VPEG

DIVERSIFY.
GROW.
OUTPERFORM.

VANTAGE PRIVATE EQUITY GROWTH LIMITED
ACN 112 481 875

ANNUAL REPORT 2018
FOR THE YEAR ENDED 30 JUNE

INVESTMENT MANAGER
vantage
Asset Management

CORPORATE DIRECTORY

DIRECTORS

Roderick H McGeoch AO, LLB
Chairman (Non Executive)

Patrick Handley B.Com., MBA
Non Executive Director

Paul Scully BA, FIAA, FAICD
Non Executive Director

Michael Tobin B.E., MBA, DFS (Financial Markets)
Managing Director

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Vantage Private Equity Growth Limited

Will be held at:	Corrs Chambers Westgarth L17, 8 Chifley Square Sydney NSW 2000
Time:	10.00am
Date:	29 November 2018

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 25, Aurora Place
88 Phillip Street
Sydney NSW 2000

AUDITORS

Ernst & Young
200 George Street
Sydney NSW 2000

SOLICITORS

Norton Rose Fulbright
Grosvenor Place
225 George Street
Sydney NSW 2000

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DIRECTORS' REPORT

Your directors of Vantage Private Equity Growth Limited ('VPEG' or 'the company') present their report on the company for the year ended 30 June 2018.

DIRECTORS

The following persons were directors of Vantage Private Equity Growth Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Roderick H McGeoch AO
Non-Executive Chairman

Patrick Handley
Non-Executive Director

Paul Scully
Non-Executive Director

Michael Tobin
Managing Director

PRINCIPAL ACTIVITY

The principal activity of the company is the investment in professionally managed private equity funds focused on investing in the later expansion and buyout stages of private equity in Australia and New Zealand.

The principal objective of the company is to provide investors with the benefit of a well diversified private equity investment portfolio. This is achieved by focusing on providing the majority of its commitments and investments to underlying funds that invest in businesses that are at a more mature stage of development, and in particular the later expansion and buyout stages of private equity investment.

VPEG has invested the majority of its Investment Portfolio into Australian based Private Equity funds who in turn are focused on investing into small to mid-market sized companies with enterprise value at initial investment of generally between $20m and $500m.

VPEG's investment portfolio is now being divested over time and with total initial commitments of $43m across seven Private Equity funds, it held interests in 10 remaining underlying companies at quarter end with 39 exits now completed from the portfolio.

As at 30 June 2018, VPEG's remaining investment commitments included, $8m to Archer Capital Fund 4 and Catalyst Buyout Fund 2, $7m to Next Capital II and $4m to each of Advent V and Equity Partners Fund No. 3. VPEG's investment commitment of $8m to Quadrant Private Equity No. 2 ended upon the termination of that fund in July 2016 following the final exit of its last underlying company investment in June 2016. VPEG's investment commitment of $4m to Crescent Capital Partners III ended upon the termination of that fund in June 2018 following the final exit of its last portfolio company in March 2018.

COMPANY PERFORMANCE HIGHLIGHTS FOR FY18

- Eight exits completed from the underlying investment portfolio, increasing total exits completed to 39
- Total Income of $1.21m
- Net Loss after Tax of $1.76m
- Total Distributions received from underlying funds of $5.34m
- Total Return of Capital received $4.18m
- Total Cash Distributions paid to Shareholders during FY18 of $5.84m (16.5c per share) plus 1.9c per share in franking credits. Distributions consisted of;
  - Fully franked dividend distribution of 4.42c per share paid in November 2017
  - Return of Capital distribution of 3.7c per share paid in December 2017
  - Return of Capital distribution of 4.24c per share paid in April 2018
  - Return of Capital distribution of 4.14c per share paid in June 2018
- A further Return of Capital distribution of 3.0c per share, to be paid to Shareholders during December 2018, subject to Shareholder approval at the Annual General Meeting of the company to be held in late November 2018.

DISTRIBUTIONS

On 24 November 2017, the Company paid a fully franked dividend of **$1,563,489** (**4.4c** / share) to all Shareholders with an additional **$670,067** (**1.9c** / share) in franking credits distributed.

Furthermore, on 28 December 2017, the Company paid a return of capital distribution of **$1,308,803** (**3.7c** / share) following a shareholder vote in favour of this distribution at a General Meeting of the Company held on 13 December 2017.

In addition, on 5 April 2018 shareholders voted in favour of a further Return of Capital of **$1,499,994** (**4.2405c** / share), which was distributed to shareholders on 23 April 2018.

Finally, on 29 May 2018 shareholders voted in favour of a further Return of Capital of **$1,464,444** (**4.14c** / share), which was distributed to shareholders on 15 June 2018.

As a result, a total of **$5,836,730** in cash distributions were paid to shareholders during the year ended 30 June 2018, representing **16.5c** / share.

Since the end of the financial year the Directors have recommended a further Return of Capital distribution of **$1,061,192** (**3.0c** / share) be paid to Shareholders during December 2018, subject to Shareholder approval at the Annual General Meeting of the company to be held on 29 November 2018.

DIRECTORS' REPORT (CONT.)

ECONOMIC CONDITIONS ACROSS FY18

During the first quarter of the financial year ended 30 June 2018 (FY18), the Australian economy experienced slower than expected growth of 0.8%. This was attributed to some poor weather experienced in some sectors as well as declining mining exports. Despite this slow growth, the December 2017 quarter quantified stronger domestic economic growth with an ongoing low inflation rate and optimistic financial markets all positively impacting market sentiment. These aspects increased business investment, improved business confidence, delivered higher terms of trade (from higher commodity prices) and lowered unemployment numbers.

Economic data during the second half of FY18 saw an initial improvement in growth, which kept the market optimistic. Key factors behind the March 2018 quarter improvements included stronger activity in the non–residential construction area as well as increased government spending. Exports also improved, which reflected the strong economic performance being reported by many trading partners. Stronger than expected economic performance by China, along with recent policy initiatives to reduce pollution levels, where undoubtedly drivers to the first half of FY18's success.

Across the full year ended 30 June 2018 (FY18), the Australian economy showed its ability to sustain strong economic growth through the volatile market conditions presented by inhibiting macroeconomic factors effecting the broader economy.

This annual economic expansion was contributed to the improvement in export performance and increase in business investments. Additionally, the improvement in trade terms allowed Australia to benefit from the accelerating economy and the weakening Australian dollar.

This allowed Australia to record its 27th year of continuous economic growth across FY18. As a result, Australia holds the record for the second longest uninterrupted expansion in modern history, having not suffered a recession since 1991. Given the uncertainty in the economic and political situation experienced around the world over the year, this is a remarkable achievement.

For the full year ended 30 June 2018, the Australian economy grew at a moderate pace of 2.9% (2017 1.9%) which was higher than the 2.7% that had been forecasted. These encouraging signs have seen the Australian jobs market strengthen throughout FY18 with over 400,000 new jobs created, reducing the unemployment rate to 5.4%, the lowest since 2012.

A reduction in consumer sentiment across the later half FY18 was attributed to the combination of low wages growth, high household debt and ever-increasing utilities cost, leaving Australian households under increasing debt pressures. This affected the annualised growth in retail spending, which was down 2.6% year on year. Across the last quarter of FY18 the eastern sea-board housing market softened dramatically, creating regulatory restrictions on lending to residential property investors. When combined with higher interest rates on investor loans this caused a depletion in major city housing prices.

Across the year, the Reserve Bank of Australia (RBA) continued to hold cash rates at 1.5% p.a. as annual inflation remained subdued at 1.9%. Recent commentary by RBA officials suggest the cash rate will remain on hold well into 2019 unless the labour market tightens further and wages growth increases.

Despite the RBA keeping the monetary policy unchanged, the final quarter of FY18 saw banks realise pressure on short and long-term funding. This resulted in four banks within the sector, to lift their lending rates by modest amounts, demonstrating that short term funding expenses were on the rise within Australia.

Looking forward, A protracted trade war will certainly impact Australia's balance of payments and overall economic performance. Whilst to date, the imposition of tariffs is unlikely to have a direct impact on Australia-US trade, the knock-on impact from other trading partners, in particular China, is likely to be of more concern. Should China see a slowing of industrial production the expectation would be that demand for commodities would weaken, which would be reflected in lower volumes and lower prices. Lower commodity exports will inevitably flow through to all levels of the economy starting with royalties and taxes to governments, to corporate earnings and obviously to employment.

A Positive Environment for Exits from VPEG's Underlying Portfolio Across FY18

Across the year ended 30 June 2018, there were strong levels of activity in all phases and aspects of the local private equity market.

In terms of investment opportunities, the flow of transactions remained healthy and the quality of the deals continued to be suitable.

Fund raising also saw positive results with a number of managers completing successful raisings. A recently completed global study in the area of alternative investments reported that Australia/New Zealand now comprise the seventh largest area for private equity in the world, with increasing levels of interest from international institutions to invest in this market.

FY18 saw stronger interest in the local market from both North American and European investors.

Pricing for transactions in the lower mid-market, in which VPEG's underlying funds invest, remained sensible reflecting the fact that there is a sustainable balance between supply and demand. As might be expected there is some differentiation on pricing based on the industry involved, the expected rate of growth and the size of the deal. The local banks also maintained a sensible approach to finance with debt multiples generally remaining between the 2.5 and 3.5 times earnings, although there is more pressure on leverage towards the larger deals.

Robust opportunities continued to be present on the supply side during the financial year. However, the level of competition in the lower middle market area remains muted. This would appear to be in contrast to other established markets (particularly North America and Europe). Based on overseas fund managers comments, a combination of competition between credit providers and a higher number of managers has certainly resulted in higher multiples being paid for businesses in those markets, reducing the margin for error should the economic cycle turn.

Good liquidity on the exit side continued to present to VPEG's underlying fund managers with realisations being reported through a combination of trade sales, secondaries and the occasional IPO. This in turn has realised good levels of capital and healthy returns distributed back to VPEG's investors during the period which is expected to continue through FY19.

DIRECTORS' REPORT (CONT.)

REVIEW OF VPEG'S OPERATIONS

VPEG's portfolio continued to mature during the year with two follow on investments completed into existing portfolio companies and eight exits completed from the portfolio across the year ended 30 June 2018.

Eight exits were completed during the year including:

- **Next Capital II** sold investee company **Hirepool** to ROC Capital Partners during August 2017;
- **Catalyst Buyout Fund 2** sold the assets of investee company, **Morris Corporation's** contracts division and Collinsville Village, to Sodexo during October 2017;
- **Advent V** completed a merger of investee company, **Integrated Packaging Group**, with ASX listed Pro-Pac Limited during November 2017;
- **Archer 4** sold investee company **DairyWest Group Holdings** (formerly Brownes Dairy) to a Chinese consortium led by Shanghai Ground Food Tech Co. Ltd. during December 2017;
- **Crescent Capital Partners III** sold investee company **GroundProbe** to mining services giant and ASX listed Orica Limited during January 2018;
- **Crescent Capital Partners III** sold investee company **Steel-Line Garage Doors** to Japanese owned, Bunka Shutter during March 2018;
- **Equity Partners 3** investee company **Aussie Farmers Direct** was placed into voluntary administration by its board, appointing KordaMentha as administrators, during March 2018; and
- **Next Capital II** sold investee company **Onsite Rental Group** to the former lenders of debt to Onsite, during April 2018.

In addition to the above exits, VPEG received further distributions from underlying funds **Catalyst Buyout Fund 2** & **Next Capital II** following the sell down of the remaining shares they held in their previously exited and now ASX listed portfolio companies **Adairs** and **Scottish Pacific Group**.

Considering the exits completed during 2018, as well as the additional share sales completed of previously exited / ASX listed companies, 64.1% of all investments exited from VPEG's underlying portfolio have achieved a greater than 1.9 X cost of original investment and 56.4% of investments exited to date have achieved a Gross IRR of more than 20% at exit.

The remaining companies within VPEG's underlying portfolio are set to be divested over the next 12 months, as all underlying fund managers work towards creating an exit path for their remaining investee companies, as each of their funds reach the end of their fund life.

In summary, the returns received by VPEG from its underlying private equity portfolio across FY18 were solid and management expects this rate of exits and subsequent distributions to investors to continue as the remaining underlying company investments are sold across FY19.

SHARES ON ISSUE REMAIN UNCHANGED

In line with the changes to VPEG's Capital Management Policy reported in the 2009 Annual Report, no new capital was raised and the company issued no new shares during the year. As such the total number of shares on issue by the company remained at 35,373,054 as at 30 June 2018.

UNDERLYING PRIVATE EQUITY INVESTMENTS

During the year VPEG's Private Equity fund commitments reduced from a total of $35 million across six Private Equity funds at 30 June 2017 to $31 million committed across five Private Equity funds as at the 30 June 2018.

VPEG's previous investment commitment of $8m to Quadrant Private Equity No. 2 ended upon the termination of that fund in July 2016 following the final exit of its last underlying company investment in June 2016.

VPEG's investment commitment of $4m to Crescent Capital Partners III ended upon the termination of that fund in June 2018 following the final exit of its last portfolio company in March 2018.

VPEG's remaining investment commitments include, $8m to Archer Capital Fund 4 and Catalyst Buyout Fund 2, $7m to Next Capital II and $4m to each of Advent V and Equity Partners Fund No. 3

Due to a slowdown in follow-on investment activity by VPEG's underlying funds, the total value of funds drawn from VPEG into private equity investments during the year increased slightly from $38.12m at 30 June 2017 to $38.28m at 30 June 2018 representing a 0.42% increase in drawn capital from VPEG across the year.

The majority of funds drawn during the period were used to fund two small follow on investments into existing portfolio companies. There were no new underlying Private Equity company investments completed during the year. This is primarily due to VPEG's investment portfolio now being divested over the next year. As a result, the total number of underlying company investments that have been invested in by VPEG's underlying funds since inception remained at forty nine.

DIRECTORS' REPORT (CONT.)

VPEG'S PRIVATE EQUITY PORTFOLIO AND COMMITMENTS, AS AT 30 JUNE 2018, WERE AS FOLLOWS:

PRIVATE EQUITY FUND NAME	FUND SIZE	VINTAGE YEAR	INVESTMENT FOCUS	VPEG COMMITMENT	CAPITAL DRAWN DOWN	TOTAL NO. OF INVESTEE COMPANIES	NO. OF EXITS
Advent V	$300m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$4.00m	8	7
Archer Capital Fund 4	$1,360m	2007	Mid Market Buyout	$8.0m	$7.27m	10	8
Catalyst Buyout Fund 2	$438m	2008	Mid Market Buyout	$8.0m	$6.26m	7	3
Crescent Capital Partners III	$400m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$3.95m	6	6
Equity Partners Fund No. 3	$76m	2007	Small Market Expansion / Buyout	$4.0m	$3.69m	6	4
Next Capital II	$285m	2008	Small to Mid Market Expansion / Buyout	$7.0m	$6.06m	7	6
Quadrant Private Equity No. 2	$500m	2007	Mid Market Expansion / Buyout	$8.0m	$7.06m	5	5
			TOTAL	**$43.0m**	**$38.28m**	**49**	**39**

Turning to exits, eight underlying portfolio companies were completely exited during the period, resulting in a distribution of capital and income back to VPEG and its shareholders. In total 39 underlying companies have now been exited from the portfolio, representing 79.6% of all underlying companies invested in by VPEG.

As a result, a total of ten portfolio companies remained within the portfolio at 30 June 2018.

FOLLOW ON INVESTMENTS COMPLETED DURING FY18

During the year, draw downs totalling $160,000 were paid by VPEG to Catalyst Buyout Fund 2, to fund follow on investments into existing portfolio companies **Vesco** & **Cirrus Media** during March 2018.

The table below provides a summary of the top ten underlying private equity investments remaining in VPEG's underlying portfolio, for which funds have been drawn from VPEG, as at 30 June 2018. As demonstrated in the table, VPEG's top 10 remaining investments represent approximately 80.8% of VPEG's Net Asset Value at 30 June 2018.

RANK	INVESTMENT	FUND	DESCRIPTION	% OF VPEG NAV*	CUMULATIVE % OF VPEG NAV*
1	**Adairs** (Value of remaining shares held following IPO in June 15)	Catalyst Buyout Fund 2	Specialty Retailer of Homewares and Soft Furnishings	25.8%	25.8%
2	**Craveaable Brands** (Formerly Quick Service Restaurants Holdings)	Archer Capital Fund 4	Chicken Fast Food Retailing	16.8%	42.6%
3	**Dusk**	Catalyst Buyout Fund 2	Specialty Retailers of Homewares	8.0%	50.5%
4	**Pro-Pac Packaging Limited** (Merged with Integrated Packaging Group)	Advent V	Manufacturer & Distributor of Packaging Products	7.3%	57.9%
5	**Vesco**	Catalyst Buyout Fund 2	Manufacturer of Frozen Meals and Meal Components	6.5%	64.4%
6	**Cirrus Media**	Catalyst Buyout Fund 2	Business to Business Media Company	4.3%	68.7%
7	**V8 Supercars**	Archer Capital Fund 4	Premium Motorsport Entertainment Business	4.1%	72.8%
8	**Bhagwan Marine**	Catalyst Buyout Fund 2	Offshore Transport Servicing the Oil & Gas Industries	3.0%	75.8%
9	**Morris Corporation**	Catalyst Buyout Fund 2	Remote Facilities Management & Accommodation Services	3.0%	78.8%
10	**Trivantage Group** (Formerly SJ Electrics)	Advent V	Electrical Engineering Contracting & Switchboard Manufacturer	2.0%	80.8%

Note; * VPEG pre tax Net Asset Value

DIRECTORS' REPORT (CONT.)

COMPLETED EXITS DURING FY18

During the year, eight underlying company investments were completely sold from the portfolio, by their private equity fund owners. Exits that occurred during the period are detailed below with the specific investment returns delivered to VPEG provided only where they have been publicly disclosed by the underlying fund manager.

During August 2017, Catalyst Buyout Fund 2 (CBF2) completed the asset sale of Morris Corporation's contracts division and Collinsville Village, to Sodexo. Additionally, during March 2018, CBF2 received additional proceeds from the previous sale of the assets of portfolio company Morris Corporation to Sodexo, leading to a distribution to CBF2 investors including VPEG.

Also, during August 2017, Next II completed the exit of Hirepool Group Ltd following the successful recapitalisation and sale to ROC Capital Partners. Next II investors were provided the option of accepting cash or scrip in the acquiring entity as consideration for their share of the investment in Hirepool. VPEG opted for the cash offer and received a total distribution of $162,000 from Next II in mid-September 2017.

During September 2017, Advent V announced that investee company Integrated Packaging Group had entered into an agreement to merge with ASX listed Pro-Pac Limited. The merger was completed in early November 2017 with VPEG receiving its share of the cash component of the transaction. In the following quarter, Advent V distributed further funds to investors including VPEG, resulting from the sale of mining services company, UGM and the receipt of further proceeds following the settlement of the merger between portfolio company Integrated Packaging Group and ASX listed Pro Pac Group.

During December 2017, Archer 4 completed the sale of DairyWest Group Holdings (Brownes Dairy), Western Australia's most established and experienced dairy company. The sale was concluded through the middle of December 2017 to a Chinese consortium led by Shanghai Ground Food Tech Co. Ltd.

Also during December 2017 Crescent III announced the sale of investee company GroundProbe to mining services giant and ASX listed Orica Limited. The Implied enterprise value for the sale of the business was A$205m (as reported in the media) which exhibited a robust money multiple for Crescent III investors including VPEG. The deal continues Orica's push into data and technology services. VPEG's proceeds from this investment where received following completion during January 2018.

During March 2018, Crescent III completed the trade sale of Steel-Line Garage Doors to Japanese owned, Bunka Shutter.

March 2018 also saw the voluntary administration of Equity Partners 3 portfolio company Aussie Farmers Direct.

During April 2018, Next Capital II completed the sale of Onsite Rental Group to the former lenders of debt to Onsite.

During June 2018, Next Capital announced it had signed a term sheet to sell the final remaining asset in Next Capital II, Discovery Onslow, to SunSuper who had previously purchased Discovery Holiday Parks (excluding Onslow) from Next Capital II in February 2014.

Next Capital Fund II also sold the remaining shares it held in previously exited portfolio company, Scottish Pacific Group (ASX:SCO) during the later half of FY18.

FINANCIAL PERFORMANCE OF COMPANY

During the year total income received by the company decreased by 69.6% from $3.96m in FY17 to $1.21m for FY18. The breakdown of income for FY18 compared with FY17 is shown in the table below.

SOURCE OF INCOME	FY18 $'000'S	FY17 $'000'S	% CHANGE OVER FY17
Interest on Cash & Term Deposits	10	65	-84.6%
Income Received from Underlying Private Equity Funds	1,195	3,899	-69.4%
TOTAL	**1,205**	**3,964**	**-69.9%**

As detailed above, the contribution to total income from interest on cash and term deposits fell by 84.6% from $65k to $10k. The reason for the reduction in interest received on VPEG's cash and term deposits was due to a reduction in average total cash funds available to be invested in term deposits compared to the prior year.

During the period the rate of interest earned on VPEG's cash and term deposit investments remained relatively stable as the RBA target cash rate remained at 1.5% during the financial year.

There was also a drop in the level of income & capital gain distributions received from VPEG's underlying Private Equity investments which decreased by 69.6% from $3.9m during FY17 to $1.21m for FY18.

A further $4.188m in distributions were also received during the year from VPEG's underlying Private Equity funds in the form of return of capital. This represented a 958% increase from the $396k return of capital received by VPEG during FY18.

VPEG's total funds invested in cash and term deposits decreased by 65% across the year from $2.32m at 30 June 2017 to $0.81m at 30 June 2018. The decrease in these liquid investments resulted predominately from distributions paid to VPEG shareholders during the year.

During the year there was a 46.8% reduction in the value of funds invested in underlying private equity investments from $10.3m to $5.5m. This was primarily attributed to the value of exits from the underlying private equity portfolio significantly exceeding the value of follow on investments added to the portfolio.

During the year there was one total write off from within the underlying portfolio, as well as some additional investments exited below cost. As a result, an impairment expense was booked by VPEG for FY18. VPEG's share of the write downs equated to $2.442m as at 30 June 2018 (2017: $858k). The realised write-off resulted from Equity Partners 3 portfolio company Aussie Farmers Direct being placed into Voluntary Administration during March 2018.

Expenses incurred by the company during the year decreased by 29.1% from $0.553m during FY17 to $0.392m (excluding impairment expense) for FY18.

Primarily as a result of the impairment expenses outweighing income across FY18, VPEG's profit before tax decreased from $2.63m for FY17 to -$1.626m for FY18.

In addition, due to a reduction in income compared to the prior year, VPEG's Income tax expense decreased from $0.845m in FY17 to $0.134m in FY18, representing an effective income tax rate for VPEG for FY18 of 19.6% (2017: 32.2%).

DIRECTORS' REPORT (CONT.)

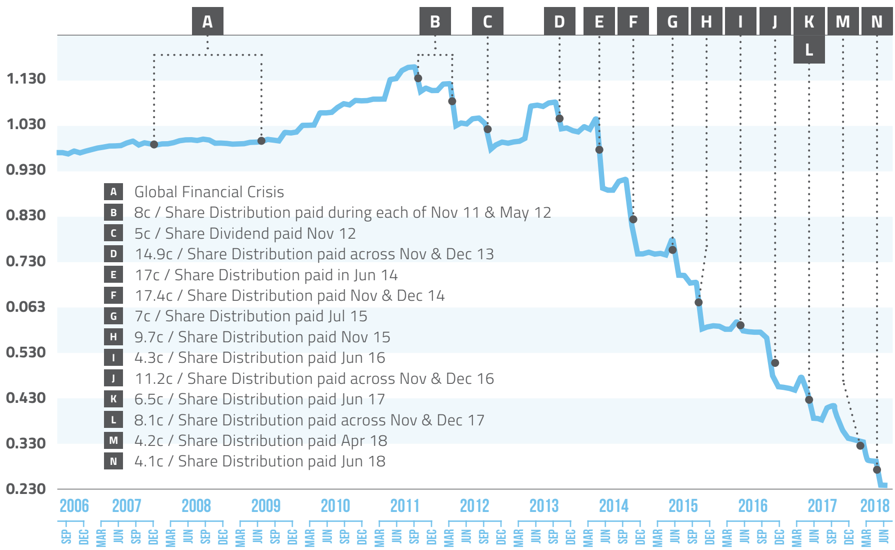
The resulting post tax profit for the company for the year presents a loss of $1.76m (including the impairment expense), compared to the $1.78m profit after tax booked for FY17. Furthermore, Retained Earnings reduced from $3.065m to a loss of $0.258m, predominately due to the payout of dividend and return of capital distributions to shareholders during the year.

CHANGE POST TAX NAV / SHARE

During the period the company's post tax Net Asset Value (NAV) per share decreased from $0.404 to $0.245 resulting predominately from the distributions paid during the period.

Taking into account the 16.5c per share in cash distributions paid to Shareholders during FY18 and an additional 1.9c per share in franking credits also distributed, the improvement in total shareholder value represented a gain of 6.2% across the year.

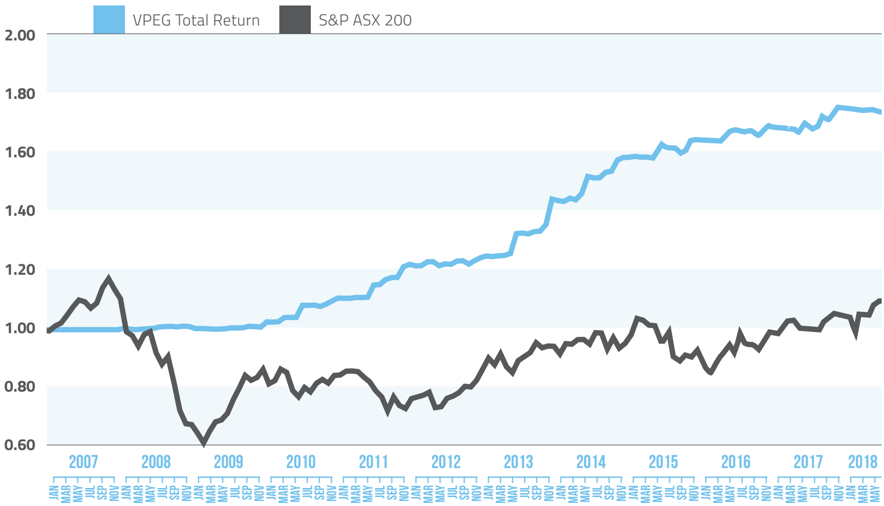
The graph below details the movement in VPEG's post tax NAV per share since commencement through to 30 June 2018.



VPEG'S NET RETURN TO SHAREHOLDERS OUTPERFORMS LISTED MARKETS

VPEG's Total Net Return to shareholders since inception through to 30 June 2018 demonstrates its outperformance and low correlation to public equity market returns.

VPEG TOTAL RETURN VS S&P ASX 200 INDEX 01 NOV 06 TO 30 JUNE 2018

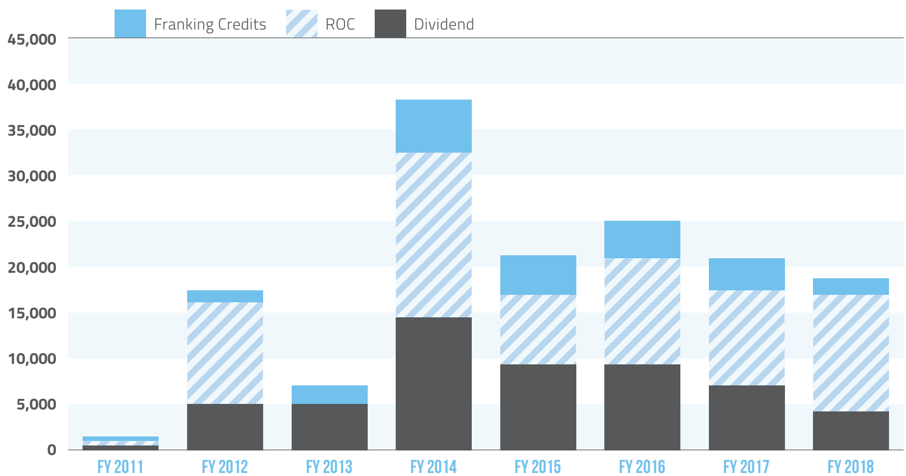


Note; S&P ASX 200 Base = 1 at 01 Nov 2006, the commencement date of VPEG.

The chart below details the VPEG distributions made to unit holders since 2011 per 100,000 shares held. As demonstrated by the chart, across the past 8 years VPEG has paid total distributions of $150,506 (including franking credits) per $100,000 invested, with $124,438 of these distributions paid since November 2013.

DIRECTORS' REPORT (CONT.)

VPEG DISTRIBUTIONS FY11-FY18 (PER $100K INVESTED)



SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, there were no significant changes in the state of affairs of the company.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to 30 June 2018, Catalyst Buyout Fund 2 continued to sell down shares in previously exited portfolio company, and now ASX listed Adairs, delivering further distributions to VPEG. The June and September 2018 quarterly investor reports provide further details of these additional distribution received by VPEG which will be paid to Shareholders.

Up to date details about VPEG's portfolio is provided within the investor quarterly reports, available on the company's website at **www.vpeg.info**. The manager expects the remaining investments in VPEG's underlying portfolio will be exited over the next 12 months, as all underlying fund managers work towards creating an exit path for their remaining investee companies, as each of their funds reach the end of their fund life.

In the opinion of the directors, no other matter or circumstance has arisen since 30 June 2018 to the date of this report that otherwise has significantly affected, or may significantly affect:

a) the company's operations in future financial years, or

b) the results of those operations in future financial years, or

c) the company's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The operations of the company will continue as planned with its existing business operations as well as continued exits from VPEG's underlying private equity funds providing further distributions to VPEG's shareholders. In addition, management and Board of the Company are currently considering all possible alternatives for the disposal of the remaining investments of the Company.

ENVIRONMENTAL REGULATION

The operations of this company are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

INFORMATION ON CURRENT DIRECTORS

RODERICK H MCGEOCH AO, LLB.

Chairman (Non-Executive)

Experience and expertise

Rod is the immediate past Chairman Emeritus of Corrs Chambers Westgarth, a leading Australian law firm and has significant board and advisory experience. His current board positions include; Chairman of Chubb Insurance Australia Limited, Chairman of BGP Holdings PLC, Director of Ramsay Healthcare Limited, Director of Destination NSW and a Director of Corporation Airports America. Rod is also deputy Chairman of the Sydney Cricket and Sports Ground Trust. Rod was also previously a member of the International Advisory board of Morgan Stanley Dean Witter, one of the world's leading financial institutions and also the Honorary Chairman of the Trans-Tasman Business Circle and the Co-Chairman of the Australia New Zealand Leadership Forum.

Rod was also the Chief Executive Officer of Sydney's successful Olympic bid and a Director of the Sydney Organising Committee for the Olympic Games.

Rod was awarded membership of the Order of Australia for services to Law and the Community in 1990. In 2013 Rod was made an Officer of the Order of Australia (AO) for distinguished service to the community through contributions to a range of organisations and to sport, particularly through leadership in securing the Sydney Olympic Games.

Special responsibilities

Chairman of the Board and member of the Audit Committee.

PATRICK HANDLEY B.COM., MBA.

Non-Executive Director

Experience and expertise

Pat has over 30 years of international financial services experience and is currently the Chairman of Mason Stevens Pty Limited. Pat was previously Chairman of Pacific Brands Ltd where he oversaw the turnaround of the company after it was purchased from Pacific Dunlop in a Management Buyout led by the Private Equity fund managers Catalyst and CVC Asia Pacific in 2001.

Pat was also previously an Executive Director and Chief Financial Officer of Westpac Banking orporation, where during his tenure he established the first Quadrant Capital fund in 1994. Pat has also been Chairman and Chief Executive Officer of County Savings Bank (USA), Chief Financial Officer of BancOne Corporation (USA), and a Director of Suncorp Metway Limited, AMP Limited and HHG.

Pat holds a Bachelor of Commerce in Economics and Mathematics from Indiana University and an MBA from Ohio State University.

Special responsibilities

Chairman of the Audit Committee.

PAUL SCULLY BA, FIAA, FAICD.

Non-Executive Director

Experience and expertise

Paul has spent 35 years in financial services and has extensive local and international experience in many aspects of institutional investment management, covering business and asset management, M&A and Private Equity. Paul's former board positions include SAS Trustee Corporation, a NSW Government employee superannuation fund, its financial planning subsidiary State Plus. Paul has also been a Director of ING Management Pty Ltd, the responsible entity for the listed property funds of the ING Group in Australia, including the ING Office Fund & ING Industrial Fund, both past ASX top 100 entities. Paul also holds positions on the Investor Review Committees of the Australian Prime Property Funds.

Paul is the former CEO and Managing Director of ING Investment Management (INGIM) Asia Pacific and a member of INGIM's Global Management Board. Paul was responsible for establishing INGIM's Private Equity multi manager investment program in 1997 and was part of the team that subsequently built that business to approximately $300m of funds under management. During his tenure, INGIM invested in many Private Equity funds managed by close to 20 Australian Private Equity fund managers.

Paul is an actuary by profession and has also written extensively on finance related topics.

MICHAEL TOBIN B.E., MBA, DFS (FINANCIAL MARKETS)

Managing Director

Experience and expertise

Michael has been made available to the company as Managing Director by Vantage Asset Management Pty Limited (the Manager) and is responsible for overseeing the implementation of the company's investment strategy. Michael has over 30 years experience in Private Equity management, advisory and investment as well as in management operations.

Michael was formerly Head of Development Capital and Private Equity at St George Bank where he was responsible for the management and ultimate sale of the bank's Commitments and investments in $140m worth of St George branded private equity funds. Michael also established the bank's private equity advisory business, which structured and raised private equity for corporate customers of the bank. Michael has arranged and advised on direct private equity investments into more than 40 separate private companies in Australia across a range of industry sectors.

Michael holds a BE (UNSW), an MBA (AGSM) and a Diploma of Financial Services (AFMA).

Special responsibilities

Managing Director, Company Secretary and member of the Audit Committee.

DIRECTORS' REPORT (CONT.)

MEETINGS OF DIRECTORS

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

DIRECTOR	FULL MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES AUDIT	
	A	B	A	B
Roderick H McGeoch AO*	6	6	1	1
Patrick Handley*	6	6	1	1
Paul Scully*	6	6	1	1
Michael Tobin	6	6	1	1

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the committee during the year.
* = Non-executive director.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Vantage Private Equity Growth Limited paid a premium of $18,747 (2017: $16,978) to insure the directors and officers of the company.

The company indemnifies the directors and officers on a full indemnity basis and to the full extent possible permitted by law against all losses, liabilities, costs charges and expenses incurred by the officer as an officer of the company or by a related body corporate.

The company may, to the extent permitted by law, purchase and maintain insurance, and pay or agree to pay a premium of insurance for each officer against any liability incurred by the officer as an officer of the company or a related body corporate including but not limited to a liability for negligence or for reasonable costs and expenses incurred in defending proceedings. In addition, the company and each director have entered into a deed which gives the director a contractual right:

a) to an indemnity from the company for liabilities incurred as an officer of the company, to the extent permitted by the Corporations Act;

b) to directors' and officers' insurance cover, as permitted in the Corporations Act, for the period that each director is a director of the company and for 7 years after that director ceases to hold office; and

c) to access documents and records of the company both while the director is a director of the company and after that director ceases to hold office for the purposes expressly permitted by the deed.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report has been made in accordance with a resolution of the directors.

Roderick H McGeoch AO
Chairman

Michael Tobin
Managing Director

Sydney
31 October 2018

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF OF VANTAGE PRIVATE EQUITY GROWTH LIMITED

EY
Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Vantage Private Equity Growth Limited

As lead auditor for the audit of Vantage Private Equity Growth Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Daniel Cunningham
Partner
31 October 2018

FINANCIAL STATEMENTS

VANTAGE PRIVATE EQUITY GROWTH LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 $000	2017 $000
Investment income from ordinary activities	6(a)	**1,205**	3,964
EXPENSES			
Management fees	19(b)	**(165)**	(242)
Custody fees		**-**	(12)
Consulting fees		**(21)**	(24)
Audit fees - current year		**(28)**	(20)
Audit fees - prior year		**(21)**	-
Share registry fees		**(26)**	(27)
Directors' fees		**(75)**	(108)
Accounting fees		**(31)**	(24)
Impairment expense	6(b)	**(2,442)**	(858)
Other expenses		**(22)**	(23)
Total expenses before finance cost		**(2,831)**	(1,338)
Profit (loss) before income tax		**(1,626)**	2,626
Income tax expense	7(a)	**(134)**	(845)
Net profit / (loss) for the year		**(1,760)**	1,781
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:			
Changes in fair value of available for sale financial assets	14(a)	**1,800**	(2,800)
Income tax on items of other comprehensive income	7(c)	**(540)**	840
Other comprehensive income / (loss) for the year, net of tax		**1,260**	(1,960)
Total comprehensive loss for the year		**(500)**	(179)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 $000	2017 $000
ASSETS			
Current assets			
Cash and cash equivalents	8	**810**	2,317
Trade and other receivables	9	**132**	7
Other current assets		**8**	7
Total current assets		**950**	2,331
Non-current assets			
Available for sale financial assets	10	**5,456**	10,253
Deferred tax assets	11	**1,768**	2,345
Total non-current assets		**7,224**	12,598
Total assets		**8,174**	14,929
LIABILITIES			
Current liabilities			
Trade and other payables	12	**66**	72
Current tax liabilities		**158**	571
Total liabilities		**224**	643
Net assets		**7,950**	14,286
EQUITY			
Issued capital	13	**11,334**	15,607
Reserves	14	**(3,126)**	(4,386)
Retained earnings	14	**(258)**	3,065
Total equity		**7,950**	14,286

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	ISSUED CAPITAL $000	RETAINED EARNINGS $000	RESERVES $000	TOTAL EQUITY $000
Balance at 1 July 2016		19,215	3,932	(2,426)	20,721
Net profit for the year		-	1,781	-	1,781
Other comprehensive income for the year					
Net fair value movement on available for sale financial assets (net of tax)		-	-	(1,960)	(1,960)
Total comprehensive income / (loss) for the year		**-**	**-**	**(1,960)**	**(1,960)**
Transactions with owners in their capacity as owners					
Return of Capital		(3,608)	-	-	(3,608)
Dividends provided for or paid	15	-	(2,648)	-	(2,648)
		(3,608)	(2,648)	-	(6,256)
Balance at 30 June 2017		**15,607**	**3,065**	**(4,386)**	**14,286**
Net profit for the year		-	(1,760)	-	(1,760)
Other comprehensive income for the year					
Net fair value movement on available for sale financial assets (net of tax)		-	-	1,260	1,260
Total comprehensive income / (loss) for the year		**-**	**-**	**1,260**	**1,260**
Transactions with owners in their capacity as owners					
Return of Capital		(4,273)	-	-	(4,273)
Dividends provided for or paid	15	-	(1,563)	-	(1,563)
		(4,273)	(1,563)	-	(5,836)
Balance at 30 June 2018		**11,334**	**(258)**	**(3,126)**	**7,950**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 $000	2017 $000
Cash flows from operating activities			
Distributions received		**1,195**	3,918
Interest received		**10**	89
Income taxes paid		**(510)**	(426)
Expenses paid		**(392)**	(553)
Net cash from operating activities	20	**303**	3,028
Cash flows from investing activities			
Payments for available for sale financial assets		**(162)**	(209)
Return of capital on investments		**4,188**	396
Net cash from investing activities		**4,026**	187
Cash flows from financing activities			
Dividends paid to Company's shareholders		**(1,563)**	(2,648)
Return of capital to Company's shareholders		**(4,273)**	(3,608)
Net cash (used in) from financing activities		**(5,836)**	(6,256)
Net decrease in cash and cash equivalents		**(1,507)**	(3,041)
Cash and cash equivalents at beginning of the year		**2,317**	5,358
Cash and cash equivalents at end of the year	8	**810**	2,317

The above Statement of Cash Flows should be read in conjunction with the accompanying.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1. GENERAL INFORMATION

Vantage Private Equity Growth Limited (the "Company") is a public company domiciled in Australia. The address of Vantage Private Equity Growth Limited's registered office is Level 25, Aurora Place, 88 Phillip Street, Sydney NSW, 2000. The financial statements of Vantage Private Equity Growth Limited are for the year ended 30 June 2018. The principal activity of the Company is the investment in professionally managed private equity funds focused on investing in the later expansion and buyout stages of private equity in Australia and New Zealand.

The financial statements are presented in Australian dollars (AUD).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the entity Vantage Private Equity Growth Limited.

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Vantage Private Equity Growth Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the directors on 30 October 2018.

i) *Compliance with Australian Accounting Standards - Reduced Disclosure Requirements*

The financial statements of the Vantage Private Equity Growth Limited Company comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

ii) *New and amended standards adopted by the Company*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the Company.

iii) *Historical cost convention*

These financial statements have been prepared under the accruals basis and are based on historical cost convention, as modified by the revaluation of available for sale financial assets at fair value.

iv) *Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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 5.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

a) Basis of preparation (CONT.)

v) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 *FINANCIAL INSTRUMENTS*

NATURE OF CHANGE	IMPACT	MANDATORY APPLICATION DATE/ DATE OF ADOPTION BY THE COMPANY
AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and impairment.	When adopted the standard will affect the Fund's accounting for its available-for-sale (AFS) financial assets. Under AASB 9 the AFS classification will no longer be available. Based on preliminary assessment the company will likely elect to use fair value through profit and loss (FVPL) classification to account for equity instruments. Therefore, the fair value movements will go through the profit and loss instead of other comprehensive income (OCI). In the current year there was $1,800,000 of unrealised gains recognised in OCI that would be recognised in profit and loss under the new standard. There will also be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting. The new standard also introduces expanded disclosure requirements and changes in presentation. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The Company has yet to undertake a detailed assessment and has not yet assessed how the impairment provisions would be affected by the new rules.	Must be applied for financial years commencing on or after 1 January 2018. The Company will adopt AASB 9 in the financial year ending 30 June 2019.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

a) Basis of preparation (CONT.)

AASB 15 *REVENUE FROM CONTRACTS WITH CUSTOMERS*

NATURE OF CHANGE	IMPACT	MANDATORY APPLICATION DATE/ DATE OF ADOPTION BY THE COMPANY
The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new 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. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	The Company's main sources of income are interest and distributions. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.	Mandatory for financial years commencing on or after 1 January 2018. The Company will adopt AASB 15 in the financial year ending 30 June 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

i) *Investment income*

Profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included in the Statement of Comprehensive Income in the year they are incurred in accordance with the policies described in Note 2(f).

ii) *Trust distributions*

Trust distributions are recognised as revenue when the right to receive payment is established.

iii) *Interest income*

Interest income is recognised using the effective interest method.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

d) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

f) Investments and other financial assets

Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, reevaluates this designation at the end of each reporting date.

i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 9) and receivables in the Statement of Financial Position.

ii) *Available for sale financial assets*

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f) Investments and other financial assets (CONT.)

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the Company measures its financial assets and liabilities at fair value plus transaction costs directly attributable to acquisition of the asset.

After initial recognition, available for sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income then transferred to a Revaluation Reserve. When the investment is derecognised or determined to be impaired, the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Further details on how the fair value of financial instruments are determined are discussed in Note 4.

Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

h) Share based payments

Share based compensation benefits have in the past been provided to non-executive directors, share subscribers as well as advisors who refer investors.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

i) Issued capital

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.

Where the Company purchases its own equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Vantage Private Equity Growth Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Vantage Private Equity Growth Limited.

j) 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.

k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

The GST incurred on the costs of various services provided to the Company by third parties such as audit fees, custodial services and investment management fees have been passed onto the Company. The Company qualifies for Reduced Input Tax Credits.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

l) Rounding of amounts

The Company is of a kind referred to in ASIC Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded

3. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company'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 Company.

NOTE 3. FINANCIAL RISK MANAGEMENT (CONT.)

a) Market risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

i) *Price risk*

The Company is exposed to unlisted and illiquid securities' price risk. This arises from the investments held by the Company for which future valuation are uncertain.

ii) *Cash flow and fair value interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company's exposure to the risk of changes in market rates is limited to the potential reduction of interest income on cash and cash equivalents.

b) Credit risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Due to the short term nature of the Company's receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Company's policy to transfer (on sell) receivables to special purpose entities.

c) Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Maturities of financial liabilities

All liabilities of the Company in the current and prior year have maturities of less than one month.

NOTE 4. FAIR VALUE MEASUREMENTS

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Available for sale financial assets

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2018.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 4. FAIR VALUE MEASUREMENTS (CONT.)

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
RECURRING FAIR VALUE MEASUREMENTS AT 30 JUNE 2018				
Financial assets				
Available-for-sale financial assets				
Unlisted private equity funds	-	5,456	-	5,456
Total financial assets	**-**	**5,456**	**-**	**5,456**
RECURRING FAIR VALUE MEASUREMENTS AT 30 JUNE 2017				
Financial assets				
Available-for-sale financial assets				
Unlisted private equity funds	-	10,253	-	10,253
Total financial assets	**-**	**10,253**	**-**	**10,253**

The Company classified investments in unlisted securities as 'available for sale' investments and movements in fair value are recognised in other comprehensive income and transferred to equity. The fair values of unlisted private equity investments not traded in an active market are determined from the most recent valuation as obtained from the underlying investment manager.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

a) Critical accounting estimates and assumptions

Share based payments transactions

The Company measures the cost of equity settled transactions with non-executive directors and certain advisors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Company using the Black Scholes model. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT.)

b) Critical judgements in applying the entity's accounting policies

Classification and valuation of investments

The Company classified investments in unlisted securities as 'available for sale' investments and movements in fair value are recognised in other comprehensive income and transferred to equity. The fair values of unlisted private equity investments not traded in an active market are determined from the most recent valuation as obtained from the underlying investment manager.

NOTE 6. REVENUE AND EXPENSES

	NOTE	2018 $000	2017 $000
a) Revenue			
From continuing operations			
Distributions		**1,195**	3,899
Interest		**10**	65
Total distribution income		**1,205**	3,964
b) Impairment Expense			
Crescent Capital Partners Fund III	6(c)	**(1,646)**	-
Equtiy Partners Fund 3 - Australian Farmers Direct	6(c)	**(796)**	-
Next Capital Fund III - Topshop (Austradia)	6(c)	**-**	(858)
		(2,442)	(858)

c) Crescent Capital Partners III Fund

Commenced the process of winding-up the fund following the final exit of its last portfolio company in March 2018. This represents the realisation of the changes in fair value for Crescent Capital Partners' Fund III investments reflected in prior year's Other Comprehensive Income.

The remaining impairment expenses relate to underlying portfolio companies whose value was written down to nil during the relevant year. During the year ended 30 June 2018, Equity Partners Fund III investee, Aussie Farmers Holding Company Pty Ltd, was placed into administration during March 2018. During the year ended 30 June 2017, Next Capital Fund II investee, Austradia (operator of local franchise of Topshop Topman) was placed into voluntary administration during May 2017.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 7. INCOME TAX EXPENSE

	NOTE	2018 $000	2017 $000
a) Income tax expense through profit or loss			
Current tax expense		**97**	839
Deferred tax benefit		**37**	6
		134	845
DEFERRED INCOME TAX BENEFIT INCLUDED IN INCOME TAX EXPENSE COMPRISES:			
Increase / (decrease) in deferred tax	11	**37**	195
Increase / (decrease) in under provision		**-**	(189)
		37	6
b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit / (Loss) before income tax		**(1,626)**	2,626
Tax at the Australian tax rate of 30% (2017 - 30%)		**(488)**	788
TAX EFFECT OF AMOUNTS WHICH ARE NOT DEDUCTIBLE (TAXABLE) IN CALCULATING TAXABLE INCOME:			
Impairment losses not deductible in current year		**733**	-
Partnership losses		**(12)**	-
Over provision for prior year tax		**(60)**	-
Other items		**(39)**	57
Income tax expense		**134**	845
c) Tax expense (income) relating to items of other comprehensive income			
Net unrealised gains/(losses) on investments taken to equity		**540**	(840)
		540	(840)

NOTE 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2018 $000	2017 $000
Current assets		
Bank accounts	**810**	2,317
Reconciliation of cash		
CASH AT THE END OF THE FINANCIAL YEAR AS SHOWN IN THE CASH FLOW STATEMENT IS RECONCILED TO ITEMS IN THE BALANCE SHEET AS FOLLOWS:		
Cash and cash equivalents	**810**	2,317

NOTE 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2018 $000	2017 $000
Current		
Distribution receivable	**129**	-
GST receivable	**3**	7
Total other receivables	**132**	7

a) Fair value and credit risk

Due to the sort-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

Risk exposure

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 10. NON-CURRENT ASSETS - AVAILABLE FOR SALE FINANCIAL ASSETS

	2018 $000	2017 $000
Unlisted private equity funds	**5,456**	10,253

Private equity investments are valued according to the most recent valuation obtained from the underlying manager.

Valuation assumptions

The fair value of the unlisted available for sale investments has been estimated using valuation techniques based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Management believes the estimated fair value resulting from the valuation techniques and recorded in the balance sheet and the related changes in fair value recorded in equity are reasonable and the most appropriate at the balance sheet date.

NOTE 11. DEFERRED TAXES

	2018 $000	2017 $000
The balance comprises temporary differences attributable to:		
Other	**(25)**	12
Net unrealised loss on available for sale financial assets	**1,793**	2,333
	1,768	2,345
Movements:		
Opening balance	**2,345**	1,700
CHARGED / CREDITED:		
to statement of comprehensive income	**(37)**	(195)
directly to equity	**(540)**	840
	1,768	2,345

NOTE 12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2018 $000	2017 $000
Management fees payable	**9**	16
Audit and taxation fees payable	**47**	41
Other payables	**10**	15
	66	72

Trade and other payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

NOTE 13. ISSUED UNITS

a) Share capital

	30-JUN 2018 SHARES '000	30-JUN 2017 SHARES '000	30-JUN 2018 $'000	30-JUN 2017 $'000
Ordinary shares - fully paid	**35,373**	35,373	**11,334**	15,607
	35,373	35,373	**11,334**	15,607

b) Movements in ordinary share capital

	NUMBER OF SHARES '000	$'000
Opening balance 1 July 2016	35,373	19,215
Return of capital	-	(3,608)
Closing balance 30 June 2017	**35,373**	**15,607**
Opening balance 1 July 2017	35,373	15,607
Return of capital	-	(4,273)
Closing balance 30 June 2018	**35,373**	**11,334**

c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 14. RESERVES AND RETAINED EARNINGS

	NOTE	2018 $000	2017 $000
a) Reserves			
Available for sale investments revaluation reserve		**(3,140)**	(4,400)
Share-based payments reserve		**14**	14
		(3,126)	(4,386)
Movements			
AVAILABLE FOR SALE INVESTMENTS REVALUATION RESERVE			
Opening balance		**(4,400)**	(2,440)
Net change on available for sale financial assets		**1,800**	(2,800)
Income tax on items taken directly to or transferred from equity	11	**(540)**	840
Closing balance		**(3,140)**	(4,400)
RETURN ON INVESTMENTS			
Distributions (including dividends)	6	**1,195**	3,899
Net change on available for sale financial assets		**1,800**	(2,800)
Total return during the year		**2,995**	1,099

Nature and purpose of reserves

i) *Available for sale investments revaluation reserve*

Individual unrealised valuations fluctuate up and down and the movement is recognised in other comprehensive income as described in Note 2(f) and accumulated in a separate reserve, net of tax, within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

ii) *Share-based payments reserve*

The share-based payments reserve is used to recognise the grant date fair value of shares issued to non-executive directors and advisors.

NOTE 14. RESERVES AND RETAINED EARNINGS (CONT.)

a) Retained earnings

MOVEMENTS IN RETAINED EARNINGS WERE AS FOLLOWS:	AT 2018 $000	AT 2017 $000
Balance 1 July	**3,065**	3,932
Net profit for the year	**(1,760)**	1,781
Dividends	**(1,563)**	(2,648)
Balance 30 June	**(258)**	3,065

NOTE 15. DIVIDENDS

a) Ordinary shares

	YEAR ENDED 2018 $000	YEAR ENDED 2017 $000
Dividend paid during the year ended 30 June		
Fully franked dividend paid during the year ended 30 June 2018 4.42 cents per share (2017: 7.49 cents per share)	**1,563**	2,648
	1,563	2,648

NOTE 16. KEY MANAGEMENT PERSONNEL DISCLOSURES

The specified directors of Vantage Private Equity Growth Limited during the financial year were:

Roderick H McGeoch AO	Chairman
Patrick Handley	Director
Paul Scully	Director
Michael Tobin	Managing Director

a) Key management personnel compensation

	YEAR ENDED 2018 $	YEAR ENDED 2017 $
Non-executive directors fees	**75,342**	107,782

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 17. CONTINGENCIES

The Company had no outstanding contingent assets and liabilities at 30 June 2018 (2017: nil).

NOTE 18. COMMITMENTS

Following commencement of its investment program in late 2006, the Company committed $43 million across 7 private equity funds. Commitments remaining as at 30 June 2018 include $8 million to each of Archer Capital Fund 4 and Catalyst Buyout Fund 2, $7 million to Next Capital II and $4 million to each of Advent V and Equity Partners Fund No. 3. The company's investment commitment of $8m to Quadrant Private Equity No. 2 ended upon the termination of that fund in July 2016 following the final exit of its last underlying company investment in June 2016. The company's investment commitment of $4m to Crescent Capital Partners III ended upon the termination of that fund in June 2018 following the final exit of its last portfolio company in March 2018.

NOTE 19. RELATED PARTY TRANSACTIONS

a) Key management personnel

Disclosures relating to key management personnel are set out in Note 16.

b) Transactions with other related parties

THE FOLLOWING TRANSACTIONS OCCURRED WITH RELATED PARTIES:

	YEAR ENDED 2018 $	YEAR ENDED 2017 $
Management fees paid or payable	**164,543**	241,674
Management fees payable at the end of the reporting period	**8,761**	15,962

The Company has entered into a Management Agreement with Vantage Asset Management Pty Limited such that it will manage investments of the Company, ensure regulatory compliance with all the relevant laws and regulations, and provide administrative and other services for a fee.

The Manager is entitled to receive an investment management fee of 1.5% per annum (plus any applicable GST) of the value of the investment portfolio which includes cash and cash equivalents and investments of the Company, calculated and payable monthly in arrears. The Manager is also entitled to a performance fee of 10% (plus any applicable GST) of any out performance of the Company's net investment portfolio over a 15% per annum hurdle rate or return. The performance fee calculation will also take into account any distributions made to shareholders during the calculation period.

No performance fees were paid or payable to Manager for the year ended 30 June 2018 (2017: nil).

As at 30 June 2018, the Manager held 2 shares in the Company (2017: 2 shares).

NOTE 19. RELATED PARTY TRANSACTIONS (CONT.)

c) Terms and conditions

Transaction between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

NOTE 20. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018 $000	2017 $000
Profit / loss for the year	**(1,760)**	1,781
Adjustments for non-cash items in profit		
Impairment expense	**2,442**	858
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
(Increase)/decrease in trade and other receivables	**4**	44
(Increase)/decrease in other current assets	**(1)**	-
(Increase)/decrease in deferred tax assets	**37**	195
Increase/(decrease) in trade and other payables	**(6)**	(74)
Increase/(decrease) in provision for income taxes payable	**(413)**	224
Net cash inflow from operating activities	**303**	3,028

NOTE 21. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 24 to 45 are in accordance with the Corporations Act 2001, including:

   i) complying with Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

   ii) giving a true and fair view of the entity's financial position as at 30 June 2018 and of its performance for the year ended on that date, and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of directors.

Roderick H McGeoch AO
Chairman

Michael Tobin
Managing Director

Sydney
31 October 2018

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report to the members of Vantage Private Equity Growth Limited

Opinion

We have audited the accompanying financial report of Vantage Private Equity Growth Limited, which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes compromising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

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

a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 Company 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.

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

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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.

INDEPENDENT AUDITOR'S REPORT

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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 - Reduced Disclosure Requirements 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 Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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 the 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 judgment 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 Company's internal control.

- 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 Company'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 Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

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- 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.

Ernst & Young

Daniel Cunningham
Partner
Sydney
31 October 2018

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