ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2010

Vantage Private Equity Growth Limited
ACN 112 481 875

Diversify

Grow

Outperform

INVESTMENT MANAGER
vantage
Asset Management

Directors

Roderick H McGeoch **AM, 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*

Nicholas Jorss **BE (Hons), MBA, GDAFI** *Director*

Notice of annual general meeting

The annual general meeting of Vantage Private Equity Growth Limited will be held at the offices of

Corrs Chambers Westgarth
L32, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

time
10.00am

date
2nd December 2010

Principal registered office in Australia

Level 31, Aurora Place
88 Phillip Street
Sydney NSW 2000

Auditors

Ernst & Young
The Ernst & Young Centre
680 George Street
Sydney NSW 2000

Solicitors

Norton Rose Australia
L18, Grosvenor Place
225 George Street
Sydney NSW 2000

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Chairman's Letter

Dear Shareholder

On behalf of the Board of Directors, I have pleasure in providing the enclosed 2010 annual report for Vantage Private Equity Growth Limited (VPEG).

I am very pleased that VPEG's investment portfolio maintained its value during the recent economic downturn and that, more recently, has started to increase in value as the portfolio matures and distributions from the underlying Private Equity assets within the portfolio, begin to flow through.

As you will read within the enclosed report, VPEG's post tax Net Asset Value (NAV) per share increased across the past 12 months from $0.992 to $1.074 as at 30 June 2010. This improvement in NAV validates the VPEG model of investing in a diversified mix of later stage private equity funds managed by top tier private equity managers who have demonstrated their ability to add real value to their investee companies across the range of economic conditions we have witnessed over the past 3 years.

Due to an increase in distributions received from VPEG's underlying private equity investments as well as lower overall costs, VPEG delivered a post tax profit of $423,000 which was a 252% increase above the profit booked for 2009. Furthermore Retained Earnings of the company increased from $85,000 to $508,000.

As a result, I am pleased to announce that following the receipt of the final audited accounts, the Board resolved to pay an end of year dividend of 1c per share, fully franked, to shareholders of the company as at 30 June 2010. Dividend statements and payments will be mailed to all shareholders on the 12 November 2010.

With the recent improvements in the economic outlook, coupled with the increased maturity of the underlying private equity assets within its portfolio, the Board is confident that VPEG is well positioned to continue to improve in value and ultimately deliver a positive investment outcome for its shareholders.

Yours Sincerely

Roderick H McGeoch AM
Chairman

Directors' Report

Your directors of Vantage Private Equity Growth Limited ('VPEG') present their report on the company for the year ended 30 June 2010.

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 AM *(Non-Executive Chairman)*

Patrick Handley *(Non-Executive Director)*

Paul Scully *(Non-Executive Director)*

Michael Tobin *(Managing Director)*

Nicholas Jorss *(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.

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.

By 30 June 2010 the company had made investment commitments into seven private equity funds managed by top performing Australian equity fund managers.

Dividends

Since the end of the financial year the Directors have recommended the payment of a final ordinary fully franked dividend of $353,731 (1 cent per fully paid share) to be paid on 12 November 2010 out of retained earnings at 30 June 2010, to shareholders of the company who were shareholders as at 30 June 2010.

Review of operations

The first quarter of FY10 saw a gradual improvement in market conditions locally which was supported by improved consumer and investment confidence levels, driven predominately by the lag effects delivered by the Federal government's fiscal stimulus packages. As a result the Reserve Bank of Australia (RBA) moved to tighten monetary policy in the September quarter of 2009 which was a positive sign that the risk of serious economic contraction in Australia had passed.

During the first half of 2010, the domestic economy continued to expand with public-sector spending providing support to activity. Additionally Consumer sentiment had returned to be slightly above its long-run average, although it did fall back during the June quarter of 2010. Also during the June quarter the retail sector had reported that conditions remained subdued and that significant discounting had been required to drive sales.

Business surveys had also indicated some easing in confidence over recent months, although trading conditions remained a little above average levels. Additionally business credit had recorded a modest increase in May 2010 after declining for most of the preceding year and a half.

The generally cautious environment was also reflected in financial markets during the year, which toward the end of the financial year were exacerbated by concerns around European sovereign debt and banks and uncertainty about the pace of future global growth.

Against this backdrop the RBA cash rate increased from a low of 3.00% p.a. in early October 2009 to 4.50% p.a. in May 2010. The intended effect of this was to slow down growth in the housing market and retail spending however it also increased the interest income received by investors, including VPEG, on cash and term deposits.

As reported last year, during the Global Financial Crisis (GFC), banks significantly cut back their level of business lending such that by June 2009 banks would only lend to businesses in certain industry sectors and imposed much more stringent criteria on leverage. Lending was typically capped at 50% of business Enterprise Value (EV) and limited to 2.5 to 3 x historical Earnings Before Interest Tax Depreciation & Amortization (EBITDA).

By June 2010, local banks had generally maintained these lending restrictions, with data for all leveraged Private Equity deals completed in Australia during the first half of 2010 revealing the average debt / EBITDA multiple moving to 3.1 times, with the proportion of equity / EV invested in those deals at 52%. With the level of leverage as proportion of total purchase price the lowest it had been in 10 years, the average purchase multiples of Private Equity deals completed during FY10 returned to levels last seen in FY05 of approximately 6.5 x EBITDA.

Encouragingly banks continued to support the acquisition of quality assets by Private Equity funds with the number of Private Equity deals completed with EV >$50m growing from four in FY09 to eight in FY10 with five of these actually undertaken by VPEG portfolio funds.

Within VPEG's portfolio the level of investment activity continued to improve during the year with six new underlying investments and three significant follow on investments (ie > $10m equity invested in each) completed during FY10, compared with only four new investments and a number of smaller follow on investments during FY09.

With the improvement in investment activity, VPEG's underlying managers were able to continue to build the size and value of their investment portfolios with several existing companies expanding predominately through "bolt on" acquisitions with some organic growth seen across the portfolio as markets recovered.

Additionally the opportunity for exits improved as cashed up multinationals began scouring the globe seeking out opportunities to grow their businesses by purchasing competitor or complementary businesses to their own. This was evidenced by the sale of Advent V investee SCADAgroup to European based Schneider Electric delivering a healthy return on investment to Advent V investors including VPEG.

In summary, as VPEG's underlying managers had already implemented revenue enhancement and cost reduction strategies during the downturn, their investee companies were well prepared to benefit from the market recovery that occurred over the past year. With higher revenue and earnings, managers were able to reduce debt within portfolio companies ultimately improving value across their portfolios, which lead to an improvement in VPEG's total investment portfolio value across the year.

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 no new shares were issued by the company during the year. As such the total number of shares on issue by the company remained at 35,373,054 as at 30 June 2010.

Increase in Underlying Private Equity Investments

During the year VPEG's Private Equity fund commitments remained unchanged with a total of $43 million committed across seven Private Equity funds as at the 30 June 2010. These commitments include, $8m to each of Archer Capital Fund 4, Catalyst Buyout Fund 2 and Quadrant Private Equity No. 2, $7m to Next Capital II and $4m to each of Advent V, Crescent Capital Partners III and Equity Partners Fund No. 3.

In summary, VPEG's Private Equity portfolio and commitments, as at 30 June 2010, were as follows:

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG Commitment	Capital Drawn Down	No. of Investee Companies
Advent V	$300m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$2.64m	5
Archer Capital Fund 4	$1,360m	2007	Mid Market Buyout	$8.0m	$3.12m	6
Catalyst Buyout Fund 2	$438m	2008	Mid Market Buyout	$8.0m	$1.68m	1
Crescent Capital Partners III	$400m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$2.89m	5
Equity Partners Fund No. 3	$76m	2007	Small Market Expansion / Buyout	$4.0m	$1.07m	2
Next Capital II	$285m	2008	Small to Mid Market Expansion / Buyout	$7.0m	$0.35m	0
Quadrant Private Equity No. 2	$500m	2007	Mid Market Expansion / Buyout	$8.0m	$6.79m	5

Due to continued investment activity by VPEG's underlying funds, the total value of funds drawn from VPEG into private equity investments during the year increased from $11.46 million as at 30 June 2009 to $20.35 million, representing 52.7% of VPEG's total investment portfolio, as at 30 June 2010.

This resulted in the total number of underlying company investments increasing from twenty to twenty four during the period, with a number of additional "bolt on" acquisitions completed to increase the size of individual investments. In addition one underlying portfolio company was sold to a trade purchaser during the period, resulting in a distribution of capital and income back to VPEG.

The rate of new investment activity by VPEG's underlying funds remained subdued during the period due to the lingering effects of the Global Financial Crisis which continued to limit the availability of bank debt for Private Equity acquisitions. Despite this, VPEG's underlying funds were able to deploy a further $4.02m of VPEG's capital to complete six new company investments during the year, compared with only four new investments being completed the previous year.

New underlying Private Equity company investments completed during the year included;

- Genesys Care by Advent V,
- Ausfuel by Archer Capital Fund 4,
- Actrol Parts by Catalyst Buyout Fund 2,
- Cover More by Crescent Capital Partners III,
- HRV by Equity Partners 3 and
- Media Monitors by Quadrant Private Equity No. 2.

In addition, a significant number of bolt on acquisitions were completed by a number of the existing companies within the portfolio during the period, deploying a further $1.37m of VPEG capital.

The table below provides a summary of the top ten underlying private equity investments in VPEG's portfolio, for which funds have been drawn from VPEG, as at 30 June 2010. The single largest exposure remains Quadrant Private Equity No. 2 investee, Quick Service Restaurants (which includes fast food restaurants under the Red Rooster, Chicken Treat & Oporto Chicken brands), which accounts for approximately 6.1% of VPEG's pre tax Net Asset Value (NAV).

Rank	Investment	Private Equity Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Quick Service Restaurants	Quadrant Private Equity No. 2	Chicken Fast Food Retailing	6.1%	6.1%
2	MYOB	Archer Capital Fund 4	Developer, Marketer & Distributor of Business Software Systems	5.4%	11.5%
3	IVF Australia	Quadrant Private Equity No. 2	Owner Operator of Fertility Clinics in QLD, NSW & Victoria	4.4%	15.9%
4	Summerset Retirement Villages	Quadrant Private Equity No. 2	Owner & Operator of Retirement Villages in NZ	4.4%	20.2%
5	Independent Pub Group	Quadrant Private Equity No. 2	Owner of Gaming Hotels in Qld, SA & NSW	3.6%	23.8%
6	Actrol	Catalyst Buyout Fund 2	Distributor of Refrigeration & Air-conditioning Parts & Equipment	3.2%	26.9%
7	Cover More	Crescent Capital Partners III	Provider of Travel Insurance & Emergency Care Services	3.1%	30.0%
8	National Hearing Care	Crescent Capital Partners III	Independent Distributor of Hearing Aids	2.8%	32.8%
9	Genesis Care	Advent V	National Network of Cardiology & Radiation Oncology Practices	2.2%	35.0%
10	Skins	Equity Partners Fund No. 3	Compression Sports Apparel Designer & Marketer	2.0%	37.0%

In April 2010 VPEG investee, Advent V, sold its interests in portfolio company SCADAgroup Pty Ltd to the European based Schneider Electric. The valuation for the sale of SCADAgroup was approximately AUD$200m, representing 11 times forecast FY10 EBITA. The strong sale price reflects the fact that the Company had been built up to be a world class strategic asset, under the stewardship of Advent.

Advent Management announced that the Advent V fund would make a return of 3 times its total investment in SCADAgroup representing an Internal Rate of Return (IRR) of 44%.

Performance of Underlying Private Equity Portfolio

Despite the generally cautious local economic environment, VPEG's underlying portfolio of companies continued to improve their performance during the year.

At the end of each financial year management conducts a review of the performance of VPEG's portfolio of underlying investee companies comparing actual revenue and earnings (as measured by EBITDA) at the end of the most recent financial year against that for the previous year.

The FY10 analysis was conducted across sixteen underlying companies within VPEG's private equity portfolio, each of which had been under private equity ownership for more than 12 months as at 30 June 2010. Excluded from the analysis were the six new investments conducted during the period as well as the follow on investments undertaken by portfolio companies for which additional funds were drawn from VPEG.

The analysis revealed that across the portfolio of companies, an average increase in revenue of 4.0% was achieved during the 2010 period compared to the same period in 2009.

When comparing earnings growth the results revealed an average increase in EBITDA of 8.7% across the portfolio of companies from 2009 to 2010.

As in previous years, improvement in earnings growth across the portfolio outstripped revenue growth. Once again, this indicates that the continued focus on cost control by portfolio company managers ultimately shielded these companies from the generally tough economic conditions that continued to persist during the year.

This allowed these companies to generate the additional cash flows required to reduce their debt, increase their cash reserves and in some cases increase their dividend payments during the period.

With improved earnings and less debt, a significant majority of companies within the portfolio gained in value across the period. Further analysis revealed that 93% of underlying companies within VPEG's portfolio by value, had an increase in their holding value at 30 June 2010 compared with that at 30 June 2009. Furthermore the increase in the total holding value of these companies across the year was 29.1%.

By contrast only 7% of companies, by value, within the portfolio, underwent a reduction in their holding value at 30 June 10 compared with that at 30 June 2009. The reduction in the total holding value of these companies was 10.1%.

Overall the increase in the total value of VPEG's Private Equity investments during the year was 26.2 %.

The increase in value of an overwhelming majority of companies in VPEG's underlying portfolio once again demonstrates the importance of VPEG's selection of top tier private equity managers who have undertaken the cost cutting and revenue enhancing strategies required prior to and during the downturn.

As markets have recovered, a majority of the additional revenue gained by these companies continues to flow through to earnings, delivering improved valuations across the board. As a result, as the exit environment continues to improve, so to does the opportunity for strong returns to flow back to VPEG and its investors, as the underlying portfolio matures, improves in value and is divested over time.

> Financial Performance of Company

During the year total income received by the company fell slightly from the $1.787 million booked in FY09 to $1.677 million for FY10. The breakdown of income for FY10 compared with FY09 is shown in the table below.

Source of Income	FY10 $'000's	FY09 $'000's
Interest on Cash & Term Deposits	1,050	1,690
Underlying Private Equity Fund Distributions	627	97
Total	**1,677**	**1,787**

As detailed above, the contribution to total income from interest on cash and term deposits fell by 37.9% from $1.69m to $1.05m. The reason for the drop in income was predominately due to a reduction in total funds invested in cash and term deposits across the year, as more funds were invested into new private equity investments by VPEG.

This was offset slightly by an increase in the interest rates received on cash and term deposits during the year as a result of the increase in the Reserve Bank of Australia (RBA) cash rate between October 2009 & May 2010 and competition amongst banks to attract deposits from retail and financial market customers.

In contrast, there was a significant improvement in the level of distributions received from VPEG's underlying Private Equity investments which grew more than 5 times from $97k to $627k.

Total funds invested in cash and term deposits by VPEG reduced 23.8% across the year from $23.28m at 30 June 2009 to $17.73m at 30 June 2010. The reduction in these fixed income investments was offset by a 45% increase in funds invested in underlying private equity investments from $12.79m to $18.55m.

The average interest rate earned on VPEG's cash and term deposits during the period improved from 5.58% p.a. to 6.00% p.a. Once again the interest rates earned during the period by VPEG's investments outperformed the RBA cash rate which also increased during the year from 3.00% p.a. to 4.50% p.a.

Operational costs incurred by the company during the year were relatively constant year on year reducing slightly from $1.07m during FY09 to $1.01m for FY10.

Finally an impairment expense was incurred as a result of the payment of management fees to underlying fund managers that were not offset by income received from underlying company investments made by those fund managers. However the impairment expense of $0.296m realised in the FY10 accounts was almost 37% less than the $0.467m impairment expense booked in FY09.

The resulting post tax profit for the company for the year was $423,000, an increase of 252% above the $120,000 profit booked for FY09. As a result Retained Earnings increased from $85,000 to $508,000.

Due to the improvement in the level of retained earnings, the board recommended the payment of a final ordinary fully franked dividend of $353,731 (1 cent per fully paid share) to shareholders for the year ended 30 June 2010.

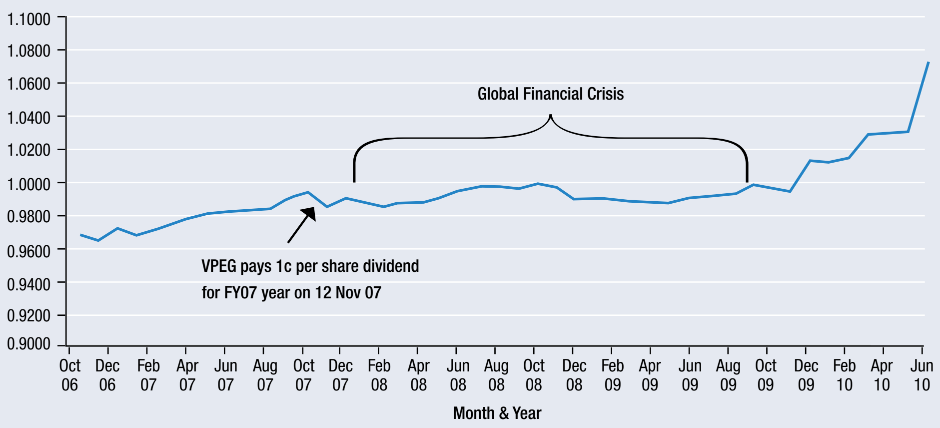
Change in Post Tax NAV / Share

As a result of the improved value of the underlying private equity portfolio during the year as well as the continued growth in the level of interest received on cash and term deposits held by the company, the total value of the company's investment portfolio grew by 11.2% from $34.72 million to $38.61 million.

This contributed to in an increase in the company's post tax Net Asset Value (NAV) per share during the period from $0.992 to $1.074. Note that the post tax NAV per share at 30 June 2010 was slightly above that reported in the VPEG Quarterly Report for June 2010 (ie $1.058) due to audit adjustments undertaken following the receipt of year end audited accounts of each underlying fund.

The graph below details the movement in VPEG's post tax NAV per share since commencement through to 30 June 2010.

VPEG NAV / Share (Post Tax) - Inception to 30 June 10



Outlook for 2010

The year finished better than it started but not without fluctuations along the way. Globally, concerns over sovereign debt in European economies as well as slowing employment growth and weaker housing data in the U.S., along with a slower rate of growth in China led to a pull back in equity markets and commodity prices in the June quarter. Whilst there is still talk of a double dip recession in parts of Europe and the U.S., it is evident it will take some time for global demand to recover to pre-recession levels. However, Australia's ties to Asia, particularly China, will partially insulate the growth of our economy from these other global influences.

Domestically, much of the economic commentary has been focussed on the emergence of a "two speed" economy. Retail was experiencing weak demand, cycling a comparative period last year, which had been inflated by the government stimulus expenditure. Non-residential construction was still reliant on the schools program, and residential construction was forecast to contract following the withdrawal of the first home buyers grant and a series of interest rate increases. Manufacturing expanded during the June quarter, but at a modest rate. In contrast commodity exports continued at a pace.

Against this backdrop, VPEG's Private Equity managers reported that the level and quality of deal flow significantly improved during the June quarter of 2010 compared with the previous year, with several managers having recently commenced due diligence on potential new investments. In addition it was reported that vendors were re-engaging in relation to succession and exit strategies at more reasonable valuation expectations.

In most cases debt providers have supported VPEG'S underlying managers indicative offers for acquisitions throughout the year with reasonable levels of gearing proposed on transactions. In general underlying managers report that they are confident that deal flow, in particular investment grade opportunities will continue to improve over the coming 12 months as the economy continues to stabilise and a greater level of business confidence is restored.

Turning to exits, global data indicated that there were more exits by value during the first half of calendar year 2010 than in the whole of FY09. However trade purchasers remain selective and volatile equity markets ensure that timing and preparation are vital to achieving a strong outcome. In line with this, several of VPEG's underlying portfolio companies are poised for exit during FY11 with the majority of these exits likely to come via a trade sale or secondary purchase by another (often international) private equity fund. As the number of exits from VPEG's underlying portfolio continues across the next year then an increase in dividend distributions is likely to be delivered to VPEG's investors in line with the level of exits achieved.

In summary, management is of the opinion that VPEG is well positioned to continue to build an attractive Private Equity investment portfolio across the next financial year, with the potential for exits from the portfolio continuing to improve should the current economic conditions prevail.

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

In the opinion of the directors, no other matter or circumstance has arisen since 30 June 2010 to the date of this report that 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 new investments made by VPEG's underlying private equity funds as well as the likelihood of an increasing number of exits.

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 AM, 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 Sky City Entertainment Group, Chairman of BGP Holdings PLC and Director of Ramsay Healthcare Limited. Rod is also a member of the Advisory Board of AON Holdings Australia Limited. Rod was previously a member of the International Advisory board of Morgan Stanley Dean Witter, one of the world's leading financial institutions.

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.

Special responsibilities

Chairman of the Board and member of the Audit Committee.

Patrick Handley B.Com., MBA.

Non-Executive Director.

Experience and expertise

Pat is currently a strategic adviser to PricewaterhouseCoopers and has over 30 years international financial services experience. Pat is also Chairman of Bridgeport Energy Ltd and One Capital Investments Pty Ltd as well as the CEO of 2020 Funds Management Ltd. 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 Corporation, 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, HHG and Deputy Chairman of Babcock & Brown Capital Limited.

Special responsibilities

Chairman of the Audit Committee

Paul Scully BA, FIAA, FAICD.

Non-Executive Director.

Experience and expertise

Paul is currently an independent consultant and has extensive experience in many aspects of institutional investment management, covering business and asset management, M&A and Private Equity. Paul's current board positions include SAS Trustee Corporation, a NSW Government employee superannuation fund and its financial planning subsidiary State Super Financial Planning Australia. Paul is also 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.

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 training 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 20 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 30 separate private companies in Australia across a range of industry sectors.

Special responsibilities

Managing Director, Company Secretary and member of the Audit Committee

Nicholas Jorss BE (Hons), MBA, GDAFI.

Director.

Experience and expertise

Nick has some 20 years experience in the provision of corporate and financial advisory services and project management and is currently the Managing Director of Stanmore Coal Ltd and St Lucia Resources Pty Limited

Nick previously served as a Director at Pacific Road Corporate Finance, where he led advisory mandates with private equity, as well as corporate and government clients across a range of sectors, including engineering and mining services, power and infrastructure, land transport and retail. In that role Nick provided financial, commercial and strategic advice on transactions worth over $6bn in total, including advice on acquisitions, trade sales, privatisations, capital raising and project financing.

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 2010, and the number of meetings attended by each director were:

			Meetings of committees	
	Full meetings of directors		Audit	
	A	B	A	B
Roderick H McGeoch AM*	6	6	1	1
Patrick Handley*	5	6	1	1
Paul Scully*	6	6		
Michael Tobin	6	6	1	1
Nicholas Jorss	4	6		

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 $14,271 (2009: $12,852) to insure the directors and secretary 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 page 16.

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.

On Behalf of the Board

Roderick H McGeoch AM
Chairman

Michael Tobin
Managing Director

Sydney
22 October 2010

Auditor's Independence Declaration

ERNST & YOUNG

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

In relation to our audit of the financial report of Vantage Private Equity Growth Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
20 October 2010

Financial Report

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Statement of comprehensive income

For the year ended 30 June 2010

	Notes	**Year ended 30 June 2010 $'000**	Year ended 30 June 2009 $'000
Revenue			
Revenue and income	5	**1,677**	1,787
Total Revenue		**1,677**	1,787
Expenses			
Investment manager's fees		**(551)**	(537)
Custody fees		**(51)**	(51)
Audit fees	16	**(70)**	(68)
Advisor fees		**(126)**	(170)
Impairment expense	9	**(296)**	(467)
Consulting fees		**(3)**	(4)
Other expenses	22	**(212)**	(240)
Total expenses		**(1,309)**	(1,537)
Operating profit before income tax		**368**	250
Income tax (expense)/benefit	6	**55**	(130)
Operating profit for the year after income tax expense		**423**	120
Other comprehensive income			
Net fair value gains/(losses) on available-for-sale financial assets		**3,424**	(292)
Income tax on items of other comprehensive income		**(1,027)**	88
Other comprehensive income for the year, net of tax		**2,397**	(204)
Total comprehensive income for the year is attributable to:			
Equity holders of Vantage Private Equity Growth Limited		**2,820**	(84)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2010

	Notes	At 30 June 2010 $'000	At 30 June 2009 $'000
Assets			
Current assets			
Cash and cash equivalents	7	**17,728**	23,272
Trade and other receivables	8	**555**	85
Total current assets		**18,283**	23,357
Non-current assets			
Available-for-sale financial assets	9	**20,347**	11,460
Deferred tax assets	10	**-**	492
Total non-current assets		**20,347**	11,952
Total assets		**38,630**	35,309
Liabilities			
Current liabilities			
Trade and other payables	11	**160**	142
Income tax payable		**20**	-
Total current liabilities		**180**	142
Non-current liabilities			
Deferred tax liabilities	10	**460**	-
Total non-current liabilities		**460**	-
Total liabilities		**640**	142
Net assets		**37,990**	35,167
Equity			
Contributed equity	12	**35,673**	35,673
Reserves	13(a)	**1,809**	(591)
Retained earnings	13(b)	**508**	85
Total equity		**37,990**	35,167

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2010

	Asset Revaluation Reserve $'000	Shared Based Payments Reserve $'000	Retained Earnings $'000	Ordinary Shares $'000	Total $'000
At 1 July 2008	**(398)**	**7**	**(35)**	**35,023**	**34,597**
Profit for the year	-	-	120	-	120
Other comprehensive income	(204)	-	-	-	(204)
Total comprehensive income for the year	**(602)**	**7**	**85**	**35,023**	**34,513**
Transactions with owners in their capacity as owners:					
Share based payment	-	4	-	-	4
Shareholder equity contribution	-	-	-	650	650
At 30 June 2009	**(602)**	**11**	**85**	**35,673**	**35,167**

	Asset Revaluation Reserve $'000	Shared Based Payments Reserve $'000	Retained Earnings $'000	Ordinary Shares $'000	Total $'000
At 1 July 2009	**(602)**	**11**	**85**	**35,673**	**35,167**
Profit for the year	-	-	423	-	423
Other comprehensive income	2,397	-	-	-	2,397
Total comprehensive income for the year	**1,795**	**11**	**508**	**35,673**	**37,987**
Transactions with owners in their capacity as owners:					
Share based payment	-	3	-	-	3
At 30 June 2010	**1,795**	**14**	**508**	**35,673**	**37,990**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2010

	Notes	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
Cash flows from operating activities			
Interest received		**826**	1,705
Distributions received		**316**	37
Payment of other expenses		**(927)**	(1,056)
Income taxes paid		**-**	(168)
Net cash flows from operating activities	19	**215**	518
Cash flows from investing activities			
Purchase of available-for-sale financial assets		**(5,759)**	(5,440)
Proceeds from sale of available-for-sale financial assets		**-**	250
Net cash flows from investing activities		**(5,759)**	(5,190)
Cash flows from financing activities			
Proceeds from receipt of application monies		**-**	200
Net cash flows from financing activities		**-**	200
Net decrease in cash and cash equivalents		**(5,544)**	(4,472)
Cash and cash equivalents at the beginning of the financial year		**23,272**	27,744
Cash and cash equivalents at end of year	7	**17,728**	23,272

The above statement cash flows should be read in conjunction with the accompanying notes.

1 Corporate information

Vantage Private Equity Growth Limited ("the company") is an independant multi manager private equity investment company incorporated in Australia, established to provide investors access to the returns generated by the top performing later expansion and buyout private equity funds in Australia.

The nature of the operations and principal activities of the company are described in the Directors' Report.

The financial report of Vantage Private Equity Growth Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 22 October 2010.

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 throughout the period, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001 in Australia.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets which have been measured at fair value.

Critical accounting estimates and judgement

The preparation of financial statements in conformity with AIFRS 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 4.

Financial statement presentation

The company has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The company has elected to present one statement.

2 Summary of significant accounting policies (continued)

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under AISC Class Order 98/0100. The company is an entity to which the class order applies.

(b) Revenue recognition

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

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria have been met for each of the company's activities as described below.

Revenue is recognised as follows:

(i) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. This is the 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.

(ii) Dividends and distribution income

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

Distributions are recognised on a present entitlements basis.

(c) Income tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is determined using the Balance Sheet method, being the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. However, the deferred income tax is 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.

(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.

2 Summary of significant accounting policies (continued)

(e) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade 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.

Other receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(f) Investments and other financial assets

Classification

Management determines the classification of its investments at initial recognition. The company classifies its investments as available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Available-for-sale financial assets are non-derivatives that are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the company commits to purchase or sell the asset. Investments are initially recognised at their purchase consideration, including costs associated with the acquisition of the investment. 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 equity are included in profit or loss as part of the gains and losses from investment securities.

Subsequent measurement

Subsequent to initial recognition, investments are valued at their net market value or fair value as at the reporting date. The International Private Equity and Venture Capital Valuation Guidelines provide a framework for consistently determining valuations for the type of Investments held by Private Equity Funds.

Within the Guidelines, the basis of valuation, or fair value, defines what the carrying amount of an investment purports to represent. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The estimation of fair value does not assume either that the

2 Summary of significant accounting policies (continued)

underlying business is saleable at the reporting date or that its current shareholders have an intention to sell their holdings in the near future.

The objective of the valuation methodology provided within the Guidelines is to estimate the exchange price at which hypothetical market participants would agree to transact. Fair value is not the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale. Although transfers of shares in private businesses are often subject to restrictions, rights of pre-emption and other barriers, it is often still possible to estimate what amount a willing buyer would pay to take ownership of the Investment.

In situations where fair value cannot be reliably measured the Investment is reported at the carrying value at the previous reporting date as the best estimate of fair value, unless there is evidence that the Investment has since then been impaired. In such a case the carrying value may be reduced to reflect the estimated extent of impairment.

The net market value of other assets comprising the investment portfolio is determined by reference to the last available market sales price of those securities on the recognised exchange platform through which they are ordinarily traded or as provided by the relevant fund manager with whom investments have been made from time to time.

Non-listed securities are held at their estimated market value. Investments are valued continuously and for this reason, cost of sales equals sales revenue when investments are sold. Revaluations on available-for-sale investments are credited directly to the equity after deducting a provision for potential deferred capital gains tax (where applicable). When shares, securities and other investments are disposed of, the balance in the equity relating to the disposed investment is transferred to profit or loss. If the investment is determined to be impaired, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

(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.

(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. Information relating to these schemes is set out in note 20.

The fair value of options granted is recognised as a director fee and advisor fee expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the non-executive directors/advisors become unconditionally entitled to the options.

The fair value at grant date is determined by the company using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

At each subsequent reporting date until vesting, the cumulative charge to profit or loss is the product of:

(i) the grant date fair value of the award;

(ii) the current best estimate of the number of awards that will vest; and

(iii) the expired portion of the vesting period.

2 Summary of significant accounting policies (continued)

The charge to profit or loss for the year is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

(i) 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.

If the company reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(j) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at balance date.

(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 balance sheet.

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 flow.

(l) 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2 Summary of significant accounting policies (continued)

(m) New accounting standards and interpretations

Certain International and Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the company for the annual reporting period ended 30 June 2010. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the company) and interpretations.

3 Financial risk management

The company's activities expose it to a variety of financial risks: market risk, liquidity risk, foreign exchange risk and interest rate risk and credit 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.

(a) Market risk

Investors' returns may be adversly affected by fluctuations in general economic and market conditions, including market volatility, movements in interest and currency rates, domestic and international economic conditions, which generally affect business earnings, political events, war, natural events and changes in government, monetary policies, taxation and other laws and regulations.

These factors may affect the company to the extent that an investment held by an underlying fund, to which it may have exposure, may be affected by some of these factors.

Refer to note 9 for the sensitivity analysis on the available-for-sale financial assets.

(b) Liquidity risk

As the company is not listed on an exchange, there is currently no mature secondary market for trading shares. The company will however, subject to the directors determining that it is in the best interests of shareholders to do so, offer periodic buy-back opportunities for investors.

The underlying funds, designated as available-for-sale, are illiquid because, unlike listed entities, there is no secondary market readily available for private unlisted investments.

The investment manager mitigates this risk by facilitating a matching service between security holders seeking to sell their securities in the company and other security holders of the company at that time.

Maturities of financial liabilities

The table following analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

3 Financial risk management (continued)

Year ended 30 June 2010	**Less than 6 months $'000**	**6 - 12 months $'000**	**Between 1 and 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Financial liabilities					
Trade and other payables	**160**	**-**	**-**	**-**	**160**
	160	**-**	**-**	**-**	**160**

Year ended 30 June 2009	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Financial liabilities					
Trade and other payables	142	-	-	-	142
	142	-	-	-	142

(c) 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.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date:

At 30 June 2010 and 30 June 2009, if interest rates had moved during the previous 12 months, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:

	Higher / Lower	
	At 30 June 2010 $'000	At 30 June 2009 $'000
Post tax profit		
+ 0.25% (25 basis points)	**31**	41
- 0.50% (50 basis points)	**(62)**	(81)
Equity		
+ 0.25% (25 basis points)	**31**	41
- 0.50% (50 basis points)	**(62)**	(81)

The movements in profit are due to lower interest income from cash and term deposit balances. The sensitivity is lower at 30 June 2010 than at 30 June 2009 because of a reduction in cash balance held from the 01 July 2009 through to 30 June 2010 due to an increase in capital drawn down by VPEG's underlying private equity funds to fund new investments and working capital of those funds across the period.

3 Financial risk management (continued)

(d) Foreign currency risk

The company has no exposure to foreign currency risk as all transactions are denominated in Australian dollars.

Management believe at balance date that no foreign currency risk exposure exists.

(e) Credit risk

Credit risk arises from the financial assets of the company, which comprise cash and cash equivalents, trade and other receivables. The company's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

(f) Fair value hierachy

The company has adopted the amendment to AASB 7, effective 1 July 2009. This requires the company to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- 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
- inputs for the asset or liability that are not based on observable market data (level 3)

The following table sets out the company's assets and liabilities measured at fair value according to their fair value hierarachy at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

Year ended 30 June 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets				
Private equity investments	-	20,347	-	20,347
Total assets	**-**	**20,347**	**-**	**20,347**

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. Private equity investments have been classified as level 2.

The company classified investments in listed and unlisted securities as 'available-for-sale' investments and movements in fair value are recognised directly in 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.

4 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 company 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.

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

Classification and valuation of investments

The company classified investments in listed and unlisted securities as 'available-for-sale' investments and movements in fair value are recognised directly in 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.

5 Revenue and income

	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
Interest	**1,050**	1,690
Distributions from interests in private equity investments	**627**	97
	1,677	1,787

6 Income tax expense

	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
(a) Income tax expense		
Current tax	**20**	(14)
Deferred tax	**(75)**	144
	(55)	130
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Increase/(decrease) in deferred tax (note 10)	**(75)**	144
	(75)	144
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**368**	250
Tax at the Australian tax rate of 30% (2009 - 30%)	**110**	75
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other items	**(165)**	55
	(55)	130

7 Current assets - Cash and cash equivalents

	At 30 June 2010 $'000	At 30 June 2009 $'000
Cash at bank	**8,028**	1,409
Short term money market	**9,700**	21,863
	17,728	23,272

8 Current assets - Trade and other receivables

	At 30 June 2010 $'000	At 30 June 2009 $'000
Interest receivable	**227**	3
Prepayments	**5**	4
Distributions receivable from interests in private equity investments	**311**	65
GST recoverable	**12**	13
	555	85

8 Current assets - Trade and other receivables (continued)

Fair value and credit risk

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.

Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 3.

9 Non-current assets - Available-for-sale financial assets

	At 30 June 2010 $'000	At 30 June 2009 $'000
Opening balance	**11,460**	6,940
Additions	**5,759**	5,440
Disposals (sale and redemption)	**-**	(161)
Impairment expense	**(296)**	(467)
Revaluation surplus/(deficit) transfer to equity (note 13)	**3,424**	(292)
	20,347	11,460
Unlisted private equity funds	**20,347**	11,460
	20,347	11,460

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 assumptions, which are outlined in notes 2 and 3, that are not supported by observable market prices or rates. 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.

Valuation sensitivity

Management has estimated the potential effect on the fair value of unlisted private equity fund investments by using reasonably possible alternatives as inputs to the valuation models. Management has quantified this as a reduction of approximately $2,034,700 assuming a 10% decrease in fair value and an increase of approximately $4,069,400 assuming a 20% increase in the fair value of unlisted private equity fund investments.

10 Deferred taxes

	At 30 June 2010 $'000	At 30 June 2009 $'000
The balance comprises temporary differences attributable to:		
Losses	**347**	440
Other	**(38)**	(206)
Net unrealised loss on available-for-sale financial assets	**(769)**	258
Net deferred tax (liabilities)/assets	**(460)**	492
Movements:		
Opening balance	**492**	548
Credited/(charged) to the statement of comprehensive income (note 6)	**75**	(144)
Credited/(charged) to equity (note 13)	**(1,027)**	88
Closing balance	**(460)**	492

11 Current liabilities - Trade and other payables

	At 30 June 2010 $'000	At 30 June 2009 $'000
Investment manager's fees payable	**48**	44
Custody fees payable	**9**	9
Audit and taxation fees payable	**86**	72
Other payables	**17**	17
	160	142

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Detail regarding interest rate, foreign exchange and liquidity risk exposure is disclosed in note 3.

12 Contributed equity

	At 30 June 2010 Number ('000)	At 30 June 2009 Number ('000)	At 30 June 2010 $'000	At 30 June 2009 $'000
(a) Share capital				
Ordinary shares				
Fully paid	**35,373**	35,373	**35,527**	35,527
Share subscriber option reserve	**7,042**	7,042	**146**	146
	42,415	42,415	**35,673**	35,673

(b) Movements in ordinary share capital:

Date	Details	Number of shares ('000)	$'000
1 July 2008	Opening balance	**34,801**	**35,023**
	Shares issued in lieu of advisor referral fees	**3**	**-**
	Issue of ordinary shares	**569**	**650**
30 June 2009	Balance	**35,373**	**35,673**
1 July 2009	Opening balance	**35,373**	**35,673**
30 June 2010	Balance	**35,373**	**35,673**

(c) Movements in share subscriber options reserve:

Date	Details	Number of Options ('000)	$'000
1 July 2008	Opening balance	**7,042**	146
	Issue of share subscriber options	**-**	-
30 June 2009	Balance	**7,042**	146
1 July 2009	Opening balance	**7,042**	146
	Issue of share subscriber options	**-**	-
30 June 2010	Balance	**7,042**	146

(d) Ordinary shares

Ordinary shares entitle the holder to participate equally in the distributions of the assets on winding up of the company in proportion to the amount of capital paid up.

Each share has the right to cast a vote in any meeting of shareholders.

(e) Options

Information relating to the company's Option Plans, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 20.

12 Contributed equity (continued)

(f) Capital management

The company's primary objective is to provide investors with the benefit of a well diversified Private Equity investment portfolio exhibiting low volatility. The company also aims to maintain a capital structure that ensures the lowest cost of capital available to the company.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, or issue new shares to increase the capital available for investments.

During the financial year ended 30 June 2010, the company did not pay dividends (2009: nil). The company cannot give any assurance as to the future levels of dividends, if any, or of the franking of those dividends.

During the financial year ended 30 June 2010, the company had on issue 35,373,054 shares. The company has no plans to issue further shares in the company.

13 Reserves and accumulated losses / retained profits

	At 30 June 2010 $'000	At 30 June 2009 $'000
(a) Reserves		
Available-for-sale reserve	**1,795**	(602)
Share-based payments reserve	**14**	11
	1,809	(591)
Movements:		
Available-for-sale reserve		
Opening balance	**(602)**	(398)
Net change on available-for-sale financial assets (note 9)	**3,424**	(292)
Income tax on items taken directly to or transferred from equity	**(1,027)**	88
Closing balance	**1,795**	(602)
Share-based payments reserve		
Opening balance	**11**	7
Option expense	**3**	4
Closing balance	**14**	11

(b) Accumulated losses/retained profits

Movements in accumulated losses/retained profits were as follows:

	At 30 June 2010 $'000	At 30 June 2009 $'000
Opening retained earnings	**85**	(35)
Profit for the year	**423**	120
Closing balance	**508**	85

13 Reserves and accumulated losses / retained profits (continued)

(c) Nature and purpose of reserves

(i) Available-for-sale

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve net of tax, as described in note 2(f) and accumulated in a separate reserve 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 fair value of options issued to non-executive directors and advisors.

14 Dividends

	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
(a) Ordinary shares		
No dividend paid during the year ended 30 June 2010 (2009 - nil)	**-**	-
(b) Dividends not recognised at year end		
Since year end the directors have recommended the payment of a final dividend of 1 cent per fully paid share (2009 - nil), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 12 November 2010 out of retained earnings at 30 June 2010, but not recognised as a liability at year end, is $353,731.	**354**	-
	354	-
(c) Franked dividends		
The franked portions of the final dividends recommended after 30 June 2010 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2010. Franking credits available for subsequent financial years based on a tax rate of 30% (2009 - 30%)	**233**	213
	233	213

The above amounts represent the balance of the franking account as at the reporting date, 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 payment of dividends recognised as a liability at the reporting date, and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $151,599 (2009 - nil).

15 Key management personnel disclosures

(a) Directors

The following persons were directors and key management personnel of Vantage Private Equity Growth Limited during the financial year or since the end of the financial year and up to the date of this report, unless otherwise stated:

(i) Chairman - non-executive

Roderick H McGeoch

(ii) Non-executive directors

Pat Handley
Paul Scully

(iii) Executive director

Michael Tobin, Managing Director

(iv) Director

Nicholas Jorss

(b) Key management personnel compensation

	Year ended 30 June 2010 $	Year ended 30 June 2009 $
Short-term employee benefits	**171,992**	171,992
Post-employment benefits	**-**	-
Long-term benefits	**-**	-
Share-based payments	**1,184**	3,110
	173,176	175,102

Represented by non-executive directors fees.

16 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor.

	Year ended 30 June 2010 $	Year ended 30 June 2009 $
(a) Audit services		
Ernst & Young		
Audit of financial reports	**46,350**	45,000
Total remuneration for audit services	**46,350**	45,000
(b) Taxation services		
Ernst & Young		
Tax compliance services	**17,000**	17,000
Total remuneration for taxation services	**17,000**	17,000
GST on reduced input tax credit	**6,335**	6,200
Total remuneration	**69,685**	68,200

17 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 15.

(b) Transactions with related parties

Under the Investment Management Agreement dated 25 January 2007, Vantage Asset Management Pty Limited was engaged as the investment manager ("the Manager") of the company.

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 fees paid for the year to the Manager were $550,728 (2009: $536,535).

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 fee has been accrued for the year ended 30 June 2010 (2009: nil).

The performance fee is first calculated on the sixth anniversary of the commencement date (1 November 2006) for the first six year period and then on 31 December of each year thereafter. No performance fee is payable prior to the expiry of 6 years from the commencement date. Once the first performance fee is paid, the performance fee will be calculated on a yearly basis thereafter.

As at 30 June 2010, the Manager held 2 shares in the company (2009: 2 shares).

18 Events occurring after the balance sheet date

No significant events have occurred since balance date which would impact on the financial position of the company disclosed in the balance sheet as at 30 June 2010 or on the results and cash flows of the company for the year ended on that date.

19 Reconciliation of profit / (loss) after income tax to net cash inflow from operating activities

	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
Profit for the year after tax	**423**	120
Impairment of investments	**296**	467
Non-cash expense - share-based payments	**3**	4
Non-cash expense - advisor fees reinvestment	**-**	3
Increase in other receivables	**(470)**	(44)
Increase in trade and other payables	**18**	5
(Increase)/decrease in deferred tax assets	**(75)**	144
Increase/(decrease) in provision for income taxes payable	**20**	(181)
Net cashflow from operating activities	**215**	518

20 Share-based payments and option plan

(a) Non-Executive Director Option Plan

As of the commencement date (1 November 2006) the company established a share option plan for each non-executive director of the company. The maximum number of options to be issued under the plan, in aggregate across all non-executive directors, is 2.05% of the total dollar value of shares subscribed for by investors under the Information Memorandum dated 30 January 2006.

The options have and will be granted to the non-executive directors in four equal tranches across the first five years from the commencement date and will be exercisable between the end of the third and the end of the sixth year following the commencement date. Each non-executive director must be a current director of the company as at each option grant date to qualify for the granting of each option class.

Each director option is convertible into 1 ordinary share, and up to 7 business days after being exercised, will not give the holder a right to participate in dividends, attend or vote at meeting of the company, or participate in any new issue of shares, options or other securities. After 7 business days, the ordinary shares issued will then rank equally with existing ordinary shares in all respects.

Set out following are summaries of options to be granted under the plan:

20 Share-based payments and option plan (continued)

Option Class	% of total	Exercise price	Grant date (period after commencement date)	Period following grant date from which the options can be exercised	Period following grant date at the end of which the options expire
1	25%	$1.30	15 days	3 years	6 years
2	25%	$1.60	1 year	3 years	6 years
3	25%	$2.00	3 years	3 years	5 years
4	25%	$2.50	5 years	1 year	5 years

No options were exercised nor expired during the period from 1 July 2009 to 30 June 2010.

As of 30 June 2010, the Director Options (class 1) issued to each Non-Executive Director are as follows:

Non-executive Director	Total Director Options (Class 1) on Issue
Rod McGeoch	**70,415**
Pat Handley	**26,645**
Paul Scully	**24,645**
Total	**121,705**

The class 2 options will be granted subsequent to year end.

Fair value of Director options granted

The charge to profit or loss was $1,184 during the year (2009: $3,110).

(b) Share Subscriber Option Plan

The company has also entered into a share subscriber option scheme on 1 November 2006 whereby the company issued one share subsciber option for every four ordinary shares held, to shareholders who subscribed for ordinary shares prior to the close of the offer in the Information Memorandum dated 30 January 2006.

Share subscriber options entitle the holder to subscribe for shares on the basis of one share for each share subscriber option, at any time between 4 and 7 years following the commencement date. The exercise price of each share subscriber option is $1.50.

Each share subscriber option is convertible into 1 ordinary share, and up to 7 business days after being exercised, will not give the holder a right to participate in dividends, attend or vote at meetings of the company, or participate in any new issue of shares, options or other securities. After 7 business days, the ordinary shares issued will then rank equally with existing ordinary shares in all respects.

As of 30 June 2010 there were 7,041,505 share subscriber options on issue (2009: 7,041,505) with a fair value of $146,435 (2009: $146,435).

20 Share-based payments and option plan (continued)

(c) Advisor Referral Option Plan

On 23 February 2007 the company entered into an advisor referral option plan. The total number of advisor referral options that were issued to each advisor was 2% of the total dollar value of securities subscribed for by investors referred by that advisor in aggregate under the offer detailed in the Information Memorandum dated 30 January 2006 when the total application amounts by referred investors exceeded $5 million.

The advisor referral options were issued in consideration of the service by certain advisors to the company of the referral of investors willing to invest in the capital of the company. For the options to be granted, the total application amounts for securities applied for by the referred investors must have exceeded $5 million. No monies were payable for the issue of the advisor referral options.

Each advisor referral option is convertible into 1 ordinary share, and up to 7 business days after being exercised, will not give the holder a right to participate in dividends, attend or vote at meetings of the company, or participate in any new issue of shares, options or other securities. After 7 business days, the ordinary shares issued will then rank equally with existing ordinary shares in all respects.

As at 30 June 2010 there were 258,740 advisor referral options on issue (2009: 258,740). The charge to profit or loss was $1,226 during the year (2009: $1,226).

21 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities as at 30 June 2010.

Since the commencement of its investment program in late 2006, the company has committed $43 million across 7 private equity funds. Commitments made as at 30 June 2010 include $8 million to each of Archer Capital Fund 4, Catalyst Buyout Fund 2 and Quadrant Private Equity No. 2, $7m to Next Capital II and $4m to each of Advent V, Crescent Capital Partners III and Equity Partners Fund No. 3.

22 Other expenses

	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
Professional Indemnity insurance	**13**	13
Director's fees	**173**	175
Registry fees	**15**	21
Other expenses	**11**	31
	212	240

Directors' declaration

30 June 2010

In accordance with a resolution of the directors of Vantage Private Equity Growth Limited, we state that:

In the directors' opinion:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the financial year ended on that date;

(b) the financial statements and notes also comply with International Financial Reporting Standards.

(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.

(d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2010.

On Behalf of the Board

Roderick H McGeoch AM
Chairman

Michael Tobin
Managing Director

Sydney
22 October 2010

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

Report on the Financial Report

We have audited the accompanying financial report of Vantage Private Equity Growth Limited which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Vantage Private Equity Growth Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the financial position of Vantage Private Equity Growth Limited at 30 June 2010 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
26 October 2010

Enquiries

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