2017 ANNUAL REPORT

For personal use only

"We are all faced with a series of great opportunities brilliantly disguised as impossible situations."

Charles R. Swindoll

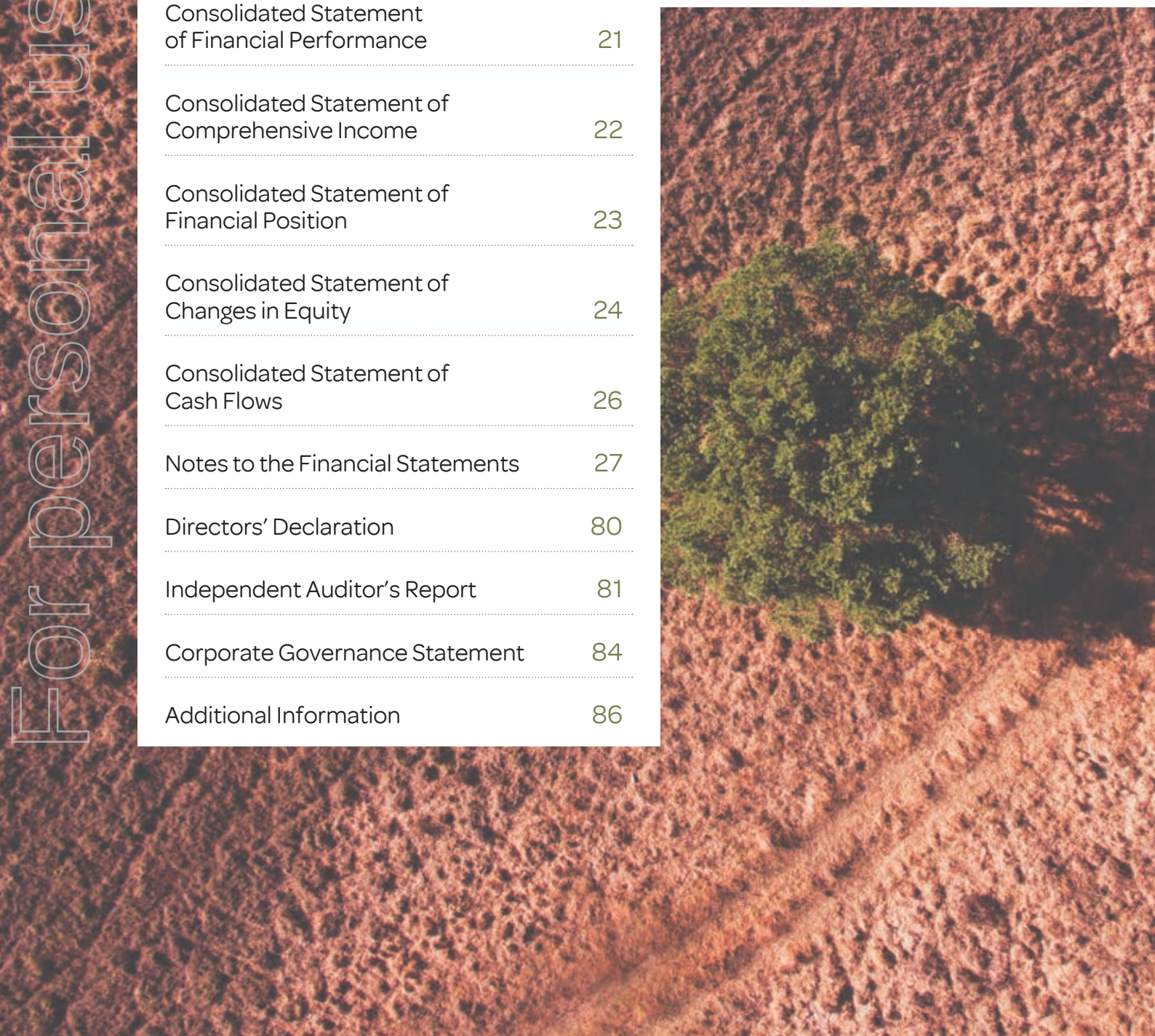


CVC Limited

For personal use only

Contents

Company Particulars	1
Group Highlights	2
The Year in Review	4
Directors' Report	12
Consolidated Statement of Financial Performance	21
Consolidated Statement of Comprehensive Income	22
Consolidated Statement of Financial Position	23
Consolidated Statement of Changes in Equity	24
Consolidated Statement of Cash Flows	26
Notes to the Financial Statements	27
Directors' Declaration	80
Independent Auditor's Report	81
Corporate Governance Statement	84
Additional Information	86



For personal use only

Company Particulars

Registered Office

Level 37, Gateway
1 Macquarie Place, Sydney NSW 2000

Directors

John Read – Chairman
Ian Campbell
Alexander Beard

Management Team

Alexander Beard
Elliott Kaplan
John Hunter
Mark Avery
Michael Bower
Andrew Harris
William (Bill) Highland
Christian Jensen
Charlie Williams
David Gasan
Jonathon Feil
Jufri Abidin
William Chen
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



> "Look deep into nature, and then you will understand everything better."
>
> *Albert Einstein*



Group Highlights

[1 JULY **2016** – 30 JUNE **2017**]

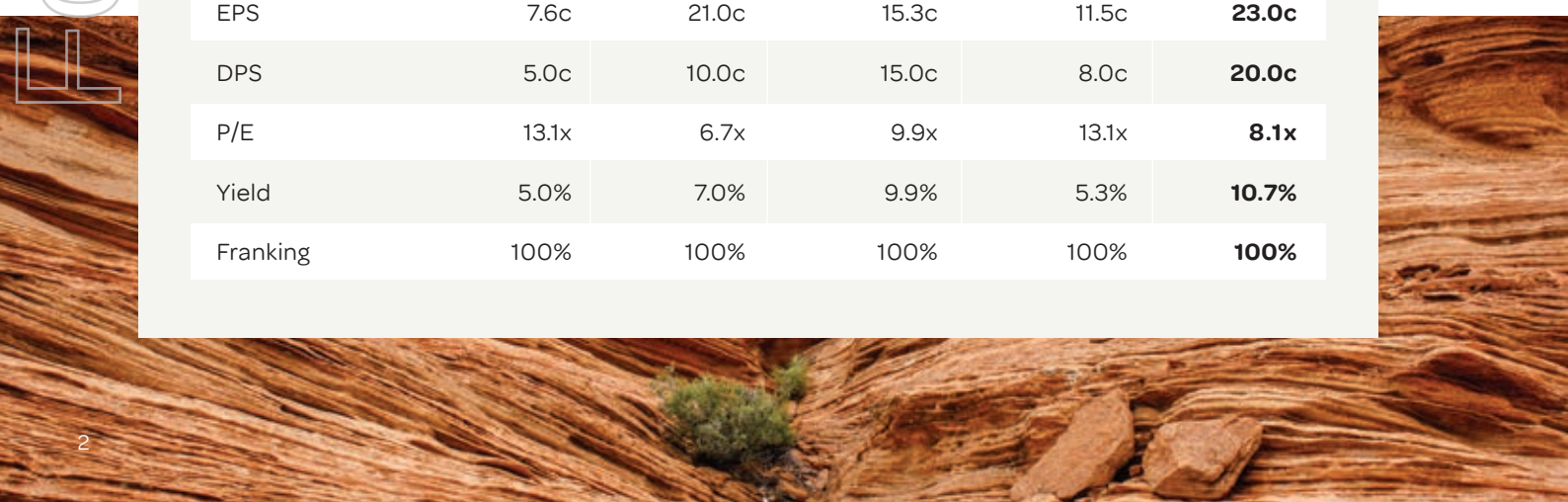
For personal use only

The 2017 financial year was very solid, generating a net profit after tax to shareholders of $27.5 million, the best result for shareholders since before the Global Financial Crisis in 2007. CVC continues to deliver strong earnings, increased dividends and identification of new opportunities to underpin future returns.

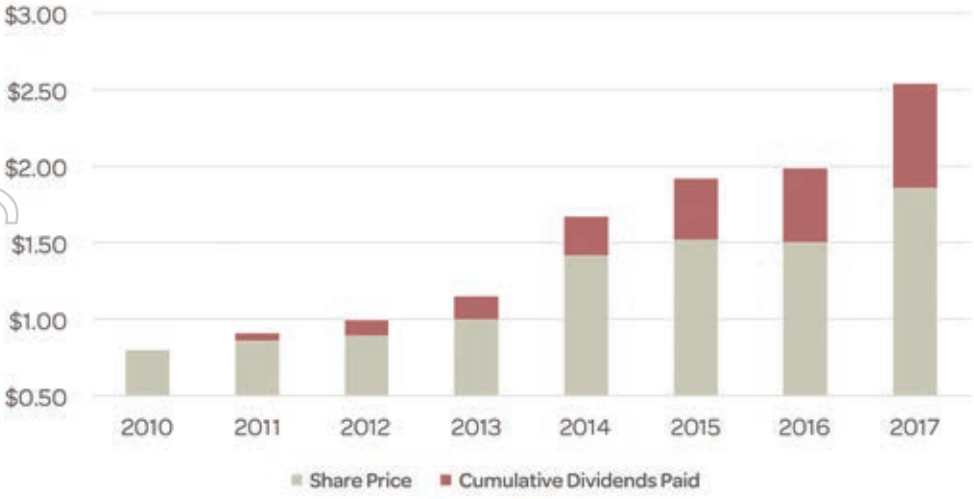
Highlights include:

- A significant contribution from all investment segments, with maintainable earnings continuing to increase;
- Continued strong performance of the listed equities portfolio, with additions and substractions to the core portfolio including the realisation of significant investments in Lantern Hotel Group, Cellnet Group Limited and Afterpay Holdings Limited;
- Significant advances made in planning approvals of major property projects at Donnybrook, Marsden Park, Liverpool, Turrella, Kingsgrove, Yarrabilba and Caboolture;
- Successful capital raising of $13.6 million and ASX listing of CVC's property vehicle, Eildon Capital Limited (ASX: EDC);
- Continued growth of private equity portfolio with the progression of new investment opportunities, and the sale of the investment in Green's Foods Holdings Pty Limited;
- Investment with growing debt managers including Aus Finance Group and Bigstone Capital Pty Limited;
- Continued development of strategic investment partnerships and deal flow pipeline in the equities and property sectors; and
- Fully franked dividends amounting to 20 cents per share during the financial year including the payment of 10 cents per share special dividend in December 2016.

Year to June	2013	2014	2015	2016	**2017**
NPAT to Shareholders	$9.3m	$25.4m	$18.3m	$13.8m	**$27.5m**
Share Price	$1.00	$1.42	$1.52	$1.51	**$1.86**
Shares on Issue	121m	119m	119m	119m	**119m**
EPS	7.6c	21.0c	15.3c	11.5c	**23.0c**
DPS	5.0c	10.0c	15.0c	8.0c	**20.0c**
P/E	13.1x	6.7x	9.9x	13.1x	**8.1x**
Yield	5.0%	7.0%	9.9%	5.3%	**10.7%**
Franking	100%	100%	100%	100%	**100%**



For personal use only



CVC Limited – Shareholder Value Creation

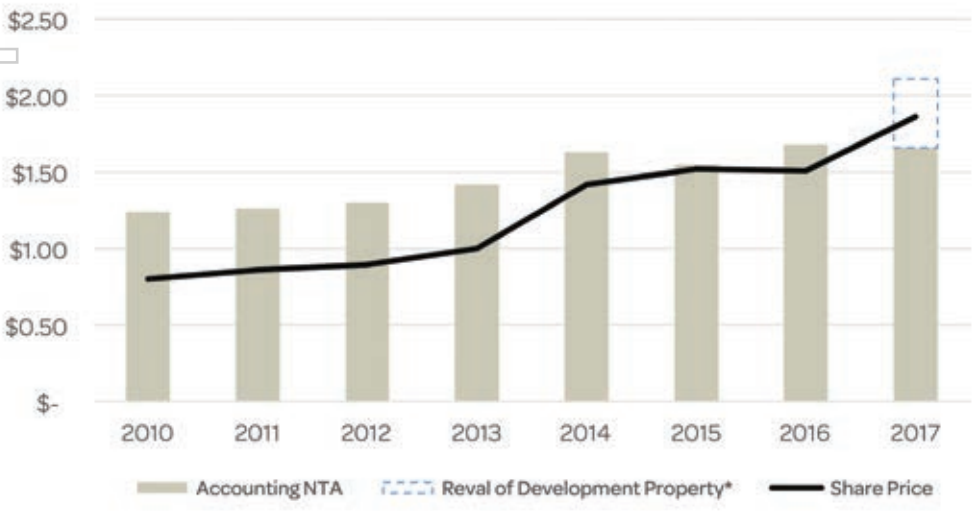
Since 2010, CVC's share price has increased 133% largely reflecting the growth in Net Tangible Assets (NTA) of the Company. During this time 68 cents per share in fully franked dividends have also been paid. This has generated a total shareholder return over that period of 21.1% per annum.

CVC is limited in its ability to recognise the inherent value of earlier stage private equity and property investments in the financial statements by the relevant accounting standards. It is the experience of management and the Board that these investments, on realisation, can have a significant uplift in value.

Currently, earlier stage investments account for less than 5% of the balance sheet of the Company. However, in the absence of significant transaction to support an uplift in value of the investments (or diminution in value) they are carried at the original investment cost until a realisation event occurs.

The property portfolio of CVC, particularly strategic land holdings that are in the process of planning and development outcomes, is also carried at a value that does not reflect any increase in market value that would be realised if the properties were to be sold. It is the expectation of management and the Board that this unrecognised value will be realised in due course, and will be accounted for as profits at that time.

Based on independent valuations on an "as-is" basis around June 30, 2017 of property investments being undertaken by CVC, the after-tax impact on NTA of those projects is as follows:



* The total after tax increase in NTA if development properties were revalued on an "as-is" basis without development approvals is equivalent to 45 cents per share. This is predominantly attributed to Marsden Park and Donnybrook which is equivalent to 35 cents per share.



The Year in Review

[1 JULY **2016** – 30 JUNE **2017**]

For personal use only

Highlights

CVC's financial performance in 2017 reflects management's engagement with investee companies, investment management and strategic decision making. These efforts assisted in delivering significant returns for shareholders including from the specific objective during the year of realising the equity investments in Green's Foods Holdings Pty Limited, Lantern Hotel Group and Cellnet Group Limited.

The sale of CVC's investment in Green's Foods Holdings Pty Limited delivered an Internal Rate of Return of 17.6% per annum over 16 years since 2001, whilst a number of new investments were made including an investment in South Pack Laboratories (Aust) Pty Limited and a number of other early and later stage investments. In addition, the Add+Venture early stage investment platform was launched in 2017. This platform will allow CVC to extend its investment reach in early stage companies to a larger number of opportunities.

CVC's listed equity portfolio performed strongly, generating a combination of dividends and capital profits from a number of significant shareholdings and transactions. Supplementing the returns generated during the year was the sale of the investment in Lantern Hotel Group which delivered an Internal rate of Return of 55% per annum over 4 years since 2013. The listed equity sector continues to be a focus to provide long term future profitability, and we have added to the investment team to take advantage of available opportunities.

CVC's property portfolio continues to be a significant source of recurrent earnings and capital growth. Further progress in the development of strategic land holdings has been made during the year from the projects at Liverpool, Marsden Park, Caboolture, Donnybrook, Kingsgrove and Turrella. The loan portfolio continues to grow as deal flow remains strong delivering attractive secured returns. It is anticipated that the current state of the capital markets for property financing and investment will continue to generate consistent long term recurrent income streams with CVC continuing to be active across the real estate sector. In addition, the inherent uplift in value from direct property investment will contribute to earnings over the longer term as the projects are completed.

CVC's funds management portfolio continues to grow, with the ASX listing of Eildon Capital Limited, the launch of Add + Venture and the establishment of a litigation funds management strategy. In addition, a number of investments were made with external managers including Aus Finance Group and Bigstone Capital Pty Limited. These new opportunities complement the existing portfolio with the current income generated from external management fees absorbing some of the investment management costs.

Approach

The CVC investment approach has been refined over 30 years across a broad range of investment segments. The investment strategy of CVC is underpinned by a number of key factors including value investing, mispricing / pricing arbitrage, quality of the management team, turnaround, growth and scalability of opportunities.

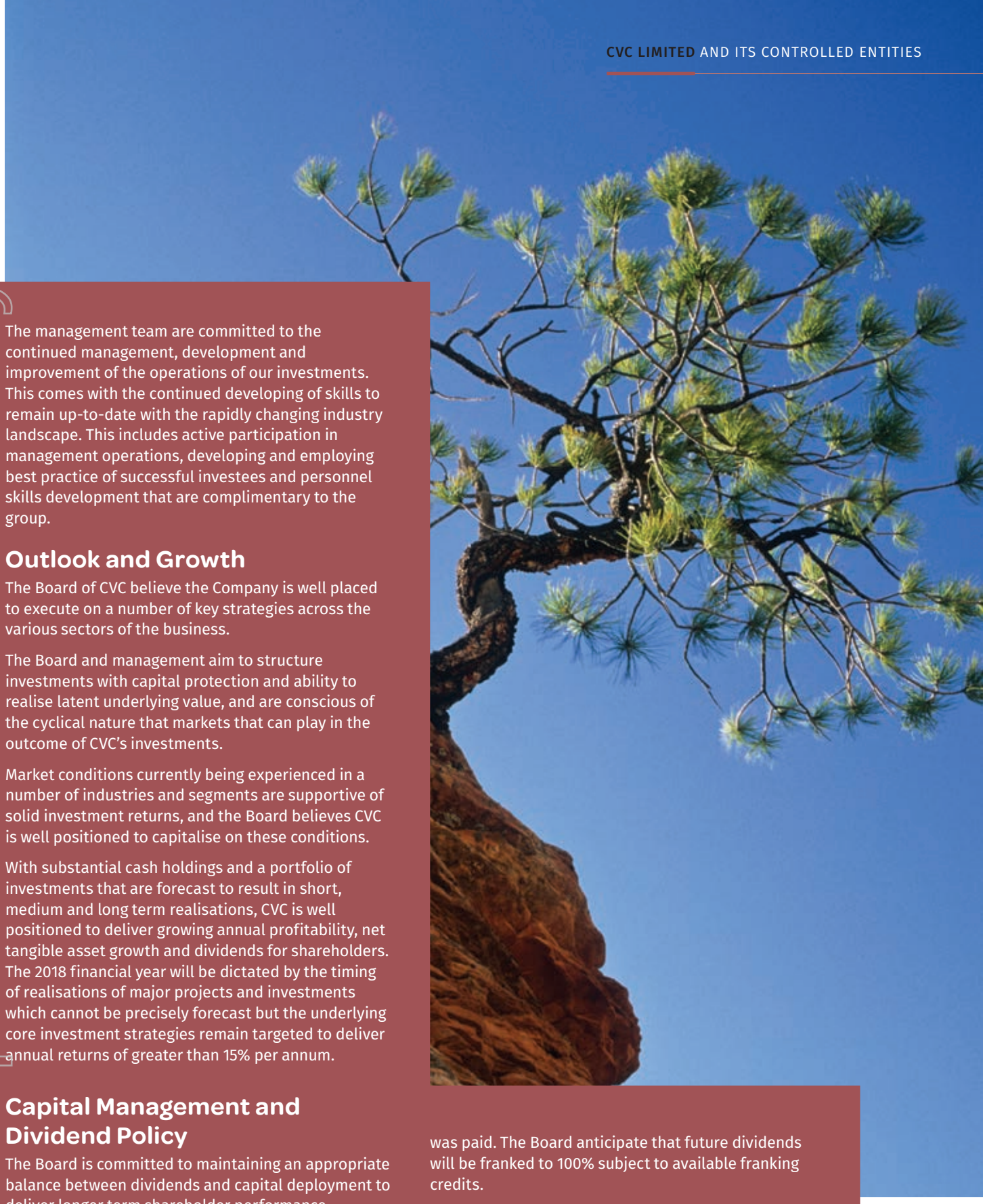
Management are cognisant of the differing skill sets required for the varying investment classes in which CVC invests. Accordingly, management have devoted significant time in refining their skills in these areas, developing strong networks to support investment decisions as well as ensuring capital protection remains front of mind in all investment decisions.

Core to CVC's investment approach is the requirement for strong due diligence. The due diligence process employed by the management team is driven by gaining an understanding of the key operating drivers for the business, sensitivities to assumptions and key business risks. At an operating level, the management team work actively with investee companies to support them through the various phases of the business lifecycle. The management team look to work with the investee businesses through to a liquidity event whether through Initial Public Offering (IPO), trade sale, re-financing or on-market sell downs.

Management Team

CVC's success has in large part been underpinned by its management team. The CVC management team continues to source high calibre investment opportunities that are aligned with the CVC investment approach. The CVC management team skill set encompasses a broad range of investment requirements including:

- Corporate advisory;
- Divestment, merger and takeover transactions;
- Capital markets, including IPO;
- Infrastructure investment analysis;
- Debt recovery and distressed asset turn around;
- Deal sourcing and selection;
- Venture capital;
- Project financing;
- Alternative lending arrangements;
- Distribution network solutions;
- Operational management capabilities;
- Long term investment performance management;
- Access to government grant opportunities; and
- Property transaction solutions.



For personal use only

The management team are committed to the continued management, development and improvement of the operations of our investments. This comes with the continued developing of skills to remain up-to-date with the rapidly changing industry landscape. This includes active participation in management operations, developing and employing best practice of successful investees and personnel skills development that are complimentary to the group.

Outlook and Growth

The Board of CVC believe the Company is well placed to execute on a number of key strategies across the various sectors of the business.

The Board and management aim to structure investments with capital protection and ability to realise latent underlying value, and are conscious of the cyclical nature that markets that can play in the outcome of CVC's investments.

Market conditions currently being experienced in a number of industries and segments are supportive of solid investment returns, and the Board believes CVC is well positioned to capitalise on these conditions.

With substantial cash holdings and a portfolio of investments that are forecast to result in short, medium and long term realisations, CVC is well positioned to deliver growing annual profitability, net tangible asset growth and dividends for shareholders. The 2018 financial year will be dictated by the timing of realisations of major projects and investments which cannot be precisely forecast but the underlying core investment strategies remain targeted to deliver annual returns of greater than 15% per annum.

Capital Management and Dividend Policy

The Board is committed to maintaining an appropriate balance between dividends and capital deployment to deliver longer term shareholder performance.

CVC paid fully franked dividends to shareholders during 2017 totalling 20 cents per share. The dividends were paid in three instalments in September, December and March.

The Board is committed to maintaining the payment of dividends to shareholders that is in line with the underlying profitability of the Company. In September 2017 a final fully franked dividend of 8 cents per share was paid. The Board anticipate that future dividends will be franked to 100% subject to available franking credits.

The Board will continue to evaluate the position of the Company's balance sheet and may from time to time pay a special dividend when warranted due to excess cash holdings or significant realisations.

CVC has periodically purchased shares under its buy back scheme, dependant on price. The buy back scheme will be utilised to enable a better alignment of assets with recurrent earnings when accretive to shareholder value.

The Year in Review

[1 JULY **2016** – 30 JUNE **2017**]

For personal use only

Property

CVC's property portfolio is focused on the generation of recurrent income streams as well as capital growth in the assets. This objective has been driven by the investment in both direct and indirect property assets, with the portfolio spaning the residential, commercial, retail and industrial sectors.

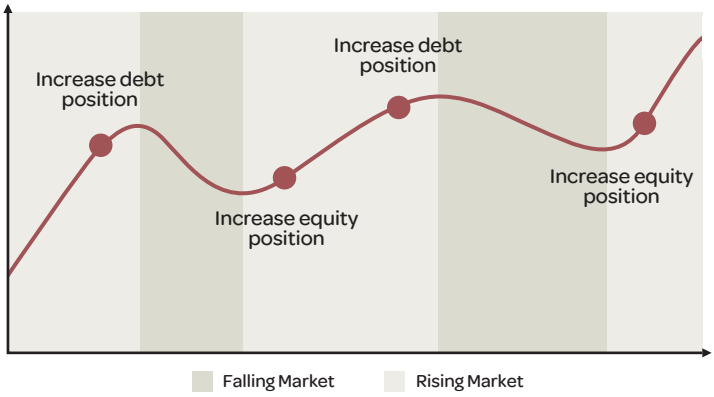
The focus is to provide loans or make direct property investments to take full advantage of changing market cycles. This includes:

- Increasing debt exposure as the market approaches its peak, providing sufficient headroom to ensure capital protection in a contracting market; and
- As markets soften, increase equity exposure in property assets to capture value increase.

CVC's direct property investments are located on the east coast of Australia. The 2017 year saw further progress on a number of key projects including:

- Liverpool
- Donnybrook
- Mooloolaba Wharf
- Marsden Park
- Turrella
- Kingsgrove
- Yarrabilba
- Caboolture

Property Values



Deal flow remains strong and it is anticipated that the current state of the capital markets for property financing and investment will continue to allow CVC to be active across the real estate sector.

In addition to its direct property investment, CVC continues to grow its indirect property portfolio, including its lending operations, which is currently over $39 million as at 30 June 2017. The success of CVC's property investment activities has been validated by the capital raising of $13.6 million and ASX listing of Eildon Capital Limited in February 2017, providing investors with specific exposure to CVC's property investment strategy.

The current property portfolio and deal pipeline is well positioned to contribute to the future performance of CVC over the following decade as summarised in the forecast life cycle of the current investment portfolio below:

Project Name	State	Region	Year Acquired	Project Status	Yield	Contracted Lots	Unsold Lots
Marsden Park (Stage 1)	NSW	North West Sydney	2009	Planning	500	0	500
Marsden Park (Stage 2)	NSW	North West Sydney	2009	Planning	700	0	700
Rockhampton	QLD	Far North Queensland	2010	Development	49	7	42
Kingsgrove	NSW	South West Sydney	2013	Planning	500	0	500
Edmonton	QLD	Far North Queensland	2014	Commercial Loan	2	0	2
Manoora	QLD	Far North Queensland	2014	Commercial Loan	52	4	48
Caboolture	QLD	Brisbane North	2015	Development	20	0	20
Donnybrook	VIC	North Melbourne	2015	Planning	2,500	1,000	1,500
Bentleigh	VIC	South East Melbourne	2015	Planning	500	0	500
Turrella I	NSW	South West Sydney	2016	Priority Precinct	500	0	500
Liverpool	NSW	South West Sydney	2016	Planning	5,000	0	5,000
Mooloolaba	QLD	Sunshine Coast	2016	Planning	100	0	100
Turrella II	NSW	South West Sydney	2017	Priority Precinct	1,000	0	1,000
Woolloongabba	QLD	Brisbane Central	2017	Development Approval	710	0	710
Yarrabilba	QLD	Brisbane South	2017	Development	1	1	0

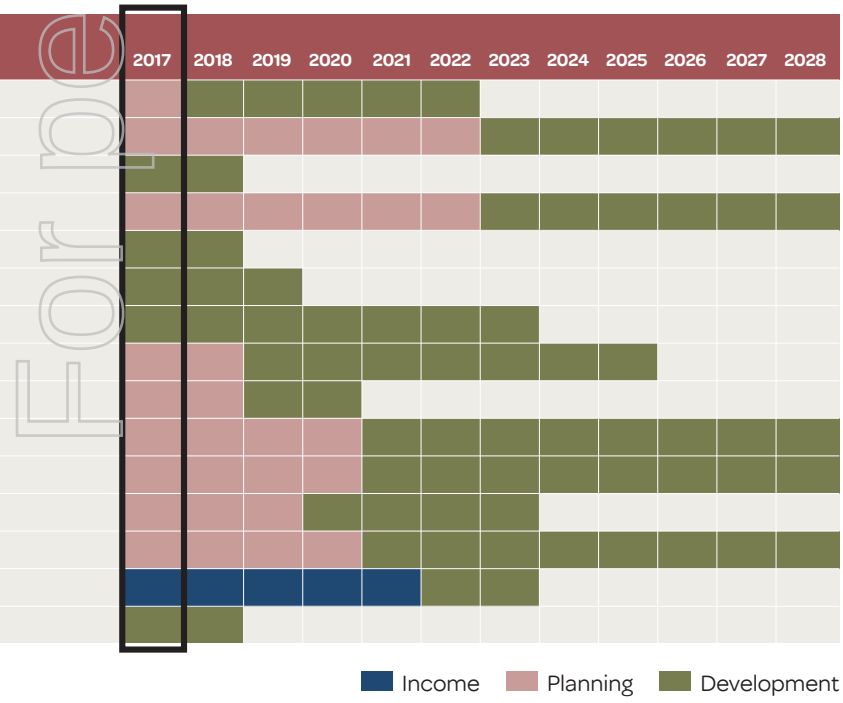
For personal use only

The property portfolio of CVC, particularly strategic land holdings that are in the process of planning and development outcomes, is carried at a value that does not reflect any increase in market value that would be realised if the properties were sold. It is the expectation of management and the Board that this unrecognised value will be realised in due course, and will be accounted for as profits at that time.

Based on recent external valuations of property investments being undertaken by CVC, management considers that the current unrecognised value uplift of the development properties can be summarised as follows:

	Current Net Carrying Value	CVC Investment based on Current Valuation
Marsden Park	3.14	36.70
Rockhampton	1.76	1.94
Caboolture	5.68	10.82
Donnybrook	8.10	33.91
Bentleigh	12.20	18.03
Mooloolaba	-	2.71
Woolloongabba	3.36	3.36
Yarrabilba	2.92	6.04
	37.16	**113.51**

As planning processes complete, asset values are anticipated to increase further.





Mooloolaba Wharf

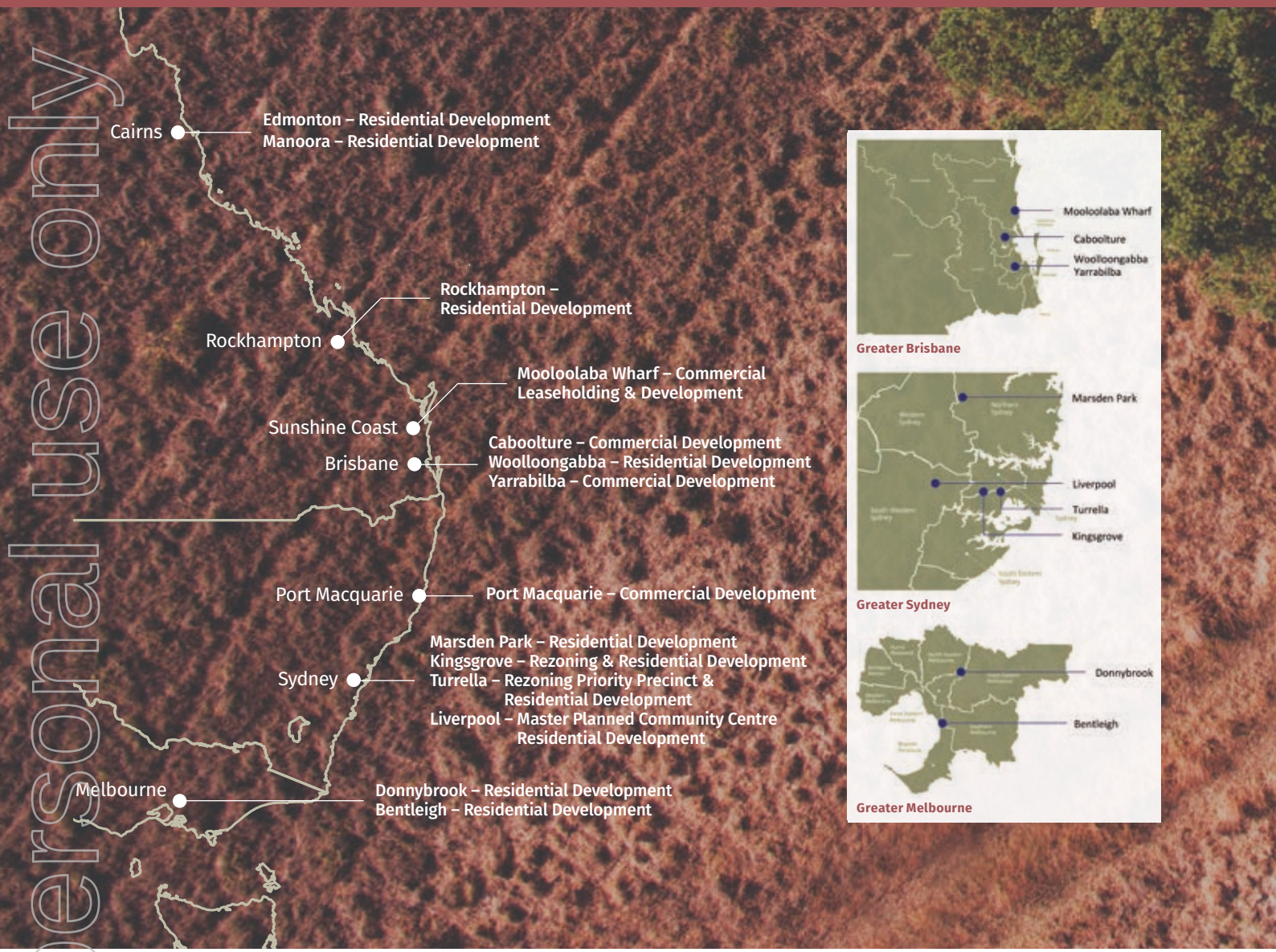


Marsden Park, Artist Impression

The Year in Review

[1 JULY **2016** – 30 JUNE **2017**]

For personal use only



Private Equity

CVC has invested in private equity since its inception as a listed company. CVC continues to invest in this asset class using its skill set and experience developed over 30 years of active private equity management.

The 2017 financial year saw the realisation of CVC's investment in Green's Foods Holdings Pty Limited, delivering a 17.6% per annum return on invested capital over a 16-year investment term.

During the year an investment was made in South Pack Laboratories (Aust) Pty Limited, a specialist nutraceutical packaging company specialising in complimentary medicines.

Subsequent to balance date this investment has been sold.

The investment objective will be to assist management in the development and growth of the operations in this sector.

The investment in CleanSpace safety product manufacturer, PAFtec Pty Limited, has developed significantly since the original investment in 2015, with expansion of its markets from Australia to now include Europe and North America.

For personal use only

Early Stage Venture Capital

Early stage venture capital investing is a core component of CVC's ongoing performance. The performance of the early stage portfolio meaningfully contributed to performance during the year, with a number of investments achieving significant realisations and value uplifts.

Afterpay Touch Group Limited was a significant performer during the year, achieving a 10 fold return on invested capital over a 24-month period. In addition, a number of other investments contributed to the performance of the portfolio including Auscred Pty Limited and Colinear Networks, each of which have achieved value uplifts during the 2017 financial year.

During 2017 the Add+Venture early stage investment platform was launched. The platform will allow for two different investment vehicles, including an Early Stage Venture Capital Limited Partnership, allowing investors exposure to a diversified portfolio of early stage investments. In addition, the 2018 financial year will see the launch of a Crowd Funding platform that will allow investor access to individual investment opportunities.

The Add+Venture investment platform allows for investors to gain specific exposure to CVC's successful early stage investment strategy, but also enabling CVC to participate in a larger number of opportunities. The added benefits include providing access to generous tax incentives and allowing for the partial recoupment of management costs.

Listed Equities

The listed equities portfolio contributed significantly to the operating performance of CVC during the financial year. The portfolio includes a diverse range of holdings, from short term positions to long held cornerstone positions both in Australia and internationally.

Historically, CVC has been able to successfully create significant value from large strategic listed equity investments. Management actively worked on the investment of the undervalued Lantern Hotel Group which over a four-year investment term generated an internal rate of return of 55% per annum.

CVC continues to focus on a broad range of listed equity classes, with particular focus on micro caps and smaller capitalised companies. As well as adopting active management strategies to increase the value of the investment, CVC also utilises a broad range of value creation tools including the use of options, capital raisings and underwritings where available.

Counter Cyclical Investments

Look to acquire an interest in companies that have fallen out of favour due to cyclical conditions or poor management that can be understood and can be managed back to a positive outcome. These often have a 2-5 year investment horizon.

Dividends

Provides profitability for longer term holdings and source of franking credits.

Options & Underwriting

Participation in options, underwritings and placements to generate additional income and investment performance.

Targeted Returns

CVC's Listed Equity portfolio targets >15% p.a. returns over the portfolio.

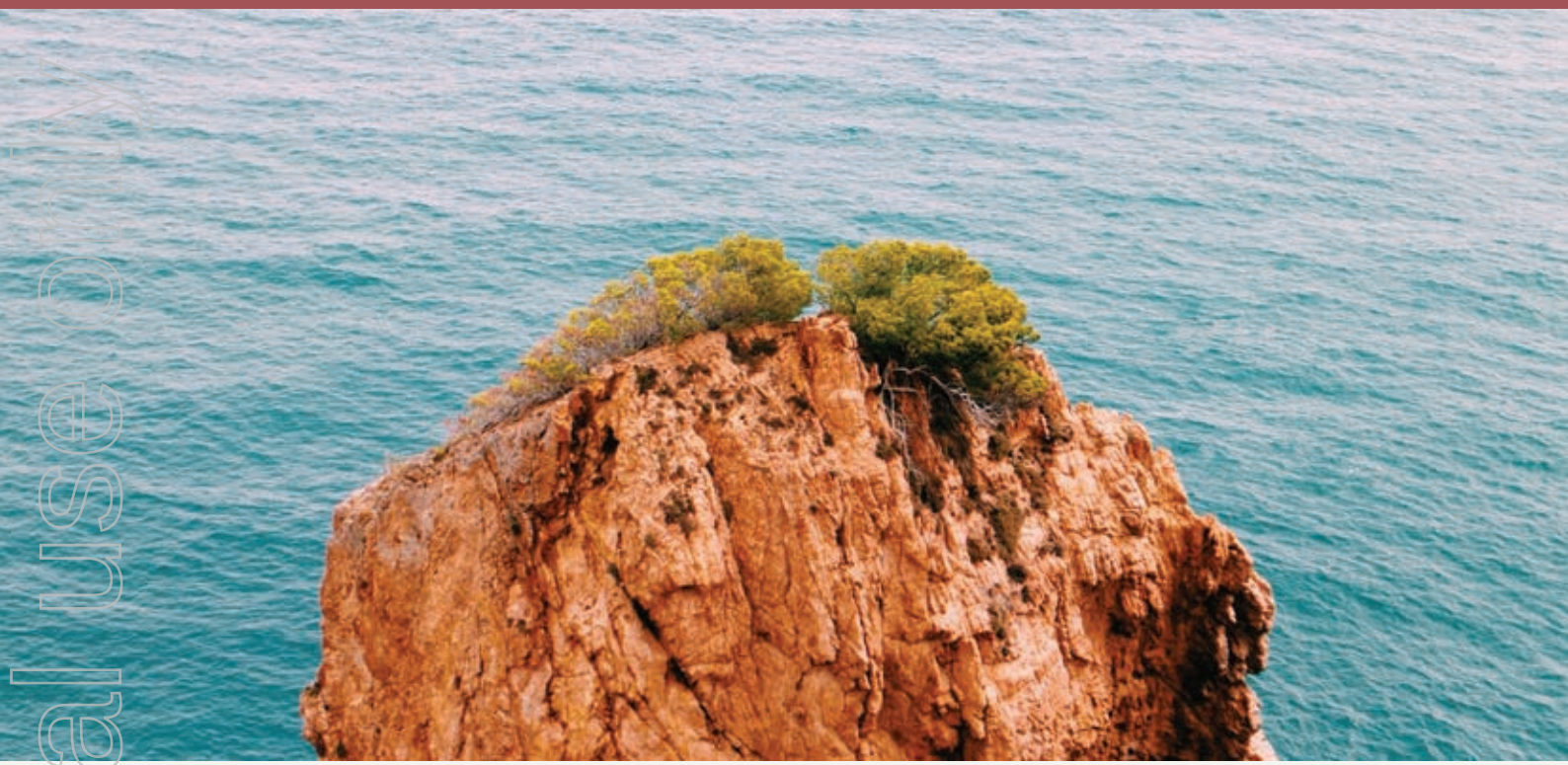
Capital Protection

Value based investment style underpinning investment thesis.

cyclopharm · 360 Capital Group · HeritageBrands · Lantern hotels · Mitchell · cellnet · Bionomics · EILDON CAPITAL · TASFOODS LTD · US RESIDENTIAL FUND · VITA LIFE SCIENCES · graysonline.com

The Year in Review

[1 JULY **2016** – 30 JUNE **2017**]



For personal use only

Funds Management

CVC's funds management portfolio continues to grow, with the ASX listing of Eildon Capital Limited, the launch of Add+Venture and the establishment of a litigation funds management strategy. In addition, a number of investments were made with external managers including Aus Finance Group and Bigstone Capital Pty Limited. These new opportunities complement the existing investments in fund managers with the current income generated from external management fees absorbing some of the investment management costs.

Funds Management is a key revenue stream for CVC that has expanded over the past three years to include:

- listed equities managers;
- property investment managers;
- debt managers; and
- litigation funding managers.

"The growth in funds management has been a significant contributor to an increase in quality of the deal flow available to CVC..."

Continued investment in new fund managers is validation of CVC's long term track record of partnering with successful managers seeking patient capital to develop and grow investment opportunities. CVC's involvement is reflective of CVC's expertise across a broad range of investments. The growth in funds management has been a significant contributor to an increase in quality of the deal flow available to CVC and also provides opportunities to develop stable income streams to supplement the temporal nature of the Company's investment portfolio.

For personal use only

Financial Report

for the year ended 30 June 2017

Directors' Report

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

Your Directors present the Financial Report of CVC Limited (the "Company") and its controlled entities ("CVC"), for the year ended 30 June 2017 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 (Chairman)
B.Sc. (Hons) (Cant.), M.B.A. (A.G.S.M.)

Fellow of the Australian Institute of Company Directors.

Board member since 1989.

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

During the past three years Mr Read has also served as Chairman of Patrys Limited and the Central Coast Water Corporation.

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

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

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

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

During the past three years Mr Beard has also served as Chairman of Cellnet Group Limited and Director of the following other listed companies: US Residential Fund, Cellnet Group Limited, Villa World Limited, Grays Ecommerce Group Limited and Eildon Capital Limited.

Ian Houston Campbell (Non-Executive Director)

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

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

Company Secretaries

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

Member of the Chartered Accountants Australia and New Zealand.

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

Key Management Personnel

The only key management personnel during the financial year was John Andrew Hunter who is the Chief Financial Officer of the Company.

	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 2017

For personal use only

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	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 J.A. Hunter	-	-	-	-

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 2017 of 8 cents per share was declared on 21 August 2017 to be paid on 6 September 2017 to those shareholders registered on 25 August 2017. An interim fully franked dividend of 5 cents per share amounting to $5,976,640 was paid on 8 March 2017. A special dividend of 10 cents per share amounting to $11,953,279 was paid on 14 December 2016.

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.

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 2017 financial year is as follows:

- net profit after tax of $29.5 million (2016: $15.1 million);
- earnings per share of 23 cents (2016: 12 cents);
- decrease in Net Tangible Assets per share of 2 cents (2016: increase of 13 cents), following dividends per share totalling 20 cents (2016: 8 cents) paid during the year; and
- net decrease in value of investments through reserves of $6.6 million (2016: increase of $13.1 million).

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

	2017 $	2016 $
Net profit after income tax	**29,457,411**	15,050,183
Non-controlling interests	**(1,956,057)**	(1,251,789)
Net profit after income tax attributable to members	**27,501,354**	13,798,394

Directors' Report

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

Review of Operations

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

	2017 $			2016 $		
	Net profit after income tax	**Other comp'sive income**	**Total**	**Net profit after income tax**	**Other comp'sive income**	**Total**
Listed investments	**18,158,706**	**(4,090,974)**	**14,067,732**	(457,728)	11,837,546	11,379,818
Private equity and venture capital	**12,700,308**	**640,532**	**13,340,840**	3,207,635	1,073,292	4,280,927
Property	**7,312,198**	**-**	**7,312,198**	19,164,948	-	19,164,948
Funds management	**887,411**	**(84,115)**	**803,296**	324,654	140,041	464,695
Controlled investees	**1,478,407**	**-**	**1,478,407**	1,798,937	-	1,798,937
Unallocated	**(7,853,563)**	**-**	**(7,853,563)**	(7,147,675)	-	(7,147,675)
Tax effect	**(3,226,056)**	**(3,030,664)**	**(6,256,720)**	(1,840,588)	-	(1,840,588)
	29,457,411	**(6,565,221)**	**22,892,190**	15,050,183	13,050,879	28,101,062

Listed Investments

The total contribution to comprehensive income amounted to $14.1 million (2016: $11.4 million), which includes both reduction in reserves of $4.1 million (2016: increase of $11.8 million) and profit on realised investments of $18.2 million (2016: loss of $0.4 million). During the year CVC continued to make acquisitions in listed companies it considers to be undervalued. 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 $5.2 million;
- Bionomics Limited of $2.9 million;
- Mitchell Services Limited of $1.5 million; and
- Afterpay Holdings Limited of $1.0 million.

CVC's investment strategy is to be a long term investor in undervalued stocks. CVC impairs investments where there has been a significant reduction in share prices. The total impairment charges raised during the year amounted to $0.4 million (2016: $4.8 million).

Distributions received from various investments during the financial year amounted to $2.9 million (2016: $1.0 million).

Private Equity

The total contribution to comprehensive income was $13.3 million (2016: $4.3 million) including the results of equity accounted investments. During the year CVC sold all its holdings in Green's Foods Holdings Pty Limited for approximately $24 million, generating a before tax profit of $11.1 million. In addition South Pack Laboratories (Aust) Pty Limited contributed $0.6 million and litigation funding investment opportunities contributed $0.6 million.

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.

Property

Total contribution to comprehensive income was $7.3 million (2016: $19.2 million) net of project specific borrowing costs of $3.3 million. This included interest related income generated from the provision of mezzanine finance facilities of $7.9 million and profit recognised from the sale of a development site at Caboolture, Queensland of $3.0 million.

Concurrent with the sale of the commercial development site at Caboolture, CVC entered into a development delivery agreement for the construction of the site, which is expected to be completed by March 2018.

Subsequent to year end CVC also entered into a sale agreement for a commercial site at Yarrabilba, Queensland. The sale of the site will settle following completion of construction in November 2017, at which time it is forecast to contribute $5.0 million to CVC's profits for the 2018 financial year.

CVC continues to progress the planning approvals in respect of Marsden Park North in New South Wales, East Bentleigh and Donnybrook in Victoria. Additionally, CVC continues to progress the repositioning and development of the Caboolture and Mooloolaba projects in Queensland. All projects provide long term development pipelines once planning outcomes have been achieved of retail, commercial and residential uses.

Following the announcement by Woolworths Limited in January 2016 regarding its exit and sale of its Home Improvement

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

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 continues to seek compensation via a court process.

Funds Management

The contribution to comprehensive income of this segment was $0.8 million (2016: $0.5 million).

On 24 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 resulted in the deconsolidation of Eildon Capital Limited's operations from the group.

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.

Controlled Investees

Cellnet Group Limited (ASX: CLT) provided a contribution to comprehensive income of $1.5 million (2016: $1.8 million) for the period. On 22 December 2016 CVC sold 83% of its holding in Cellnet Group Limited for a consideration of $7,057,568.

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 coming year.

Environmental Regulation

CVC's operations are not subject to environmental regulations.

Events Subsequent to Balance Date

Subsequent to year end CVC also entered into a sale agreement for a commercial site at Yarrabilba, Queensland. The sale of the site will settle following completion of construction in November 2017, at which time it is forecast to contribute $5.0 million to CVC's profits for the 2018 financial year.

A final dividend in respect of the year ended 30 June 2017 of 8 cents per share was declared on 21 August 2017 to be paid on 6 September 2017 to those shareholders registered on 25 August 2017.

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

Share Options

There were no options issued by the Company during the year or to the date of this report. See note 32.

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.

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 Messrs Beard, Kaplan and Read from Eildon Capital Limited, but excludes the remuneration of those key management personnel of Cellnet Group Limited and Eildon Capital 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.

Directors' Report

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

Remuneration Report (Audited) Cont.

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 2017

For personal use only

Remuneration Report (Audited) Cont.

Individual Remuneration Disclosures (Cont.)

Remuneration of key management personnel for the year ended 30 June 2017

		Short-term employee benefits		Post – employ't benefits		Share-based payment		
		Base Salary Fees $	STI Bonus (b) $	Super'n $	Other $		Total $	Base % (a)
Directors								
ADH Beard	**2017**	**405,891**	**500,000**	**35,000**	**11,894**	**-**	**952,785**	**48**
(Managing Director)	2016	355,093	300,000	30,000	31,210	-	716,303	58
JD Read (c)	**2017**	**54,795**	**-**	**32,931**	**-**	**-**	**87,726**	**100**
(Non-Executive Director)	2016	54,795	-	20,205	-	-	75,000	100
IH Campbell	**2017**	**68,493**	**-**	**6,507**	**-**	**-**	**75,000**	**100**
(Non-Executive Director)	2016	54,795	-	5,205	-	-	60,000	100
	2017	**529,179**	**500,000**	**74,438**	**11,894**	**-**	**1,115,511**	
	2016	464,683	300,000	55,410	31,210	-	851,303	
Other Key Management Personnel								
JA Hunter	**2017**	**345,000**	**300,000**	**30,000**	**-**	**-**	**675,000**	**56**
	2016	290,000	200,000	27,550	-	-	517,550	61
EG Kaplan (d)	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	100,000	-	20,833	10,266	-	131,099	100
	2017	**345,000**	**300,000**	**30,000**	**-**	**-**	**675,000**	
	2016	390,000	200,000	48,383	10,266	-	648,649	
	2017	**874,179**	**800,000**	**104,438**	**11,894**	**-**	**1,790,511**	
	2016	854,683	500,000	103,793	41,476	-	1,499,952	

Notes:

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

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

(c) Superannuation received by Mr Read includes amounts paid by CVC Limited and Eildon Capital Limited.

(d) 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.

Directors' Report

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

Remuneration Report (Audited) Cont.

Executive Contractual Arrangements

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

The service contract outlines the components of remuneration paid to the key management personnel 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.

	2017 $	2016 $	2015 $	2014 $	2013 $
Net profit attributable to members of the parent entity	**27,501,354**	13,798,394	18,323,405	25,383,574	9,290,136
Comprehensive income/(loss) attributable to members of the parent entity	**(6,546,240)**	13,024,484	(16,158,003)	11,858,356	10,690,344
Total comprehensive income attributable to members of the parent entity	**20,955,114**	26,822,878	2,165,402	37,241,930	19,980,480
Dividends paid	**23,906,558**	9,562,623	17,929,938	12,110,681	6,106,557
Shares bought back on market	**-**	-	-	2,288,197	878,742
Share price	**1.86**	1.51	1.52	1.42	1.00
Change in share price	**0.35**	(0.01)	0.10	0.42	0.105
Net assets per share	**1.66**	1.68	1.55	1.63	1.42
Change in net assets per share	**(0.02)**	0.13	(0.08)	0.21	0.12

Directors' Report

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

Auditor Independence and Non-Audit Services

During the financial year, HLB Mann Judd Assurance (NSW) Pty Ltd provided non-audit service in relation to the prospectus of Eildon Capital Limited, a former subsidiary of CVC. Refer note 29. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

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 20.

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

Dated at Sydney 21 August 2017.

ALEXANDER BEARD
Director

JOHN READ
Director

Auditor's Independence Declaration

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

To the Directors of CVC Limited and its controlled entities:

As lead auditor for the audit of the consolidated financial report of CVC Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

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

Dated at Sydney 21 August 2017.

M. D. MULLER
Partner

HLB MANN JUDD
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

	Notes	2017 $	2016 $
INCOME FROM CONTINUING OPERATIONS			
Contract revenue	9	**-**	32,872,733
Interest income		**8,454,472**	10,950,573
Income from equity investments		**28,796,386**	17,902,046
Sale of land		**7,932,004**	3,377,753
Fee income		**1,490,967**	1,894,422
Other income		**1,143,901**	1,011,679
Total income	4	**47,817,730**	68,009,206
Share of net profits of associates accounted for using the equity method	15	**941,554**	2,205,874
EXPENSES			
Cost of land sold		**4,355,616**	2,890,735
Contract Costs		**-**	28,161,174
Net loss on sale of equity investments		**-**	10,468,880
Impairment of investment properties		**931,115**	-
Directors fees		**1,029,179**	764,683
Employee costs		**4,939,100**	4,401,154
Finance costs	5	**3,184,071**	1,871,738
Impairment of financial instruments	5	**2,476,198**	5,686,588
Management and consultancy fees		**1,131,834**	1,165,046
Other expenses	5	**1,766,131**	1,930,716
Profit before related income tax expense		**28,946,040**	12,874,366
Income tax expense	6	**4,676,309**	1,774,818
Net profit from continuing operations		**24,269,731**	11,099,548
Net profit from discontinued operation	28	**5,187,680**	3,950,635
Net profit		**29,457,411**	15,050,183
Net profit attributable to non-controlling interest	25	**1,956,057**	1,251,789
Net profit attributable to members of the parent entity		**27,501,354**	13,798,394

The above statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 27 to 79.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

	Notes	2017 $	2016 $
Profit for the year		**29,457,411**	15,050,183
Other comprehensive income			
Items that may be reclassified to profit or loss			
Investment value (decrease)/increases recognised in other reserves	26	**(1,637,517)**	15,637,300
Amounts transferred from other reserves to income on sale	26	**(1,897,040)**	(2,586,421)
Income tax on items taken directly to or from equity	26	**(3,030,664)**	-
Other comprehensive (loss)/income for the year, net of tax		**(6,565,221)**	13,050,879
Total comprehensive income for the year		**22,892,190**	28,101,062
Attributable to			
Shareholders		**20,955,114**	26,822,878
Non-controlling interest		**1,937,076**	1,278,184
		22,892,190	28,101,062
Total comprehensive income for the period attributable to members of the parent entity arises from			
Continuing operations		**16,579,528**	24,013,423
Discontinued operation		**6,312,662**	4,087,639
		22,892,190	**28,101,062**
Basic and diluted earnings per share for profit from continuing operations attributable to the members of the parent entity	7	**0.1993**	0.0948
Basic and diluted earnings per share for profit attributable to the members of the parent entity	7	**0.2301**	0.1154

The above statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 27 to 79.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2017

For personal use only

	Notes	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	27	**41,746,716**	21,673,050
Loans and other receivables	9	**29,676,038**	80,695,636
Financial assets – "at fair value through profit or loss"	12	**15,309,160**	2,489,914
Derivative financial instrument	22	**-**	143,000
Inventories	13	**6,621,201**	14,282,496
Current tax assets	6	**-**	258
Other assets	14	**186,764**	140,215
		93,539,879	119,424,569
Assets classified as held for sale	11	**-**	12,916,653
Total current assets		**93,539,879**	132,341,222
NON-CURRENT ASSETS			
Loans and other receivables	9	**21,267,139**	21,725,495
Financial assets – "available-for-sale"	10	**56,402,582**	69,331,501
Financial assets – "at fair value through profit or loss"	12	**5,034,187**	-
Inventories	13	**15,758,428**	10,860,450
Investments accounted for using the equity method	15	**33,839,849**	5,363,372
Property, plant and equipment	16	**397,403**	581,157
Investment properties	17	**8,578,697**	13,159,852
Intangible assets	18	**-**	52,435
Deferred tax assets	6	**5,554,585**	1,989,207
Total non-current assets		**146,832,870**	123,063,469
TOTAL ASSETS		**240,372,749**	255,404,691
CURRENT LIABILITIES			
Trade and other payables	19	**8,151,671**	12,497,426
Interest bearing loans and borrowings	21	**12,679,439**	3,167,951
Provisions	20	**773,334**	1,184,514
Current tax liabilities	6	**4,217,590**	2,289,683
Total current liabilities		**25,822,034**	19,139,574
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	21	**10,123,967**	21,571,053
Provisions	20	**18,825**	121,006
Deferred tax liabilities	6	**5,972,736**	1,054,077
Total non-current liabilities		**16,115,528**	22,746,136
TOTAL LIABILITIES		**41,937,562**	41,885,710
NET ASSETS		**198,435,187**	213,518,981
EQUITY			
Contributed equity	23	**103,646,848**	103,646,848
Retained earnings	24	**80,631,251**	72,766,639
Other reserves	26	**13,870,308**	24,794,268
Total parent entity interest		**198,148,407**	201,207,755
Non-controlling interest	25	**286,780**	12,311,226
TOTAL EQUITY		**198,435,187**	213,518,981

The above statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 27 to 79.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

	Contributed equity $	Retained earnings $	Asset revaluation $
At 1 July 2016	**103,646,848**	**72,766,639**	**19,103,188**
Profit for the year	**-**	**27,501,354**	**-**
Other comprehensive loss	**-**	**-**	**(6,320,499)**
Total comprehensive income/(loss) for the year	**-**	**27,501,354**	**(6,320,499)**
Transactions with shareholders:			
Acquisition of interest in controlled entities	**-**	**-**	**1,264**
Disposal of interest in controlled entities	**-**	**-**	**(253,686)**
Return of capital	**-**	**-**	**-**
Dividend paid	**-**	**(23,906,558)**	**-**
Transfer from reserve	**-**	**(1,241,925)**	**1,241,925**
Share based payment	**-**	**5,511,741**	**-**
At 30 June 2017	**103,646,848**	**80,631,251**	**13,772,192**
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
Transactions with shareholders:			
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

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 27 to 79.

For personal use only

Employee equity benefit $	Foreign exchange translation $	Owners of the parent $	Non-controlling interest $	Total $
5,367,223	**323,857**	**201,207,755**	**12,311,226**	**213,518,981**
-	**-**	**27,501,354**	**1,956,057**	**29,457,411**
-	**(225,741)**	**(6,546,240)**	**(18,981)**	**(6,565,221)**
-	**(225,741)**	**20,955,114**	**1,937,076**	**22,892,190**
-	**-**	**1,264**	**(19,624)**	**(18,360)**
-	**-**	**(253,686)**	**(12,201,030)**	**(12,454,716)**
-	**-**	**-**	**(1,000,000)**	**(1,000,000)**
-	**-**	**(23,906,558)**	**(843,552)**	**(24,750,110)**
-	**-**	**-**	**-**	**-**
(5,367,223)	**-**	**144,518**	**102,684**	**247,202**
-	**98,116**	**198,148,407**	**286,780**	**198,435,187**
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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

	Notes	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		**41,495,346**	91,200,796
Cash payments in the course of operations		**(55,626,240)**	(94,892,253)
Net cash receipts for land held for resale		**4,167,529**	6,247,695
Proceeds from disposal of financial assets at fair value through profit or loss		**19,623,370**	2,035,338
Payments for disposal of financial assets at fair value through profit or loss		**(36,820,316)**	(2,139,422)
Proceeds on construction contract		**3,840,320**	2,771,151
Interest received		**7,524,860**	8,885,093
Dividends received		**2,248,945**	12,972,488
Interest paid		**(545,726)**	(556,207)
Income taxes paid		**(2,385,479)**	(1,695,380)
Net cash (used in)/provided by operating activities	27	**(16,477,391)**	24,829,299
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure for investment properties		**(1,248,076)**	(1,285,066)
Payments for property, plant and equipment		**(277,656)**	(143,088)
Payments for investment properties		**(20,294,951)**	(5,350,000)
Proceeds from disposal of investment property		**-**	8,200,000
Payments for equity investments		**(18,310,598)**	(54,266,244)
Proceeds from disposal of equity investments		**64,205,739**	42,626,372
Disposal of subsidiaries, net of cash received		**(1,368,382)**	-
Acquisition of intangibles		**(7,738)**	(44,138)
Loans provided		**(44,408,000)**	(99,329,419)
Loans repaid		**59,940,341**	64,597,747
Net cash provided by/(used in) investing activities		**38,230,679**	(44,993,836)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(14,839,117)**	(28,627,970)
Proceeds from borrowings		**30,665,611**	30,271,000
Dividends paid		**(24,287,652)**	(10,552,026)
Payments for share buy-back		**(19,624)**	(5,631,461)
Payments for return of capital		**(1,000,000)**	(500,000)
Proceeds from issues of shares		**7,987,657**	1,723,695
Restructure transaction costs		**(166,099)**	-
Net cash used in financing activities		**(1,659,224)**	(13,316,762)
Net increase/(decrease) in cash and cash equivalents		**20,094,064**	(33,481,299)
Foreign exchange (loss)/gain on cash		**(20,398)**	697,616
Cash and cash equivalents at the beginning of the financial year		**21,673,050**	54,456,733
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	27	**41,746,716**	21,673,050

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 27 to 79.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

Contents

1. Statement of Accounting Policies 27
2. Controlled Entities 34
3. Parent Company Information 39
4. Income 41
5. Profit Before Income Tax Expense 41
6. Income Tax 42
7. Earnings Per Share 44
8. Dividends 45
9. Loans and Other Receivables 45
10. Financial Assets – "Available-for-Sale" 47
11. Assets Classified as Held for Sale 47
12. Financial assets – "At Fair Value Through Profit or Loss" 48
13. Inventories 48
14. Other Assets 48
15. Investments Accounted for Using the Equity Method 49
16. Property, Plant and Equipment 56
17. Investment Properties 57
18. Intangible Assets 58
19. Trade and Other Payables 58
20. Provisions 58
21. Interest Bearing Loans and Borrowings 58
22. Derivative Financial Instruments 59
23. Contributed Equity 59
24. Retained Earnings 60
25. Non-Controlling Interest 60
26. Other Reserves 61
27. Notes to Statement of Cash Flows 62
28. Discontinued Operations 63
29. Auditors' Remuneration 64
30. Commitments and Contingencies 65
31. Segment Information 66
32. Related Party Information 69
33. Additional Financial Instruments Disclosure 73
34. Fair Value Measurements 77
35. Events Subsequent to Year End 79
36. Critical Accounting Estimates and Judgements 79

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 2017 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.

For personal use only

Note 1: Statement of Accounting Policies (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; and
- 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 parent company and its subsidiaries in the initial period of application. However, CVC is still assessing the impact on the timing of recognition of the revenues in the equity accounting associates.

(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.

The standard will affect primarily the accounting for CVC's operating leases. As at the reporting date, CVC has non-cancellable operating lease commitments of $4,190,799 (see note 30.1). As at 30 June 2017 if AASB *16 Leases* was adopted the disclosure would be as follows:

Right of use assets	$3,703,913
Lease liability	
Current	$555,094
Non-current	$3,148,819
Over the life of the right of use asset the following amounts would be recognised in the statement of financial performance:	
Interest expense	$486,886
Impairment charge	$3,703,913
Total	$4,190,799

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 2017 ("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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

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.

Notes to the Financial Statements

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

Note 1: Statement of Accounting Policies (Cont.)

1.6 Income Tax and Other Taxes (Cont.)

Tax consolidation legislation

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

Goods and Services Tax

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

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

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

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

1.7 Cash and Cash Equivalents

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

1.8 Trade and Other Payables

Trade payables and other payables are carried at amortised 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%

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

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

Notes to the Financial Statements

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

Note 1: Statement of Accounting Policies (Cont.)

1.13 Investments and Other Financial Assets (Cont.)

"Available-for-sale" investments (cont.)

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.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

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 2017**

For personal use only

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	
	2017	2016	**2017**	2016
	%	%	**%**	%
CVC Limited				
Direct Controlled Entities:				
AddVenture Pty Limited	**100**	100	**-**	-
AddVenture MP Pty Limited	**100**	-	**-**	-
Add Venture Unit Trust No.1	**100**	-	**-**	-
Biomedical Systems Pty Limited	**100**	100	**-**	-
CVC Alternate Funding Pty Limited	**100**	100	**-**	-
CVC Bentleigh (Loan) Pty Limited	**100**	100	**-**	-
CVC Bentleigh (Developer) Pty Limited	**100**	100	**-**	-
CVC Caboolture Unit Trust	**60**	60	**40**	40
CVC Fairfield Pty Limited	**-**	100	**-**	-
CVC Finance Company Pty Limited	**100**	100	**-**	-
CVC Funds Management Pty Limited	**100**	100	**-**	-
CVC Knoxfield Unit Trust No. 2	**-**	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 Rockhampton Unit Trust	**82**	82	**18**	18
CVC Wagga Wagga Pty Limited	**100**	100	**-**	-
CVC Wagga Wagga Unit Trust	**50**	50	**50**	50
Cellnet Group Limited (a)	**-**	58	**-**	42
Eildon Capital Limited (b)	**-**	67	**-**	33
Eildon Funds Management Limited (b)	**-**	100	**-**	-
Greens IPO SALECO	**-**	100	**-**	-
iLiv CVC Rockhampton Trust	**55**	55	**45**	45
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	**-**	-
Stinoc Pty Limited	**99**	99	**1**	1
The Eco Fund Pty Limited	**100**	100	**-**	-
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	-	-

(a) Cellnet Group Limited ceased to be a controlled entity of CVC during the year.

(b) Eildon Capital Limited and Eildon Funds Management Limited ceased to be controlled entities and became associates of CVC during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

	Interest Held by Consolidated Entity 2017 %	Interest Held by Consolidated Entity 2016 %	Interest Held by non-controlling interests 2017 %	Interest Held by non-controlling interests 2016 %
2.1 Composition of Consolidated Group (Cont.)				
Controlled Entities controlled by Cellnet Group Limited (a):				
C&C Warehouse (Holdings) Pty Limited	-	100	-	-
Regadget Pty Limited	-	100	-	-
OYT Pty Limited	-	100	-	-
Cellnet Online Pty Limited	-	100	-	-
Companies incorporated in New Zealand:				
Controlled Entities controlled by Cellnet Group Limited (a):				
Cellnet Limited	-	100	-	-
Companies incorporated in Hong Kong:				
Controlled Entities controlled by Cellnet Group Limited (a):				
3SixT Limited	-	100	-	-

(a) The entities controlled by Cellnet Group Limited ceased to be controlled entities of CVC during the year.

2.2 Acquisition and Disposals of Business Operations

(a) Cellnet Group Limited

On 22 December 2016 CVC sold 83% of its holding in Cellnet Group Limited for a consideration of $7,057,568. Refer to note 28.

(b) Eildon Funds Management Limited

On 16 November 2016 CVC sold 60% of its holding in Eildon Funds Management Limited for a consideration of $420,000, at which time the company became an associate of CVC. Refer to note 28.

(c) Eildon Capital Limited

On 24 February 2017 Eildon Capital Limited successfully completed a capital raising of $10 million and ASX listing. This had the effect of reducing CVC's ownership from 56.0% to 38.5%, at which time the company became an associate of CVC. Refer to note 28.

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 for the financial year ending 30 June 2016. 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 $286,780 (2016: $12,311,226). 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: a commercial property development in Port Macquarie, New South Wales.

Eildon Capital Limited: an investment company with a focus on Australian property investments.

iLiv CVC Rockhampton Trust: a residential property development in Rockhampton, 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 2017**

For personal use only

Note 2: Controlled Entities (Cont.)

2.3 Interest in Material Subsidiaries (Cont.)

(b) Information on subsidiaries (cont.):

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

	Cellnet Group Limited		Eildon Capital Limited	
	2017 (a)	2016	**2017 (b)**	2016
	$	$	**$**	$
Summarised balance sheet				
Current assets	**-**	20,566,000	**-**	17,386,357
Current liabilities	**-**	8,196,000	**-**	732,178
Current net assets	**-**	12,370,000	**-**	16,654,179
Non-current assets	**-**	1,204,000	**-**	1,139,676
Non-current liabilities	**-**	18,000	**-**	786,902
Non-current net assets	**-**	1,186,000	**-**	352,774
Net assets	**-**	13,556,000	**-**	17,006,953
Accumulated NCI	**-**	5,627,315	**-**	5,280,325
Summarised statement of comprehensive income				
Revenue	**42,968**	75,154,000	**4,200,577**	3,324,009
Profit/(loss) for the period	**1,477,000**	1,748,000	**2,595,658**	2,031,172
Other comprehensive income	**(42,000)**	13,000	**(48,304)**	(19,911)
Total comprehensive income	**1,435,000**	1,761,000	**2,547,354**	2,011,261
Profit/(loss) allocated to NCI	**614,114**	764,895	**884,651**	719,476
Dividends paid to NCI	**269,722**	231,306	**-**	732,787
Summarised cash flows				
Cash flows (used in)/ from operating activities	**(7,831,000)**	481,000	**359,280**	4,376,942
Cash flows (used in)/from investing activities	**(38,000)**	(172,000)	**2,519,584**	(6,430,861)
Cash flows from/(used in) financing activities	**7,207,000**	(1,095,000)	**4,803,755**	(5,377,289)
Net foreign exchange differences	**(57,000)**	(176,000)	**-**	-
Net (decrease)/increase in cash and cash equivalents	**(719,000)**	(962,000)	**7,682,619**	(7,431,208)

(a) On 22 December 2016 Cellnet Group Limited ceased to be a controlled entity of CVC. The amounts disclosed relate to the period to 22 December 2016. Refer note 28.

(b) On 24 February 2017 Eildon Capital Limited ceased to be a controlled entity of CVC. The amounts disclosed relate to the period to 24 February 2017. Refer note 28.

For personal use only

Marsden Park Development Trust		CVC Caboolture Unit Trust		iLiv CVC Rockhampton Trust		CVC Masters Unit Trust	
2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
$	$	**$**	$	**$**	$	**$**	$
8,574	753,534	**3,010,100**	48,535	**4,186,181**	5,335,164	**8,521,424**	5,391,184
12,681,001	683,961	**9,294,373**	7,123,328	**2,785,658**	1,934,640	**42,892**	717,849
(12,672,427)	69,573	**(6,284,273)**	(7,074,793)	**1,400,523**	3,400,524	**8,478,532**	4,673,335
11,427,737	10,860,450	**5,680,691**	6,329,406	**-**	-	**7,228,697**	10,696,028
260,754	11,465,241	**-**	-	**-**	-	**-**	-
11,166,983	(604,791)	**5,680,691**	6,329,406	**-**	-	**7,228,697**	10,696,028
(1,505,444)	(535,218)	**(603,582)**	(745,387)	**1,400,523**	3,400,524	**15,707,229**	15,369,363
(935,928)	(589,524)	**(241,433)**	(298,155)	**699,742**	1,699,742	**189,302**	20,369
307,585	516,362	**4,162,495**	90,953	**3,682,004**	2,173,253	**1,703,956**	34,469,125
(970,225)	(605,625)	**733,243**	(745,487)	**576,723**	380,710	**1,697,594**	6,017,400
-	-	**-**	-	**-**	-	**-**	-
(970,225)	(605,625)	**733,243**	(745,487)	**576,723**	380,710	**1,697,594**	6,017,400
(339,482)	(223,391)	**293,297**	(298,195)	**317,198**	209,390	**168,933**	32,132
-	-	**236,576**	-	**317,198**	209,390	**-**	-
(288,035)	203,123	**2,221,539**	(6,299,676)	**2,172,643**	991,173	**3,530,892**	9,115,506
-	-	**-**	-	**-**	-	**-**	-
(461,511)	498,926	**(2,194,454)**	6,309,506	**(2,000,000)**	(1,473,385)	**(4,310,767)**	(8,343,334)
-	-	**-**	-	**-**	-	**-**	-
(749,546)	702,049	**27,085**	9,830	**172,643**	(482,212)	**(779,875)**	772,172

For personal use only

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.

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

	2017 $	2016 $
Carrying amount of non-controlling interests acquired	-	807,611
Consideration paid to non-controlling interests	-	(746,176)
Discount of consideration paid recognised in the transactions with non-controlling interests reserve within equity	-	61,435

On 22 December 2016 Cellnet Group Limited ceased to be a controlled entity of CVC. Refer note 28.

(ii) Eildon Capital Limited

In October 2016, Eildon Capital Limited issued 3,533,073 shares for $3,603,734. As a result, CVC decreased its holding in Eildon Capital Limited by 11.5%. Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Eildon Capital Limited was $6,266,325. CVC recognised an increase in non-controlling interest of $3,792,360 and a decrease in equity attributable to owners of the parent of $188,626.

In September 2016, CVC acquired an additional 18,869 shares of Eildon Capital Limited for $19,624. As a result, CVC increased its holding in Eildon Capital Limited by 0.1%. Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Eildon Capital Limited was $6,240,037. CVC recognised a decrease in non-controlling interest of $20,888 and an increase in equity attributable to owners of the parent of $1,264.

In January 2016, 400,000 options were exercised for $260,000. As a result, CVC decreased its holding in Eildon Capital Limited by 2%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Eildon Capital 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 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 Limited by 13%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Eildon Capital 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 Limited by 7%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in Eildon Capital 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.

	2017 $	2016 $
Carrying amount of non-controlling interests acquired	**20,888**	4,208,130
Consideration paid to non-controlling interests	**(19,624)**	(4,838,420)
Carrying amount of non-controlling interests disposed	**(3,792,360)**	(2,348,010)
Consideration received from non-controlling interests	**3,603,734**	1,722,500
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(187,362)**	(1,255,800)

On 24 February 2017 Eildon Capital Limited ceased to be a controlled entity and became an associate of CVC. Refer note 28.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

Note 3: Parent Company Information

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

	2017 $	2016 $
i) STATEMENT OF COMPREHENSIVE INCOME		
INCOME		
Net gain on sale of equity investments	**12,662,282**	-
Interest revenue	**1,249,587**	4,082,944
Dividend revenue	**12,824,868**	18,536,833
Net gain on financial assets at fair value through profit or loss	**778,682**	
Recovery of investment in controlled entities	**10,943,542**	-
Recovery of investment in unrelated entities	**7,381,455**	12,414,820
Recovery of loan in controlled entities	**81,200**	-
Finance income	**-**	289,843
Fee income	**40,000**	46,923
Other income	**101,183**	21,552
Total income	**46,062,799**	35,392,915
EXPENSES		
Net loss on sale of equity investments	**-**	9,647,841
Impairment of listed investments	**79,729**	4,530,803
Impairment of unlisted investments	**78,103**	-
Impairment of loans to controlled entities	**-**	3,492,836
Management and consultancy fees	**7,750,061**	7,127,461
Finance costs	**6,142,716**	5,656,605
Other expenses	**822,389**	959,217
Profit before related income tax expense	**31,189,801**	3,978,152
Income tax benefit	**(3,740,626)**	(1,538,631)
Net profit	**34,930,427**	5,516,783
Other comprehensive income		
Items that may be reclassified to profit or loss		
Investment value increase recognised in other reserves	**27,606,519**	7,636,629
Amounts transferred from other reserves to other comprehensive income on sale	**(4,290,162)**	(266,689)
Income tax on items taken directly to or from equity	**(10,206,182)**	-
Other comprehensive income for the year, net of tax	**13,110,175**	7,369,940
Total comprehensive income for the year	**48,040,602**	12,886,723

Notes to the Financial Statements

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

Note 3: Parent Company Information (Cont.)

	2017 $	2016 $
ii) STATEMENT OF FINANCIAL POSITION		
CURRENT ASSETS		
Cash and cash equivalents	**38,160,988**	14,130,360
Loans and other receivables	**2,762,167**	1,008,111
Financial assets – "at fair value through profit or loss"	**19,641,861**	2,471,606
Other assets	**194,689**	176,239
	60,759,705	17,786,316
Assets classified as held for sale	**-**	311,936
Total current assets	**60,759,705**	18,098,252
NON-CURRENT ASSETS		
Loans and other receivables	**42,553,665**	70,751,207
Financial assets – "available-for-sale"	**114,147,981**	89,931,356
Deferred tax assets	**2,953,427**	-
Total non-current assets	**159,655,073**	160,682,563
TOTAL ASSETS	**220,414,778**	178,780,815
CURRENT LIABILITIES		
Trade and other payables	**856,988**	817,205
Current tax liabilities	**4,220,277**	1,589,120
Total current liabilities	**5,077,265**	2,406,325
NON-CURRENT LIABILITIES		
Trade and other payables	**67,023,684**	62,400,891
Deferred tax liabilities	**10,206,182**	-
Total non-current liabilities	**77,229,866**	62,400,891
TOTAL LIABILITIES	**82,307,131**	64,807,216
NET ASSETS	**138,107,647**	113,973,599
EQUITY		
Contributed equity	**103,646,845**	103,646,845
Retained earnings	**10,646,379**	(377,494)
Other reserves	**23,814,423**	10,704,248
TOTAL EQUITY	**138,107,647**	113,973,599

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

	2017 $	2016 $
Note 4: Income		
Contract Revenue	**-**	32,872,733
Interest		
Associated entities	**1,472,950**	2,741,957
Unrelated entities	**6,981,522**	8,208,616
Income from equity investments		
Net gain on sales of equity investments	**15,811,732**	-
Net gain on financial assets at fair value through profit or loss	**648,529**	-
Dividends from related entities	**-**	1,214,798
Dividends from unrelated entities	**3,220,825**	3,254,375
Impairment recovery of investments in unrelated entities	**9,115,300**	13,432,873
Sale of land	**7,932,004**	3,377,753
Fee income		
Related entities	**752,362**	-
Unrelated entities	**738,605**	1,894,422
Other income		
Rental income from unrelated entities	**152,279**	161,533
Finance income	**-**	289,843
All other income	**991,622**	560,303
Total income	**47,817,730**	68,009,206
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	**1,032,272**	661,620
Other entities		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	**1,400,526**	1,210,118
Finance charge on receivables at fair value through profit or loss	**751,273**	-
Total finance costs expensed	**3,184,071**	1,871,738
Impairment of financial instruments:		
Impairment of listed investments	**234,607**	4,540,121
Impairment of unlisted investments	**213,903**	31,265
Impairment of investments in associated entities	**197,233**	362,000
Impairment of loans to associated entities	**1,628,506**	753,202
Impairment of loans to other entities	**201,949**	-
Total impairment of financial instruments	**2,476,198**	5,686,588
Other expenses:		
Audit fees	**156,500**	169,536
Depreciation expense	**125,738**	229,598
Insurance	**187,251**	183,732
Legal costs	**196,401**	188,625
Rent	**335,569**	215,846
All other expenses	**764,672**	943,379
Total other expenses	**1,766,131**	1,930,716

Notes to the Financial Statements

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

	2017 $	2016 $
Note 6: Income Tax		
6.1 Income Tax Expense		
Profit from continuing operations before income tax expense	**28,946,040**	12,874,366
Profit from discontinued operation before income tax expense	**3,737,427**	4,016,405
Accounting profit before income tax	**32,683,467**	16,890,771
income tax expense at the statutory income tax rate of 30%	**9,805,040**	5,067,231
Increase in income tax expense due to:		
Sundry items	**114,242**	82,640
Trust losses not deductible	**293,443**	380,232
Tax losses not recognised	**220,359**	1,806,075
Tax losses recouped	**767,399**	-
Decrease in income tax expense due to:		
Dividends received	**(612,576)**	(2,417,439)
Trust profit not assessable	**(318,137)**	(82,096)
Effect of lower tax rate in New Zealand (28%)	**(14,525)**	(1,414)
Tax losses previously not recognised utilised	**-**	(620,626)
Net deferred tax not recognised	**(1,110,623)**	(2,572,063)
Recognised deferred tax balances	**(5,891,215)**	-
	3,253,407	1,642,540
Adjustments in respect of current income tax of previous years (a)	**(27,351)**	198,048
Income tax expense	**3,226,056**	1,840,588
The major components of income tax expense are:		
Current income tax charge	**5,948,220**	2,759,373
Deferred income tax	**(2,694,813)**	(1,116,833)
Adjustments in respect of current income tax of previous years (a)	**(27,351)**	198,048
income tax expense reported in the statement of financial performance	**3,226,056**	1,840,588
Income tax expense is attributable to:		
Profit from continuing operations	**4,676,309**	1,774,818
Profit from discontinued operation	**(1,450,253)**	65,770
Aggregate income tax expense	**3,226,056**	1,840,588

(a) The adjustment in respect of current income tax includes an under/(over) provision on tax liability arising from the 2016 income tax year.

6.2 Current Tax Assets

Income tax receivable:

Balance at the end of the year	**-**	258

6.3 Current Tax Liabilities

Income tax payable:

Balance at the end of the year	**4,217,590**	2,289,683

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

	Included in Income $	Included in Equity $	Total $
Note 6: Income Tax (Cont.)			
6.4 Deferred Tax Assets			
Deferred income tax at 30 June related to the following deferred tax assets:			
Year ended 30 June 2017			
Provisions and accrued expenses	**627,228**	**-**	**627,228**
Impairment expenses	**5,204,147**	**-**	**5,204,147**
Share raising costs	**-**	**491**	**491**
Equity accounted investments	**109,563**	**-**	**109,563**
Property, plant and equipment	**41,085**	**-**	**41,085**
Other	**4,384**	**-**	**4,384**
Tax losses	**4,886,488**	**-**	**4,886,488**
Deferred tax assets not recognised	**(5,318,801)**	**-**	**(5,318,801)**
	5,554,094	**491**	**5,554,585**
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
6.5 Deferred Tax Liabilities			
Deferred income tax at 30 June related to the following deferred tax liabilities:			
Year ended 30 June 2017			
"Available-for-sale" investments	**5,386,177**	**-**	**5,386,177**
Provisions and accrued expenses	**1,652,868**	**-**	**1,652,868**
Equity accounted income	**9,576,342**	**-**	**9,576,342**
Intangible assets	**21,000**	**-**	**21,000**
Gain on acquisition	**405,247**	**-**	**405,247**
Deferred tax liabilities not recognised	**(11,068,898)**	**-**	**(11,068,898)**
	5,972,736	**-**	**5,972,736**
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

For personal use only

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.

	2017 $	2016 $
Note 7: Earnings Per Share		
Basic and diluted earnings per share		
From continuing operations attributable to the members of the parent entity	**0.1993**	0.0948
From discontinued operations attributable to the members of the parent entity	**0.0308**	0.0206
Total basic and diluted earnings per share attributable to the members of the parent entity	**0.2301**	0.1154
Reconciliation of earnings used in the calculation of earnings per share:		
Profit after income tax from continuing operations	**24,269,731**	11,099,548
(Less)/plus: non-controlling interest in continuing operations	**(444,825)**	232,583
Net profit from continuing operations attributable to members of the parent entity	**23,824,906**	11,332,131
Profit after income tax from discontinued operation	**5,187,680**	3,950,635
Less: non-controlling interest in discontinued operation	**(1,511,232)**	(1,484,372)
Net profit from discontinued operation attributable to members of the parent entity	**3,676,448**	2,466,263
Net profit attributable to members of the parent entity	**27,501,354**	13,798,394
	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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

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
2017 Interim dividend on ordinary shares	5.00	5,976,640	8 March 2017	30%	100%
2017 Special dividend on ordinary shares	10.00	11,953,279	14 December 2016	30%	100%
2016 Final dividend on ordinary shares	5.00	5,976,639	15 September 2016	30%	100%
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%

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 2017 of 8 cents per share was declared on 21 August 2017 to be paid on 6 September 2017 to those shareholders registered on 25 August 2017.

	The Company 2017 $	2016 $
Dividend franking account		
Franking credits available to shareholders for subsequent financial years	**9,713,337**	12,555,079

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	**841,041**	11,316,274
Allowance for impairment loss	**-**	(65,841)
Amounts due from customers for contract work	**-**	4,122,719
Other receivables and prepayments	**2,563,710**	663,569
Loans to associated entities	**7,378,266**	12,811,326
Loans to other corporations	**18,893,021**	51,847,589
	29,676,038	80,695,636

Trade and other receivables includes a retention of $4,122,719 relating to a construction contract in progress for financial year ended 30 June 2016.

Non-current		
Loans to associated entities	**14,462,408**	17,257,809
Impairment of loans to associated entities	**(1,829,206)**	-
Loans to other corporations	**8,633,937**	4,467,686
	21,267,139	21,725,495

For personal use only

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. 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.

	2017 $	2016 $
Movements in the provision for impairment loss were as follows:		
Carrying amount at the beginning of the year	**65,841**	104,486
Receivables written off during the year as uncollectible	**-**	(82,647)
Provision for impairment recognised during the year	**-**	44,002
Disposal through sale of controlled entities	**(65,841)**	-
Carrying amount at the end of the year	**-**	65,841

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 - 2017	**841,041**	**314,700**	**4,707**	**7,512**	**4,707**	**509,415**	**-**
Closing balance - 2016	11,316,274	10,134,274	257,000	249,000	110,000	500,000	66,000

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.

	2017 $	2016 $
Movements in the provision for impairment loss were as follows:		
Carrying amount at the beginning of the year	**-**	1,506,487
Charge for the year	**1,829,206**	753,202
Loan written off during the year as uncollectible	**-**	(2,259,689)
Carrying amount at the end of the year	**1,829,206**	-

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

	2017 $	2016 $
Note 10: Financial Assets – "Available-For-Sale"		
Non-current		
Shares in listed corporations – at market value	**46,873,395**	58,338,703
Other investments – at cost	**3,388,875**	8,771,869
Impairment of other investments – at cost	**(421,000)**	(250,000)
Public unlisted investments – at market value	**1,328,968**	1,381,992
Other investments – at market value	**5,232,344**	1,088,937
	56,402,582	69,331,501

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 Bionomics Limited, Cellnet Group Limited, Cyclopharm Limited, Heritage Brands Ltd, Lantern Hotel Group, Mitchell Services Limited, Prime Media Group 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.

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 $421,000 (2016: $250,000).

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 $5,232,344 (2016: $1,088,937) has been determined by using the fair value approach. The most recent capital raising undertaken was considered to be an appropriate indication for the fair value of the investment.

Note 11: Assets Classified as Held For Sale		
Non-current assets held for sale		
Shares in unlisted corporation	-	12,916,653

In June 2016, the directors of CVC decided to sell its shareholding in Green's Foods Holdings Pty Limited. The sale was finalised in September 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 2017**

For personal use only

	2017 $	2016 $
Note 12: Financial Assets – 'At Fair Value Through Profit or Loss'		
Current		
Shares in listed corporations – at market value	**15,309,160**	2,489,914
Non-current		
Shares in listed corporations – at market value	**5,034,187**	-

The carrying value of 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 US Residential Fund. 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.

Note 13: Inventories		
Current		
Stock on hand	**-**	9,455,086
Provision for obsolescence	**-**	(487,051)
Land development sites held for resale	**6,621,201**	5,314,461
Total inventories at the lower of cost and net realisable value	**6,621,201**	14,282,496
Non-current		
Land development sites held for resale	**15,758,428**	10,860,450

Inventories recognised as an expense for the year ended 30 June 2017 totalled $36,774,690 (2016: $61,202,205). This expense has been included in the Statement of Financial Performance.

Note 14: Other Assets		
Current		
Prepayments and deposits	**186,764**	140,215

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

	2017 $	2016 $
Note 15: Investments Accounted for Using the Equity Method		
Non-current		
Equity accounted interests in joint ventures	**3,244,407**	3,486,434
Equity accounted shares in listed associated companies	**12,477,997**	-
Equity accounted shares in other associated companies	**18,117,445**	1,876,938
	33,839,849	5,363,372

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.

- **79 Logan Road Trust**
  The carrying value of 79 Logan Road Trust has been calculated as $3,360,092 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.
- **Concise Asset Management Limited**
  The carrying value of Concise Asset Management Limited has been calculated as $1,016,683 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.
- **Donnybrook JV Pty Ltd**
  The carrying value of Donnybrook JV Pty Ltd has been calculated as $8,098,961 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.
- **Eildon Capital Limited**
  The carrying value of Eildon Capital Limited ("EDC") has been calculated at $12,477,997. It has been determined by using the fair value approach. The closing "bid-price" of EDC on 30 June 2017 was $1.05 per share which was determined to be an appropriate indication for the fair value of the investment, despite the lack of an active market. Refer note 36.5 and note 36.7.
- **Eildon Funds Management Limited**
  The carrying value of Eildon Funds Management Limited has been calculated as $73,013 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 $182,330 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 $659,010 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 $3,244,407 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.
- **South Pack Laboratories (Aust) Pty Ltd**
  The carrying value of South Pack Laboratories (Aust) Pty Ltd has been calculated as $4,483,171 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.
- **Turrella Property Unit Trust**
  The carrying value of Turrella Property Unit Trust has been calculated as $244,000 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.6.

For personal use only

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 2017 %	Ownership Interest Consolidated 2016 %	Investment Carrying Amount Consolidated 2017 $	Investment Carrying Amount Consolidated 2016 $	Dividend Received/ Receivable Consolidated 2017 $	Dividend Received/ Receivable Consolidated 2016 $
Associated entities							
79 Logan Road Pty Ltd	Ords	**35.0**	-	**35**	-	**-**	-
79 Logan Road Trust	Ords	**35.0**	-	**3,360,092**	-	**126,700**	-
BioPower Systems Pty Limited	Ords	**25.1**	25.1	**-**	-	**-**	-
Concise Asset Management Limited	Ords	**42.0**	42.0	**1,016,683**	1,125,489	**336,000**	231,000
Donnybrook JV Pty Ltd	Ords	**49.0**	49.0	**8,098,961**	-	**-**	-
Eildon Capital Limited (c)	Ords	**39.3**	-	**12,477,997**	-	**568,893**	-
Eildon Funds Management Limited (c)	Ords	**40.0**	-	**73,013**	-	**-**	-
Green's Foods Holdings Pty Limited (b)	Ords	**-**	43.5	**-**	-	**-**	3,480,788
JAK Investment Group Pty Ltd	Ords	**40.0**	40.0	**182,330**	352,654	**145,600**	261,000
Kingsgrove Property LMC Pty Ltd (a)	Ords	**50.0**	-	**-**	-	**-**	-
Londonderry Road Trust	Ords	**30.0**	30.0	**-**	-	**-**	646,529
LAC Unit Trust	Ords	**33.3**	33.3	**659,010**	398,695	**-**	-
LAC JV Pty Ltd	Ords	**33.3**	33.3	**100**	100	**-**	-
Mooloolaba Wharf Holding Company Pty Limited (a)	Ords	**50.0**	50.0	**50**	-	**-**	-
South Pack Laboratories (Aust) Pty Ltd	Ords	**48.0**	-	**4,483,171**	-	**-**	-
The Kingsgrove (Vanessa Road) Unit Trust	Ords	**25.0**	-	**-**	-	**-**	-
Turrella Property Unit Trust (a)	Ords	**50.0**	50.0	**244,000**	-	**-**	-
Urban Properties Pty Limited	Ords	**33.3**	33.3	**-**	-	**-**	-
Urban Properties Cairns Pty Limited	Ords	**20.0**	20.0	**-**	-	**-**	-
Urban Properties Centenary Pty Limited	Ords	**20.0**	20.0	**-**	-	**-**	-
Joint Ventures							
MAKE 246 EBRB Pty Ltd (a)	Ords	**50.0**	50.0	**-**	-	**-**	-
MAKE EBRB Dev Nominee Pty Ltd (a)	Ords	**50.0**	50.0	**3,244,407**	3,486,434	**-**	-
				33,839,849	5,363,372	**1,177,193**	4,619,317

(a) Kingsgrove Property LMC Pty Ltd, Turrella Property Unit 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 2016 financial year.

(c) Eildon Capital Limited and Eildon Funds Management Limited ceased to be controlled entities and became associates of CVC during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

Note 15: Investments Accounted for Using the Equity Method (Cont.)

15.2 Information on Investments Accounted for Using the Equity Method:

Associated entities

79 Logan Road Pty Ltd	-	trustee of 79 Logan Road Trust.
79 Logan Road Trust	-	a commercial property in Woolloongabba, Queensland with a long term lease to an ASX listed entity, with residential development approval.
BioPower Systems Pty Limited	-	a renewable energy technology company.
Concise Asset Management Limited	-	a boutique fund manager focused on investments in ASX listed entities.
Donnybrook JV Pty Ltd	-	a residential property development in Donnybrook, Victoria.
Eildon Capital Limited	-	an active property investment company which participates in retail, industrial, residential and commercial opportunities.
Eildon Funds Management Limited	-	an investment manager and the holder of a financial services licence.
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.
Kingsgrove Property LMC Pty Ltd	-	trustee of The Kingsgrove (Vanessa Road) Unit Trust.
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.
Mooloolaba Wharf Holding Company Pty Limited	-	the landowner of "The Wharf" Mooloolaba, Parkland Parade and River Esplanade in Mooloolaba, Queensland.
South Pack Laboratories (Aust) Pty Ltd	-	a pharmaceutical contract packaging company.
The Kingsgrove (Vanessa Road) Unit Trust	-	a residential property development in Kingsgrove, New South Wales.
Turrella Property Unit Trust	-	a residential property development in Turrella, New South Wales.
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.

Joint Ventures

MAKE 246 EBRB Pty Ltd	-	the landowner of a commercial site at 240-246 East Boundary Rd, East Bentleigh, Victoria. The property is progressing through a re-zoning process for a range of commercial, retail and residential uses.
MAKE EBRB Dev Nominee Pty Ltd	-	the developer of 240-246 East Boundary Rd, East Bentleigh, Victoria .

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.

For personal use only

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:

	Joint Venture			
	MAKE EBRB Dev Nominee Pty Ltd	**Green's Foods Holdings Pty Limited**	**Donnybrook JV Pty Ltd (c)**	**Eildon Capital Limited (b)**
	$	**$**	**$**	**$**
Year ended 30 June 2017				
Balance at the beginning of the year	**3,486,434**	**-**	**-**	**-**
New interests acquired	**-**	**-**	**-**	**274,002**
Share of profits before tax	**(242,027)**	**-**	**(107,046)**	**591,150**
Share of tax expenses	**-**	**-**	**-**	**(177,346)**
Dividend paid	**-**	**-**	**-**	**(568,893)**
Impairment	**-**	**-**	**-**	**(197,233)**
Reclassification of investments	**-**	**-**	**8,206,007**	**12,556,317**
Balance at the end of the year	**3,244,407**	**-**	**8,098,961**	**12,477,997**
Year ended 30 June 2016				
Balance at the beginning of the year	-	14,660,528	-	-
New interests acquired	4,000,000	-	-	-
Sale of investments	-	-	-	-
Share of profits before tax	(513,566)	3,723,558	-	-
Share of tax expenses	-	(1,986,645)	-	-
Dividend paid	-	(3,480,788)	-	-
Impairment	-	-	-	-
Reclassification of investments	-	(12,916,653)	-	-
Balance at the end of the year	3,486,434	-	-	-

(a) Other entities include JAK Investment Group Pty Ltd, Urban Properties Pty Limited, Turrella Property Unit Trust, Londonderry Road Trust, Eildon Funds Management Limited, Urban Properties Cairns Pty Limited, Urban Properties Centenary Pty Limited, LAC Unit Trust, LAC JV Pty Ltd, Mooloolaba Wharf Holding Company Pty Limited, Kingsgrove Property LMC Pty Ltd, The Kingsgrove (Vanessa Road) Unit Trust, 79 Logan Road Pty Ltd, MAKE 246 EBRB Pty Ltd and BioPower Systems Pty Limited.

(b) 79 Logan Road Trust was reclassified as an associate on 24 February 2017 following the completion of the capital raising and ASX listing of Eildon Capital Limited. This ASX listing of Eildon Capital Limited resulted in CVC's share of the company being reduced from 56% to 38.5%.

(c) Following a review of the terms of the loan facility provided by CVC and Donnybrook JV Pty Limited, it was considered that the loan is considered to be an equity investment.

For personal use only

	Associated entities				
	South Pack Laboratories (Aust) Pty Ltd	79 Logan Road Trust (b)	Concise Asset Management Limited	Other Entities (a)	Total
	$	$	$	$	$
	-	**-**	**1,125,489**	**751,449**	**5,363,372**
	3,840,000	**3,383,325**	**-**	**561,881**	**8,059,208**
	918,816	**103,467**	**324,564**	**(106,265)**	**1,482,659**
	(275,645)	**-**	**(97,370)**	**9,256**	**(541,105)**
	-	**(126,700)**	**(336,000)**	**(145,600)**	**(1,177,193)**
	-	**-**	**-**	**-**	**(197,233)**
	-	**-**	**-**	**87,817**	**20,850,141**
	4,483,171	**3,360,092**	**1,016,683**	**1,158,538**	**33,839,849**
	-	-	1,081,096	528,054	16,269,678
	-	-	-	400,795	4,400,795
	-	-	-	(14,205)	(14,205)
	-	-	393,418	1,322,334	4,925,744
	-	-	(118,025)	(216,000)	(2,320,670)
	-	-	(231,000)	(907,529)	(4,619,317)
	-	-	-	(362,000)	(362,000)
	-	-	-	-	(12,916,653)
	-	-	1,125,489	751,449	5,363,372

Notes to the Financial Statements

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

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		Donnybrook JV Pty Ltd (d)		Eildon Capital Limited (b)	
	2017	2016	**2017**	2016	**2017**	2016
	$	$	**$**	$	**$**	$
Summarised balance sheet						
Current assets	**513,443**	9,647	**540,551**	1,041,428	**27,004,209**	-
Current liabilities	**134,454**	121,088	**211,056**	379,669	**2,017,947**	-
Current net assets	**378,989**	(111,441)	**329,495**	661,759	**24,986,262**	-
Non-current assets	**26,596,359**	26,627,144	**26,948,883**	25,739,064	**6,840,674**	-
Non-current liabilities	**20,486,535**	19,542,835	**10,749,886**	26,560,264	**-**	-
Non-current net assets	**6,109,824**	7,084,309	**16,198,997**	(821,200)	**6,840,674**	-
Net assets	**6,488,813**	6,972,868	**16,528,492**	(159,441)	**31,826,936**	-
Reconciliation to carrying amounts:						
Opening net assets 1 July	**6,972,868**	-	**(159,441)**	(205,893)	**-**	-
Shares issued	**-**	8,000,000	**-**	-	**9,734,428**	-
(Loss)/profit for the period	**(484,055)**	(1,027,132)	**(58,021)**	46,452	**1,063,559**	-
Reclassification of investment	**-**	-	**16,745,954**	-	**23,041,771**	-
Dividend paid	**-**	-	**-**	-	**(2,012,822)**	-
Return of capital	**-**	-	**-**	-	**-**	-
Closing net assets	**6,488,813**	6,972,868	**16,528,492**	(159,441)	**31,826,936**	-
Group's share - percentage	**50%**	50%	**49%**	49%	**39%**	(b)
Group's share - dollars	**3,244,407**	3,486,434	**8,098,961**	-	**12,412,505**	-
Adjusted to market value	**-**	-	**-**	-	**65,492**	-
Discount on acquisition	**-**	-	**-**	-	**-**	-
Carrying amount	**3,244,407**	3,486,434	**8,098,961**	-	**12,477,997**	-
Summarised statement of comprehensive income						
Revenue	**2,035,452**	882,206	**120,689**	48,298	**1,854,563**	-
(Loss)/profit for the period	**(484,055)**	(1,027,132)	**(58,021)**	(46,452)	**1,063,559**	-
Other comprehensive income	**-**	-	**-**	-	**-**	-
Total comprehensive income	**(484,055)**	(1,027,132)	**(58,021)**	(46,452)	**1,063,559**	-
Dividends received	**-**	-	**-**	-	**568,893**	-

(a) In June 2016, the directors of CVC made a decision to sell its holding in Green's Foods Holdings Pty Limited, and it was reclassified to Assets Classified as Held for Sale.

(b) Eildon Capital Limited was controlled by CVC during the 2016 year. On 24 February 2017 Eildon Capital Limited completed a capital raising and ASX listing which resulted in CVC's share of the company being reduced from 56% to 38.5%.

For personal use only

South Pack Laboratories (Aust) Pty Ltd		79 Logan Road Trust (c)		Concise Asset Management Limited		Green's Foods Holdings Pty Limited (a)	
2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
$	$	**$**	$	**$**	$	**$**	$
4,388,756	-	**141,468**	-	**1,597,711**	1,885,995	**-**	-
1,295,714	-	**41,458**	-	**343,177**	380,579	**-**	-
3,093,042	-	**100,010**	-	**1,254,534**	1,505,416	**-**	-
6,262,855	-	**20,990,254**	-	**13,707**	21,885	**-**	-
15,958	-	**11,490,000**	-	**-**	-	**-**	-
6,246,897	-	**9,500,254**	-	**13,707**	21,885	**-**	-
9,339,939	-	**9,600,264**	-	**1,268,241**	1,527,301	**-**	-
-	-	**-**	-	**1,527,301**	1,421,605	**-**	-
8,000,000	-	**-**	-	**-**	-	**-**	-
1,339,939	-	**295,620**	-	**540,940**	655,696	**-**	-
-	-	**9,666,644**	-	**-**	-	**-**	-
-	-	**(362,000)**	-	**(800,000)**	(550,000)	**-**	-
-	-	**-**	-		-	**-**	-
9,339,939	-	**9,600,264**	-	**1,268,241**	1,527,301	**-**	-
48%	-	**35%**	-	**42%**	42%	**-**	-
4,483,171	-	**3,360,092**	-	**532,661**	641,466	**-**	-
-	-	**-**	-	**484,022**	484,022	**-**	-
-	-	**-**	-	**-**	-	**-**	-
4,483,171	-	**3,360,092**	-	**1,016,683**	1,125,488	**-**	-
4,931,361	-	**575,000**	-	**2,447,852**	2,811,156	**-**	210,552,000
1,339,939	-	**295,620**	-	**540,940**	655,696	**-**	3,991,999
-	-	**-**	-	**-**	-	**-**	-
1,339,939	-	**295,620**	-	**540,940**	655,696	**-**	3,991,999
-	-	**126,700**	-	**336,000**	231,000	**-**	3,480,788

(c) Following the reduction in CVC's ownership of Eildon Capital Limited on 24 February 2017, 79 Logan Road Trust was reclassified as an associate.

(d) Following a review of the terms of the loan facility provided by CVC and Donnybrook JV Pty Limited, it was considered that the loan is considered to be an equity investment.

For personal use only

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.

	2017 $	2016 $
Aggregate carrying amount of individually immaterial investments accounted for using the equity method	**1,158,538**	751,449
Aggregate amounts of CVC's share of:		
(Loss)/profit for the period	**(97,009)**	1,106,334
Total comprehensive income	**(97,009)**	1,106,334

Note 16: Property, Plant and Equipment

16.1 Total Property, Plant and Equipment	**397,403**	581,157
Comprises:		
Plant and equipment		
At cost	**279,175**	1,390,721
Accumulated depreciation	**(95,360)**	(896,546)
	183,815	494,175
Leasehold improvements		
At cost	**200,844**	319,954
Accumulated depreciation	**(14,256)**	(259,972)
	186,588	59,982
Properties		
At cost	**27,000**	27,000
16.2 Reconciliation		
Plant and equipment		
Carrying amount at the beginning of the year	**494,175**	701,161
Additions	**76,812**	143,088
Depreciation	**(119,646)**	(300,089)
Impairment	**-**	(49,985)
Disposal of plant and equipment arising from disposal of controlled entity	**(267,526)**	-
Carrying amount at the end of the year	**183,815**	494,175
Leasehold improvements		
Carrying amount at the beginning of the year	**59,982**	242,717
Addition	**200,844**	-
Depreciation	**(74,238)**	(182,735)
Carrying amount at the end of the year	**186,588**	59,982
Properties		
Carrying amount at the beginning and end of the year	**27,000**	27,000

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

	2017 $	2016 $
Note 17: Investment Properties		
Investment properties (note 34)		
Non-current	**8,578,697**	13,159,852
Comprises:		
Leased properties	**1,350,000**	2,000,000
Development properties	**7,228,697**	11,159,852
	8,578,697	13,159,852
Reconciliation:		
Investment properties at the beginning of the year	**13,159,852**	16,597,069
Additions – acquisition of properties	**20,294,951**	5,350,000
Additions – capital expenditure	**1,353,626**	1,307,375
Reclassification to construction contract	**-**	(1,894,592)
Reclassification to inventory	**(4,330,691)**	-
Carrying value of investment property sold	**-**	(8,200,000)
Disposal of properties arising from disposal of controlled entity	**(20,967,926)**	-
Impairment	**(931,115)**	-
Carrying amount at the end of the year	**8,578,697**	13,159,852
Amounts recognised in comprehensive income		
Rental income	**343,946**	161,533
Outgoing recovery	**26,579**	10,625
Direct operating expenses from property that generated rental income	**27,856**	29,927

17.1 Leased Properties

423 – 479 Pumicestone Road, Caboolture	**1,350,000**	2,000,000

The fair value has been determined based on an independent valuation prepared by JLL Hotels & Hospitality Group.

	Weighted average 2017	2016
Capitalisation rate	**10.16%**	6.66%
Lease expiry	**1.33 years**	2.33 years
Occupancy	**100%**	100%

	2017 $	2016 $
17.2 Others		
Non-current		
Investment properties	**7,228,697**	9,809,852

The fair value has been determined by Directors as an estimate based on costs incurred to 30 June 2017.

For personal use only

	2017 $	2016 $
Note 18: Intangible Assets		
Intangible assets	**-**	52,435
Reconciliations:		
Intangible assets		
Carrying amount at the beginning of the year	**52,435**	26,816
Additions	**7,738**	44,138
Amortisation	**(14,915)**	(18,519)
Disposal through sale of controlled entities	**(45,258)**	-
Carrying amount at the end of the year	**-**	52,435
Note 19: Trade and Other Payables		
Current		
Trade and other payables	**1,126,198**	6,053,586
Sundry creditors and accruals	**7,025,473**	6,443,840
	8,151,671	12,497,426
Note 20: Provisions		
Current		
Employee entitlements	**773,334**	1,184,514
Non-current		
Employee entitlements	**18,825**	121,006
Note 21: Interest Bearing Loans and Borrowings		
Current		
Secured loan	**12,679,439**	2,405,000
Trade finance facility	**-**	762,951
	12,679,439	3,167,951
Non-current		
Secured loans	**-**	11,465,241
Unsecured loan from associated entity	**10,123,967**	10,105,812
	10,123,967	21,571,053

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

Note 21: Interest Bearing Loans and Borrowings (Cont.)

21.1 Secured Loans

The secured loans are secured by a first ranking mortgage over the applicable property.

	Facility Amount $
Security	
Lot 11 Richards Road, Riverstone New South Wales	**12,679,439**

The carrying value of the security provided includes $11,427,737 (2016: $10,860,450) 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.

	2017 $	2016 $
Note 22: Derivative Financial Instruments		
Current asset		
Forward foreign exchange contracts	-	143,000

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

	The Company			
	2017		2016	
	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

On 28 November 2016 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.

Notes to the Financial Statements

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

	2017 $	2016 $
Note 24: Retained Earnings		
Retained earnings at the beginning of the year	**72,766,639**	68,530,868
Net profit attributable to members of the parent company	**27,501,354**	13,798,394
Dividends	**(23,906,558)**	(9,562,623)
Share based payment	**(1,241,925)**	-
Transfer from reserve	**5,511,741**	-
Retained earnings at the end of the year	**80,631,251**	72,766,639
Note 25: Non-Controlling Interest		
Reconciliation of non-controlling interest in controlled entities:		
Balance at the beginning of the year	**12,311,226**	15,145,337
Share of net profit	**1,956,057**	1,251,789
Acquisition of interests in controlled entities	**(19,624)**	(4,461,055)
Disposal of shares by non-controlling interest in controlled entities	**(12,201,030)**	1,750,727
Return of capital	**(1,000,000)**	(500,000)
Dividends paid	**(843,552)**	(1,195,336)
Share based payment	**102,684**	293,369
Revaluation of investments	**(18,981)**	26,395
Balance at the end of the year	**286,780**	12,311,226
The non-controlling interest at the end of the year comprises interests in:		
Share capital	**948,949**	19,679,146
Other reserves	**2,048**	663,408
Accumulated losses	**(664,217)**	(8,031,328)
	286,780	12,311,226

Refer to note 2.3 for more information.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

Note 26: Other Reserves

	Asset Revaluation Reserve $	Employee Equity Benefit Reserve $	Foreign Exchange Translation Reserve $	Total $
Year ended 30 June 2017				
Reserves at the beginning of the year	**19,103,188**	**5,367,223**	**323,857**	**24,794,268**
Share based payments	**-**	**(5,367,223)**	**-**	**(5,367,223)**
Net unrealised loss on investments through reserves	**(1,375,903)**	**-**	**(261,614)**	**(1,637,517)**
Net unrealised loss on "available-for-sale" investments – non-controlling interest	**372**	**-**	**295**	**667**
Acquisition of non-controlling interest	**1,264**	**-**	**-**	**1,264**
Disposal of non-controlling interest	**(253,686)**	**-**	**-**	**(253,686)**
Realised profit on "available-for-sale" investments transferred to profit and loss	**(1,972,413)**	**-**	**75,373**	**(1,897,040)**
Realised (profit)/loss on "available-for-sale" investments transferred to profit and loss – non-controlling interest	**16,058**	**-**	**2,256**	**18,314**
Income tax on items taken directly to or from equity	**(2,988,613)**		**(42,051)**	**(3,030,664)**
Transfer to retained earnings	**1,241,925**	**-**	**-**	**1,241,925**
Reserves at the end of the year	**13,772,192**	**-**	**98,116**	**13,870,308**
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 loss 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

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.

Notes to the Financial Statements

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

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:

	2017 $	2016 $
Cash on deposit	**41,318,951**	20,371,525
Funds held by bank (note 30)	**427,765**	1,301,525
Cash and cash equivalents	**41,746,716**	21,673,050

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

Net profit	**29,457,411**	15,050,183
Add/(less) non-cash items:		
Share of equity accounted profits	**(941,554)**	(2,605,074)
Depreciation of property, plant and equipment	**208,799**	482,824
Amortisation of intangibles	**-**	18,519
Bad debt	**-**	43,086
Change in fair value of investment properties	**931,115**	-
Impairment of property, plant and equipment	**-**	49,985
Impairment expenses on financial instruments	**2,475,624**	5,993,843
Impairment recoveries on financial instruments	**(9,794,635)**	(13,840,567)
(Profit)/loss on disposal of investments	**(17,081,574)**	10,764,969
Net foreign currency differences	**20,398**	(697,616)
Non-cash employee benefits expense-share based payments	**247,201**	(321,288)
Non-cash finance cost	**751,273**	-
Interest income not received	**(2,536,575)**	(3,246,105)
Interest expense not paid	**1,032,272**	661,620
Dividend income	**(971,307)**	1,180,855
Movement in current tax liabilities	**3,739,477**	1,599,822
Movement in deferred tax assets and liabilities	**(2,898,900)**	(1,068,119)
Changes in operating assets and liabilities:		
Inventories	**(3,675,575)**	420,734
Financial assets at fair value through profit or loss	**(17,196,945)**	(104,085)
Trade and other receivables	**(6,517,190)**	7,181,180
Trade and other payables	**6,265,277**	3,133,387
Provisions	**96,467**	33,325
Other assets	**(88,450)**	97,821
Net cash (used in)/provided by operating activities	**(16,477,391)**	24,829,299

27.3 Financing Facilities

At 30 June 2017, CVC had access to the following specific lines of credit.

Total facilities available:		
Secured bank loan	**12,679,439**	22,772,510
Total facilities used:		
Secured bank loan	**12,679,439**	13,167,951

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

Note 28: Discontinued Operations

28.1 Description

On 24 February 2017 Eildon Capital Limited successfully completed a capital raising of $10 million. This had the effect of reducing CVC's ownership from 56.0% to 38.5% and resulted in the deconsolidation of Eildon Capital Limited's operations from the group.

Following the reduction in CVC's ownership of Eildon Capital Limited on 24 February 2017, 79 Logan Road Trust was reclassified as an associate.

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.

28.2 Financial Performance and Cash Flow Information

The financial performance and cash flow information presented are for the period ended 24 February 2017 and the year ended 30 June 2016.

	24 Feb 2017 $	2016 $
Revenue	**46,864,823**	78,962,054
Expenses	**(42,061,500)**	(74,945,649)
Profit before income tax	**4,803,323**	4,016,405
Income tax expense	**(1,130,499)**	(65,770)
Profit after income tax of discontinued operation	**3,672,824**	3,950,635
Loss on sale of the subsidiaries before income tax	**(1,065,896)**	-
Income tax benefit	**2,580,752**	-
Gain on sale of the subsidiaries after income tax	**1,514,856**	-
Profit from discontinued operation	**5,187,680**	3,950,635
Attributable to		
Shareholders	**3,676,448**	2,466,263
Non-controlling interest	**1,511,232**	1,484,372
	5,187,680	3,950,635
Net cash (outflow)/inflow from operating activities	**(7,443,519)**	5,344,879
Net cash inflow/(outflow) from investing activities (includes a net outflow of $1,368,382 (2017) from the sale of the subsidiaries)	**1,112,202**	(6,992,640)
Net cash inflow/(outflow) from financing activities	**12,010,755**	(6,431,925)
Net increase/(decrease) in cash generated by the subsidiaries	**5,679,438**	(8,079,686)

For personal use only

	2017 $

Note 28: Discontinued Operations (Cont.)

28.3 Details of the Sale of the Subsidiaries

Carrying value of assets and liabilities as at the date of sale	
Cash and other assets	**8,845,950**
Loan and other receivables	**35,433,672**
Inventories	**13,231,096**
Investments accounted for using the equity method	**3,383,710**
Investment properties	**20,967,926**
Other assets	**1,913,478**
Total assets	**83,775,832**
Trade creditors	**(13,694,393)**
Interest bearing loans and borrowings	**(20,172,317)**
Other liabilities	**(2,425,504)**
Total liabilities	**(36,292,214)**
Other reserves	**731,860**
Non-controlling interest	**(18,815,754)**
Net assets sold	**29,399,724**
Consideration	**7,477,568**
Fair value of the remaining shares	**20,856,260**
Carrying amount of net assets sold	**(29,399,724)**
Loss on sale before income tax	**(1,065,896)**
Income tax benefit	**2,580,752**
Gain on sale after income tax	**1,514,856**

	2017 $	2016 $

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	**174,500**	217,787
Non-audit services – other assurance services	**20,900**	-
Amounts received or due and receivable by non HLB Mann Judd audit firms for:		
Audit or review of the financial report	**66,816**	131,123

The Auditors received no other benefits.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

	2017 $	2016 $

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	**565,250**	100,309
– later than one year but not later than five years	**2,501,307**	4,770
– later than five years	**1,124,242**	-
	4,190,799	105,079

Commitments – Cellnet Group Limited (a)

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

– within one year	**-**	390,000
– later than one year but not later than five years	**-**	339,000
	-	729,000

(a) Cellnet Group Limited ceased to be a controlled entity of CVC during the year.

30.2 Operating Leases - Leases as Lessor

An investment property is leased to a tenant under an operating lease with rentals payable monthly. The remaining lease terms are on average 1.33 years (2016: 2.33 years), excluding options for lease extensions upon completion of the lease term.

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

Less than one year	**139,993**	135,894
Between one and five years	**47,114**	187,085
	187,107	322,979

Refer to note 17.1 for more information.

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)	**427,765**	1,264,525
Guarantee (b)	**5,497,800**	5,497,800
Guarantee (c)	**2,500,000**	-

Commitments – Cellnet Group Limited (d)

Bank guarantee	**-**	37,000

(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 960-1030 Donnybrook Road, Donnybrook, Victoria.

(c) The guarantee provided by CVC to National Australia Bank Limited is used as security for a loan facility and is secured by an interest in the Marsden Park Development Trust and other additional security.

(d) Cellnet Group Limited ceased to be a controlled entity of CVC during the year.

For personal use only

	2017 $	2016 $

Note 30: Commitments and Contingencies (Cont.)

30.4 Capital Commitments

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

Investment property		
Less than one year	**2,205,000**	-

30.5 Options

Exposure on open written option positions.

Puts		
Later than 2 months but not more than 6 months	**1,185,600**	390,300
Covered Calls		
Later than 2 months but not more than 6 months	**1,897,200**	690,000

30.6 Loans and Other Investments

Amounts available to be drawn by borrowers under existing loan facility agreements		
Related entities	**9,564,464**	5,013,969
Unrelated entities	**6,330,764**	13,842,453
	15,895,228	18,856,422

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 included the operations of Cellnet Group Limited and Battery Energy Power Solutions Pty Limited.

31.2 Secondary Segments - Geographical Segments

CVC operates predominantly in Australia.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

Note 31: Segment Information (Cont.)

	Private Equity and Venture Capital $'000's	Listed Investments $'000's	Property $'000's	Funds Management $'000's	Eliminations $'000's	Consolidated $'000's
Year Ended 30 June 2017						
Revenue:						
Total revenue for reportable segments	10,925	19,117	15,946	1,195	-	47,183
Inter-segment revenue	-	-	3,014	13,204	(16,218)	-
Unallocated amounts:						
Interest income						635
Consolidated revenue						47,818
Equity accounted income	643	414	(328)	213	-	942
Results:						
Total profit for reportable segments	10,325	18,685	5,815	674	-	35,499
Unallocated amounts: corporate expenses						(12,171)
Share of profit of equity accounted associates						942
Consolidated profit after tax						24,270
Discontinued operation						
Revenue						46,865
Net profit after tax						5,188
Assets:						
Segment assets	21,915	64,269	70,343	2,314	-	158,841
Unallocated amounts:						
Cash and cash equivalents						41,747
Equity accounted investments						33,840
Other assets						5,945
Total assets						240,373
Liabilities:						
Segment liabilities	3	22	27,386	2,387	-	29,798
Unallocated amounts:						
Other liabilities						12,140
Total liabilities						41,938

For personal use only

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							
Continuing operations							
Revenue:							
Total revenue for reportable segments	1,258	12,751	53,272	49	-	-	67,330
Inter-segment revenue	-	-	2,079	12,137	-	(14,216)	-
Unallocated amounts:							
Interest income							614
Unallocated amounts: corporate income							65
Consolidated revenue							68,009
Equity accounted income	1,338	-	593	275	-	-	2,206
Results:							
Total profit for reportable segments	913	(364)	17,162	49	-	-	17,760
Unallocated amounts: corporate expenses							(8,867)
Share of profit of equity accounted associates							2,207
Consolidated profit after tax							11,100
Discontinued operation							
Revenue							78,962
Net profit after tax							3,951
Assets:							
Segment assets	28,817	60,506	115,779	1,882	21,762	-	228,746
Unallocated amounts:							
Cash and cash equivalents							20,262
Equity accounted investments							4,965
Other assets							1,432
Total assets							255,405
Liabilities:							
Segment liabilities	6	-	26,764	1,937	8,215	-	36,922
Unallocated amounts:							
Other liabilities							4,964
Total liabilities							41,886

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

	2017 $	2016 $

Note 32: Related Party Information

32.1 Key Management Personnel Compensation

Short-term employee benefits	**1,674,179**	1,354,683
Post-employment benefits	**104,438**	103,793
Other	**11,894**	41,476
Total	**1,790,511**	1,499,952

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 co-investments in the projects of CVC and have contractual rights to receive distributions and capital returns received by CVC from the projects. Refer note 32.5.

	Key Management Personnel Entitlement	
	ADH Beard	JA Hunter
Marsden Park Development Trust		
– the landowner of the property project in Marsden Park North, New South Wales	0.5%	0.5%
Donnybrook JV Pty Limited		
– the landowner of the property project in Donnybrook, Victoria	1.0%	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 Shares Issued by Controlled Entity

On 11 November 2016 Eildon Funds Management Limited issued 12.5% of its ordinary shares to an entity related to Alexander Damien Harry Beard. The issue price of $87,500 was based on an independent valuation prepared by Longergan Edwards and Associates Limited.

32.3 Share-Based Payments

(a) Eildon Capital Limited Option Plan

The establishment of the Eildon Capital 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)	-	-	-

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

For personal use only

Note 32: Related Party Information (Cont.)

32.3 Share-Based Payments (Cont.)

(a) Eildon Capital Limited Option Plan (Cont.)

All options were either exercised or bought back during the year ended 30 June 2016. 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 ("Cellnet") Option Plan

(i) 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	Other changes (a)	Balance at the end of the year	Vested	Value per right
Year ended 30 June 2017											$
Tranche 2	PBT	30 Jun 2016	-	333,334	-	-	-	(333,334)	-	-	0.28
Tranche 3	PBT	30 Jun 2017	-	333,333	-	-	-	(333,333)	-	-	0.28
Tranche 4	TSR	30 Jun 2017	-	2,000,000	-	-	-	(2,000,000)	-	-	0.13
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

(a) Cellnet ceased to be a controlled entity of CVC during the year.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

Note 32: Related Party Information (Cont.)

32.3 Share-Based Payments (Cont.)

(b) Cellnet Group Limited ("Cellnet") Option Plan (Cont.)

(ii) 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 (a)	Balance at the end of the year	Vested	Value of options granted
Year ended 30 June 2017											
ADH Beard	24 Oct 2014	31 Oct 2017	25.0	1,200,000	-	-	-	(1,200,000)	-	-	37,140
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 (b)	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

(a) Cellnet ceased to be a controlled entity of CVC during the year.

(b) 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.

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 (2016: nil) was recognised in respect of the above options during the year ended 30 June 2017.

32.4 Loans to Key Management Personnel

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

For personal use only

Note 32: Related Party Information (Cont.)

32.5 Loans with Related Parties

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

	2017 $	2016 $	Interest Rate %
Loans Receivable			
Donnybrook JV Pty Limited	**-**	8,205,517	**0**
Eildon Funds Management Limited	**21,755**	-	**0**
The Kingsgrove (Vanessa Road) Unit Trust	**83,550**	-	**20**
Mooloolaba Wharf Holding Company Pty Limited	**324,988**	1,047,763	**0 - 15**
MAKE EBRB Dev Nominee Pty Ltd	**8,972,162**	7,667,835	**15**
Turrella Property Unit Trust	**300,000**	336,694	**20**
Urban Properties Cairns Pty Limited	**287,603**	3,784,656	**17.5**
Urban Properties Centenary Pty Limited	**10,021,410**	9,026,670	**17.5**
Loans Payable			
Winten (No. 20) Pty Limited	**10,123,967**	10,105,812	**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	**126,060**	121,682	**0**
Virtual Sales Pty Limited (a)	**105,497**	101,119	**0**

(a) Private company associated with Mr Hunter.

32.6 Other Transactions

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

	2017 Paid $	2017 Received $	2016 Paid $	2016 Received $
Management and consulting fees				
Eildon Funds Management Limited	**600,311**	**752,362**	-	-
Urban Properties Pty Limited	**-**	**-**	-	36,000
Interest income				
MAKE EBRB Dev Nominee Pty Ltd	**-**	**1,239,327**	-	607,835
Mooloolaba Wharf Holding Company Pty Limited	**-**	**127,224**	-	-
Turrella Property Unit Trust	**-**	**106,369**	-	9,458
The Kingsgrove (Vanessa Road) Unit Trust	**-**	**30**	-	-
Urban Properties Cairns Pty Limited	**-**	**-**	-	1,124,024
Urban Properties Centenary Pty Limited	**-**	**-**	-	1,000,640
Dividend and distribution income				
Concise Mid Cap Fund	**-**	**246,843**	-	32,577
Ron Finemore Transport Pty Limited	**-**	**-**	-	634,746
Nepean Highway Unit Trust	**-**	**-**	-	1,214,798
Marsden Park distribution (refer note 32.1)				
Alexander Beard and Pascale Beard as trustees for the AD & MP Superannuation Fund	**6,676**	**-**	30,042	-
Virtual Sales Pty Limited (a)	**6,676**	**-**	30,042	-
Other amounts				
Winten (No. 20) Pty Limited - Borrowing costs	**1,032,272**	**-**	661,520	-

(a) Private company associated with Mr Hunter.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

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:

	Note	Floating Interest Rate $	Fixed Interest: 1 Year or Less $	Fixed Interest: 1 to 5 Years $	Non-Interest Bearing $	Total $
2017:						
Financial assets						
Cash and cash equivalents	27	**41,318,449**	**427,765**	**-**	**502**	**41,746,716**
Loans and other receivables	9	**-**	**26,239,532**	**21,267,139**	**3,436,506**	**50,943,177**
Financial liabilities						
Trade and other payables	19	**-**	**-**	**-**	**8,151,671**	**8,151,671**
Interest bearing liabilities	21	**12,679,439**	**-**	**10,123,967**	**-**	**22,803,406**
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

For personal use only

Note 33: Additional Financial Instruments Disclosure (Cont.)

33.1 Interest Rate Risk (Cont.)

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

Sensitivity

As CVC expects interest rates to increase by 50 basis points during the 2018 financial year (2017: 50 basis points lower), at reporting date the impact for the 2017 financial year on CVC, with all other variables held constant, would be:

	Increase of 50 bp $	Decrease of 50 bp $
2017		
Net profit	**92,524**	**-**
Equity increase	**92,524**	**-**
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% $
2017		
Net profit/(loss)	**1,092,568**	**(1,092,568)**
Equity increase/(decrease)	**8,023,109**	**(8,023,109)**
2016		
Net profit/(loss)	187,778	(187,778)
Equity increase/(decrease)	6,783,837	(6,783,837)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

Note 33: Additional Financial Instruments Disclosure (Cont.)

33.3 Credit Risk Exposure

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

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

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

33.4 Liquidity Risk

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

The following table details CVC's contractual liabilities.

	Less than 6 months $	6 months to 1 Year $	1 to 5 Years $	Greater than 5 Years $	Total $
2017					
Trade and other payables	**8,151,671**	**-**	**-**	**-**	**8,151,671**
Interest bearing liabilities	**-**	**12,679,439**	**10,123,967**	**-**	**22,803,406**
2016					
Trade and other payables	12,497,426	-	-	-	12,497,426
Interest bearing liabilities	3,167,951	-	10,105,812	11,465,241	24,739,004

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.

During the 2016 financial year, CVC entered into forward foreign exchange contracts to hedge certain anticipated purchase commitments denominated in foreign currencies (principally United States dollar). The term of these commitments were no more than 45 days. The forward foreign exchange contracts were disposed as a result of disposal of a controlled entity during the year.

For personal use only

Note 33: Additional Financial Instruments Disclosure (Cont.)

33.5 Currency Risk (Cont.)

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:

	2017 $	2016 $
Financial assets		
Loans and other receivables	**3,236,156**	3,264,486
Financial assets – "at fair value through profit or loss"	**513,690**	-
Financial assets – "available-for-sale"	**3,684,127**	3,931,633
Trade and other receivables	**-**	239,000
	7,433,973	7,435,119
Financial liabilities		
Trade and other payables	**-**	2,131,000
Forward foreign currency contracts (a)	**-**	13,710,000
	-	15,841,000

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

Foreign currency sensitivity

CVC is exposed to the US dollar (USD), New Zealand dollar (NZD) and British pound (GBP). 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.

	Net profit/(loss)		Equity increase/(decrease)	
	2017 $	2016 $	2017 $	2016 $
USD				
Increase in AUD of 10%	**(16,536)**	(1,014,980)	**(177,146)**	(1,281,848)
Decrease in AUD of 10%	**20,237**	1,567,369	**216,539**	1,241,197
NZD				
Increase in AUD of 10%	**-**	-	**(205,937)**	(296,771)
Decrease in AUD of 10%	**-**	-	**251,701**	362,721
GBP				
Increase in AUD of 10%	**(16,143)**	-	**(16,143)**	-
Decrease in AUD of 10%	**19,731**	-	**19,731**	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

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 2017				
Financial assets				
"Available-for-sale" investments				
Shares in listed corporations – at market value	**2,515,150**	**44,358,245**	**-**	**46,873,395**
Public unlisted investments – at market value	**-**	**1,328,968**	**-**	**1,328,968**
Other investments	**-**	**-**	**8,200,219**	**8,200,219**
"Fair value through profit or loss" investments				
Shares in listed corporations – at market value	**12,402,205**	**2,906,955**	**-**	**15,309,160**
Other investments	**-**	**-**	**5,034,187**	**5,034,187**
Non-financial assets				
Investment properties	**-**	**-**	**8,578,697**	**8,578,697**
	14,917,355	**48,594,168**	**21,813,103**	**85,324,626**
Year ended 30 June 2016				
Financial assets				
"Available-for-sale" investments				
Shares in listed corporations – at market value	7,409,444	50,929,259	-	58,338,703
Public unlisted investments – at market value	-	1,381,992	-	1,381,992
Other investments	-	175,884	9,434,922	9,610,806
"Fair value through profit or loss" investments				
Shares in listed corporations – at market value	2,489,914	-	-	2,489,914
Derivative financial instruments	-	143,000	-	143,000
Non-financial assets				
Investment properties	-	-	13,159,852	13,159,852
	9,899,358	52,630,135	22,594,774	85,124,267

For personal use only

	2017 $	2016 $

Note 34: Fair Value Measurements (Cont.)

Reconciliation of Level 3 fair value movements:		
Balance at the beginning of the year	**22,594,774**	22,757,938
Purchases	**5,723,702**	12,806,186
Sales	**(244,972)**	(11,890,798)
Losses recognised in other income (a)	**(1,145,017)**	(65)
Gains recognised in other comprehensive income	**534,307**	816,105
Transfer into Level 3 from Level 2 (b)	**171,000**	-
Transfer out of Level 3 to Level 1	**(1,490,000)**	-
Transfer out of Level 3 (c)	**(4,330,691)**	(1,894,592)
Balance at the end of the year	**21,813,103**	22,594,774
(a) Unrealised losses recognised in profit or loss attributable to assets held at the end of the reporting period.	**1,145,017**	65

(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 425-434 Pumicestone Road Caboolture Queensland was reclassified from investment properties to inventories as CVC made a decision to develop the site. 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.

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

	Fair value			Weighted average		
Description	**30 Jun 2017 $**	**30 Jun 2016 $**	**Unobservable inputs**	**2017**	**2016**	**Relationship of unobservable inputs to fair value**
Leased properties	**1,350,000**	2,000,000	Capitalisation rate	**10.16%**	6.66%	The higher the capitalisation rate, the lower the fair value
			Lease expiry	**1.33 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
Development properties	**7,228,697**	11,159,852	Capitalisation rate	**6.5%**	6.0%	The higher the capitalisation rate on completion of construction, the lower the fair value
	8,578,697	13,159,852				
Other investments – at cost	**13,234,406**	9,434,922	(a)			

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

Note 35: Events Subsequent to Year End

Subsequent to year end CVC also entered into a sale agreement for a commercial site at Yarrabilba, Queensland. The sale of the site will settle following completion of construction in November 2017, at which time it is forecast to contribute $5.0 million to CVC's profits for the 2018 financial year.

A final dividend in respect of the year ended 30 June 2017 of 8 cents per share was declared on 21 August 2017 to be paid on 6 September 2017 to those shareholders registered on 25 August 2017.

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 Associated Entities

An impairment has been raised against certain loans to associated entities of $1,829,206 (2016: nil) that have a carrying value of $20,011,468 (2016: $30,069,135). The recoverable amount has been assessed in note 9.

36.2 Trade Receivables

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

36.3 Available-for-Sale Investments

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

36.4 Inventories

The fair value of the inventories has been assessed in note 13.

36.5 Absence of Active Market

In calculating the fair value of Eildon Capital Limited, Bionomics Limited, Cellnet Group Limited, Cyclopharm Limited, Heritage Brands Ltd, Lantern Hotel Group, Mitchell Services Limited, Prime Media Group Limited, 360 Capital Total Return Fund, Universal Biosensors Inc., US Residential Fund and Vita Life Sciences Limited CVC has determined that an active market may not exist for significant holdings because each company does not trade on a daily basis; each trade that is executed, excluding those by CVC, is small in size; and the market capitalisation is small such that larger institutions do not hold significant shareholdings. However the active market in small amounts of trading does provide a guide for valuation in that it indicates whether or not the market values the intangible assets of an entity. This factor has been used in determining the valuation of each company. The fair value of the investments has been assessed in note 10 and note 12.

36.6 Investments Accounted for Using the Equity Method – Unlisted Investments

79 Logan Road Trust has a carrying value of $3,360,092 (2016: nil).

Concise Asset Management Limited has a carrying value of $1,016,683 (2016: $1,125,489).

Donnybrook JV Pty Ltd has a carrying value of $8,098,961 (2016: nil). A valuation was conducted of the project which led to the property being valued at $79.95 million. This values CVC's investment at $31.6 million.

Eildon Funds Management Limited has a carrying value of $73,013 (2016: nil).

JAK Investment Group Pty Limited has a carrying value of $182,330 (2016: $352,654).

LAC Unit Trust has a carrying value of $659,010 (2016: $398,695).

MAKE EBRB Dev Nominee Pty has a carrying value of $3,244,407 (2016: $3,486,434). A valuation was conducted of the project which led to the property being valued at $38.6 million. This values CVC's investment at $6 million.

South Pack Laboratories (Aust) Pty Ltd has a carrying value of $4,483,171 (2016: nil).

Turrella Property Unit Trust has a carrying value of $244,000 (2016: nil).

36.7 Investments Accounted for Using the Equity Method – Listed Investments

The investment in Eildon Capital Limited has a carrying value of $12,477,977 (2016: nil).

36.8 Property, Plant and Equipment

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

36.9 Investment Properties

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

36.10 Loans to Other Corporations

An impairment has been raised against certain loans to other corporations of nil (2016: $753,202) that have a carrying value of $27,526,958 (2016: $56,315,275). The recoverable amount has been assessed in note 9.

Directors' Declaration

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

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 2017 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 18 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 2017.

Dated at Sydney 21 August 2017.

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 2017

For personal use only

To the Members of CVC Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CVC Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Loans Receivable	
The consolidated entity had a significant balance of loans receivable as at 30 June 2017. Refer to Note 9 to the financial statements. A large portion of the loans have been provided to property developers with properties provided as security for the loans. We have therefore identified loans receivable as an area requiring particular audit attention.	We reviewed loan agreements and other supporting documentation. We obtained client workings and assessed reasonableness of recoverability assessment, including where relevant, the prospect of recovering the loan within the next 12 months. We reviewed security of loan and assessed for reasonableness. We obtained current external valuations, where available, and assessed the competence, independence and integrity of the external expert appointed by management. We obtained loan confirmation from third parties. We considered the classification of the loan balance to ensure it was reasonable.
Unlisted Investments	
The consolidated entity holds a significant amount of unlisted investments, held at either cost or fair value. Refer to Note 10 to the financial statements. These investments are subject to a high degree of judgement. Therefore it is considered to be a key audit area.	We reviewed management's valuation methodology, including impairment assessment, with reference to recent financial statements, forecasts/budgets, future income, or marketability of investments.

Independent Auditor's Report

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

Key Audit Matters (Cont.)

Key Audit Matter	How our audit addressed the key audit matter
Investment Properties	
The carrying value of the investment properties has been assessed with reference to future cash flows. Refer to Note 17 to the financial statements. As future cash flows are typically based on a number of variables, the existence, valuation and allocation of investment properties is considered to be a key audit area.	We reviewed management's assessment of value with reference to external valuations and other supporting documentation. We assessed the competence, independence and integrity of the external expert appointed by management. We ensured the treatment of revaluations and impairment movements were in accordance with Australian Accounting Standards. We agreed properties held to land title searches.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of CVC Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

HLB Mann Judd
Chartered Accountants

M D Muller
Partner

Sydney, NSW

21 August 2017

Corporate Governance Statement

FOR THE YEAR ENDED **30 JUNE 2017**

For personal use only

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 controlled 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 2017, 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 Chairman of the Board and a member 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 Chairman of the audit committee 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 2017:

Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2017

For personal use only

- 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 measurable 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 2017. 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 2017, the Managing Director and the Chief Financial Officer have provided certifications to the Board that the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and has a sound system of risk management and internal control which is operating effectively.

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

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

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

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

Additional Information

For personal use only

The following information was current as at 17 August 2017.

Distribution Schedule

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

Category (size of holding)	Number of ordinary shareholders
1 - 1,000	194
1,001 - 5,000	262
5,001 - 10,000	153
10,001 - 100,000	225
100,001 - over	80
Total	**914**

	Minimum parcel size	Number of shareholders
Unmarketable Parcels		
Minimum $500.00 parcel at $2.10 per share	239	70

On market share buy-back

The Company has a current on market share buy-back which commenced on 28 November 2016.

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

For personal use only

20 largest shareholders – ordinary shares

As at 17 August 2017, 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
Muk Min Fa Limited	7,280,246	6.09
Chemical Trustee Limited	4,861,741	4.07
Pacific Securities Inc.	3,949,630	3.30
Chia Ching Investments Limited	3,330,618	2.79
Saudi Film Investments Fund Limited	3,264,711	2.73
Wenola Pty Limited	2,949,805	2.46
Anglo Australian Christian & Charitable Fund	2,432,568	2.04
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
	99,581,769	83.30

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 3703, Level 37, Gateway, 1 Macquarie Place, Sydney NSW 2000.

For personal use only

This page left blank intentionally.

For personal use only



Printed on ECOSTAR 100% RECYCLED

An environmentally responsible paper made Carbon Neutral and manufactured from 100% Post Consumer Recycled paper in a Process Chlorine Free environment under the ISO 14001 environmental management system.



For personal use only

CVC Limited

Level 37, Gateway
1 Macquarie Place, Sydney NSW 2000
T +61 2 9087 8000 **F** +61 2 9087 8088
W www.cvc.com.au

ABN 34 002 700 361 AFSL 239665

DESIGN – Kettle of Fish Design