u>50,195,084</u>	<u>47,846,411</u>	<u>114,785,636</u>
At 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
<i>Derivative financial instruments</i>	-	143,000	-	143,000
Non-financial assets				
Investment properties	-	-	13,159,852	13,159,852
	<u>9,899,358</u>	<u>52,630,135</u>	<u>22,594,774</u>	<u>85,124,267</u>

Reconciliation of Level 3 fair value movements:

	31 Dec 2016 \$	31 Dec 2015 \$
Opening balance at the beginning of the period	22,594,774	22,757,938
Purchases	26,053,518	9,414,637
Sales	(1,228,620)	(13,423,882)
Gains recognised in other comprehensive income	426,739	101,081
Depreciation	-	(9,436)
Transfer into Level 3 from Level 2	-	178,773
Transfer into Level 3 from loans and other receivables	-	2,113,611
Closing balance at the end of the period	47,846,411	21,132,722

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 23: FAIR VALUE MEASUREMENTS (CONT.)

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

Description	Fair value		Unobservable inputs	Weighted average		Relationship of unobservable inputs to fair value
	31 Dec 2016	30 June 2016		31 Dec 2016	30 Jun 2016	
	\$	\$				
Leased properties	22,967,926	2,000,000	Capitalisation rate	6.08%	6.66%	The higher the capitalisation rate, the lower the fair value
			Lease expiry	7.34 years	2.33 years	The longer the lease term, the higher the fair value
			Occupancy	100%	100%	The higher the occupancy rate, the higher the fair value
Investment Properties	14,224,262	11,159,852	Capitalisation rate	6%	6%	The higher the capitalisation rate on completion of construction, the lower the fair value
	<u>37,192,188</u>	<u>13,159,852</u>				
Other investments – at cost	<u>10,654,223</u>	<u>9,434,922</u>	(a)			

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

CVC LIMITED & CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 24: INCOME AND EXPENSE

This note provides a breakdown of the items included in “income from equity investments” and “impairment of financial instruments”.

	31 Dec 2016	30 Jun 2016
	\$	\$
Income from equity investments		
Net gain on sale of equity investments	9,934,791	-
Dividends received	465,219	4,875,551
Recovery of investments in unrelated entities	6,122,426	8,771,423
	<u>16,522,436</u>	<u>13,646,974</u>
 Impairment of financial instruments		
Impairment of listed investments	835,951	2,646,101
Impairment of unlisted investments	171,000	27,354
Impairment of loans to associated entities	1,877,166	-
	<u>2,884,117</u>	<u>2,673,455</u>

NOTE 25: SUBSEQUENT EVENTS

On 14 February 2017 Eildon Capital Limited successfully completed a capital raising of \$10 million. This has the effect of reducing CVC’s ownership from 56.0% to 38.5% and result in the deconsolidation of Eildon Capital Limited’s operations from the group.

Since the end of the period, the directors have determined to pay an interim dividend of 5 cents per share, fully franked, payable on 8 March 2017.

There are no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in the financial period subsequent to 31 December 2016.

**CVC LIMITED & CONTROLLED ENTITIES
HALF YEARLY REPORT**

DIRECTORS' DECLARATION

In the opinion of the directors:

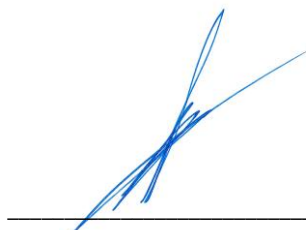
- (a) the interim financial statements and notes set out on pages 4 to 23, are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that CVC Limited will be able to pay its debts as when they become due and payable.

Dated at Sydney this 24th day of February 2017.

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



ALEXANDER BEARD
Director



JOHN READ
Director

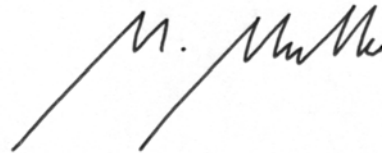
CVC LIMITED
ACN 002 700 361

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of CVC Limited for the half-year ended 31 December 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 review; and
- (b) any applicable code of professional conduct in relation to the review.

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



Sydney, NSW
24 February 2017

M D Muller
Partner

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

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**CVC LIMITED
ACN 002 700 361****INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of CVC Limited

We have reviewed the accompanying half-year financial report of CVC Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of financial performance, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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CVC LIMITED
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INDEPENDENT AUDITOR'S REVIEW REPORT
(continued)

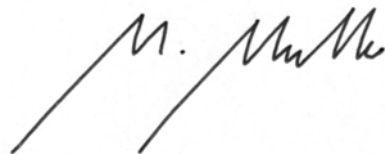
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants



M D Muller
Partner

Sydney, NSW
24 February 2017