Contents

> Diversify > Grow > Outperform

Directors' Report

Directors' Report

Your directors of Vantage Private Equity Growth Limited ('VPEG') present their report on the company for the year ended 30 June 2011.

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 (Non-Executive 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.

As at 30 June 2011 the company had made investment commitments into seven private equity funds managed by top performing Australian equity fund managers.

Company Performance Highlights For FY11

- Nine new underlying company investments added to the portfolio
- Three underlying company investments sold, each at more than 2.3 x original investment
- Underlying Private Equity Fund distributions up by 399% to $3.126m
- Total Income up by 139% to $4.015m
- Net Profit after tax up by 365% to $1.965m
- Retained Earnings up by 317% to $2.119m
- Dividend declared for FY11 up by 417% to 5c per share, rounded (partially Franked)
- $1 million Return of Capital declared, equating to an additional 3c per share, rounded

Dividends

Since the end of the financial year the Directors have recommended the payment of a final ordinary partially franked dividend of $1,829,844 (5 cents per fully paid share, rounded) to be paid on 11 November 2011 out of retained earnings at 30 June 2011, to shareholders of the company who were shareholders as at 30 June 2011.

During the financial year ended 30 June 2011, the Company paid dividends totalling $ 353,731.

Review of operations

The first half of FY11 showed continued improvement in local macro economic data. The RBA led the world in moving monetary policy to a neutral setting with a series of interest rate hikes. Strength in overall growth, employment, housing and consumer prices suggested a relatively quick return for Australia to mid cycle conditions.

Manufacturing and Service indices were indicating expansion, business confidence was up and the ASX 200 was pushing towards 5,000 points before a small sell off at the end of December 2010.

However a number of natural disasters across Australia during January 2011 demonstrated that the recovery remained fragile. The natural disasters reduced Australia's economic growth in the first half of 2011, but the negative macroeconomic impacts were expected to be temporary.

Australia's medium-term fundamentals remained strong, with the economy forecast to grow at an above-trend rate in 2011-12 and 2012-13, supported by strong economic conditions in the region. Robust growth in emerging Asia pushed Australia's terms of trade towards historical highs, underpinning an extremely strong outlook for resources investment and exports. Strong real GDP growth was expected to drive solid growth in jobs and reduce unemployment. With the unemployment rate already low, price and capacity pressures continued to emerge. However, conditions remained uneven across the economy, with the appreciation of the Australian dollar and legacy effects from the global financial crisis (GFC) weighing heavily on some sectors. The key risks to Australia's economic outlook came from fragilities in the international economy, with the earthquake events in Japan and rising world oil prices adding to already existing concerns.

Australian equity markets ended June 2011 weaker with the market weakness due to global uncertainty about the impact of the Greek debt crisis on the euro zone and its wider ramifications for global financial markets. Figures released in June confirmed that the Australian economy contracted (by 1.2%) in the first quarter of 2011 with the natural disasters experienced earlier in the year impacting commodity exports.

Against this backdrop the RBA cash rate increased from 4.50% p.a. as at May 2010 to 4.75% p.a. in November 2010. The intended effect of this was to slow down the rate of growth at the top end of the "two speed economy", however it also increased the interest income received by investors, including VPEG, on cash and term deposits.

At June 2011, Consumer spending had remained very soft, however, resources and related construction activity were booming. Interest rates remained on hold over the June quarter with the RBA noticeably saying that economic growth is unlikely to be as strong as earlier forecast. More recently the RBA has reforecast GDP growth this year down to 2% versus >3% previously.

According to Australian Performance of Manufacturing Index (PMI) the manufacturing sector grew for the first time in four months, however, the sector continues to be constrained by a record AUD and weak local demand. The AUD reached 110.1 US cents in May being a record high since the currency was floated in 1983.

As reported last year, following on from the lag effects of the Global Financial Crisis (GFC) and their reliance of offshore wholesale funding, banks continued to be subdued with their level of business lending such that by June 2010 banks in general continued to only lend to businesses in certain industry sectors while maintaining stringent criteria on leverage. Average Lending was below 50% of business Enterprise Value (EV) and limited to approximately 3.1 x historical Earnings Before Interest Tax Depreciation & Amortization (EBITDA).

By June 2011, conditions for mid-market leverage had moderately improved. In general average lending had increased to between 50% to 60% of business Enterprise Value with leverage ratios typically between 2.5 to 3.5 x EBITDA depending on industry and selectively up to 4 x EBITDA in certain cases.

Within VPEG's portfolio the level of investment activity continued to improve over previous years with nine new underlying investments and four significant follow on investments (i.e. > $10m equity invested in each) completed during FY11, compared with only six new investments and three significant follow on investments during FY10.

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 local & international listed corporates continued to look for opportunities to grow their businesses via expansion. This was evidenced by both the sale of Archer Capital Fund 4's investee, Cellarmasters, to Australia's Woolworths as well as Crescent Capital Partners III investee, National Hearing Care, to the listed Italian Audiology business Amplifon, with each exit delivering a strong return on investment to VPEG. Furthermore the opportunity to exit investee companies to larger private equity funds also improved as seen by the sale of Quadrant Private Equity No. 2 investee, Quick Service Restaurants, to Archer Capital, which also delivered a strong return to VPEG.

In summary, despite subdued economic conditions across the year, the number of investment opportunities available to private equity actually improved, as vendors looked to divest non core businesses to further reduce debt and strengthen their balance sheets or sought out other means of exit while the IPO window remained shut.

Furthermore, as earlier investments within VPEG's underlying portfolio mature and the investment strategy for value growth implemented by their managers is delivered, the attractiveness of those companies to purchasers is enhanced. This was evidenced by the strong returns delivered to VPEG from the three exits from the portfolio during the period, which contributed significantly to the improvement in the value of VPEG's total investment portfolio 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 2011.

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 2011. 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 2011, 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	$2.99m	7	2
Archer Capital Fund 4	$1,360m	2007	Mid Market Buyout	$8.0m	$7.04m	10	1
Catalyst Buyout Fund 2	$438m	2008	Mid Market Buyout	$8.0m	$3.30m	2	0
Crescent Capital Partners III	$400m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$3.42m	6	1
Equity Partners Fund No. 3	$76m	2007	Small Market Expansion / Buyout	$4.0m	$1.56m	3	0
Next Capital II	$285m	2008	Small to Mid Market Expansion / Buyout	$7.0m	$1.59m	2	0
Quadrant Private Equity No. 2	$500m	2007	Mid Market Expansion / Buyout	$8.0m	$6.88m	5	1

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 $20.35 million as at 30 June 2010 to $26.78 million representing 72.3% of VPEG's total investment portfolio as at 30 June 2011.

This resulted in the total number of underlying company investments that have been undertaken by VPEG's underlying funds since inception, increasing from twenty six to thirty five during the period, with a number of additional "bolt on" acquisitions completed to increase the size of individual investments. In addition three underlying portfolio companies were sold during the period, resulting in a distribution of capital and income back to VPEG. As a result a total of thirty portfolio companies remained within the portfolio at year end.

With the increase in investment activity during the period, VPEG's underlying funds were able to deploy a further $8.3m of VPEG's capital to complete nine new company investments during the year, compared with only six new investments being completed the previous year.

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

- by Archer Capital Fund 4;
  - **Brownes Foods**
  - **V8 Supercars**
  - **Healthe Care**
  - **Quick Service Restaurants**
- **Adairs & Dusk (Home Décor)** by Catalyst Buyout Fund 2
- **Groundprobe** by Crescent Capital Partners III
- **Australian Naturalcare Products** by Equity Partners 3 and
- by Next Capital II;
  - **Onsite Rentals**
  - **Discovery Holiday Parks**

In addition, a number of bolt on acquisitions were completed by a number of existing companies within the portfolio during the period, deploying a further $0.9m of VPEG capital. In terms of size, the most significant of these included;

- Advent V's purchase of additional equity in Integrated Packaging Group
- Archer Capital Fund 4 investee, Ausfuel, acquisition of Gull WA
- Catalyst Buyout Fund 2 investee, Actrol, acquisition of AC Components

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 2011. Following the sale of Quick Service Restaurants by Quadrant Private Equity No. 2 to Archer 4 during the last quarter of FY11, Archer's MYOB became VPEG's largest Private Equity Investment exposure representing 5.8% of VPEG's Pre tax Net Asset Value (NAV).

Rank	Investment	Private Equity Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	MYOB	Archer Capital Fund 4	Developer, Marketer & Distributor of Business Software Systems	5.8%	5.8%
2	Actrol	Catalyst Buyout Fund 2	Distributor of Refrigeration & Air-conditioning Parts & Equipment	4.8%	10.6%
3	Virtus Health (formally IVF Australia)	Quadrant Private Equity No. 2	Owner Operator of Fertility Clinics in NSW & Victoria	4.2%	14.8%
4	Cover More	Crescent Capital Partners III	Provider of Travel Insurance & Emergency Care Services	3.9%	18.7%
5	Summerset Retirement Villages	Quadrant Private Equity No. 2	Owner & Operator of Retirement Villages in NZ	3.6%	22.2%
6	Independent Pub Group	Quadrant Private Equity No. 2	Owner of Gaming Hotels in Qld, SA & NSW	3.4%	25.6%
7	Home & Decor Holdings (Adairs & Dusk)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	3.2%	28.8%
8	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	3.2%	32.0%
9	Genesis Care	Advent V	National Network of Cardiology & Radiation Oncology Practices	2.8%	34.8%
10	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	2.7%	37.5%

Exits During FY11

In November 2010 VPEG investee, Crescent Capital Partners III, sold investee company National Hearing Care (NHC) to Italian listed audiology business Amplifon. NHC grew significantly under Crescent's ownership and at the time of the sale had built a strong position in Australia and New Zealand and had commenced expansion into Asia.

NHC posted $144m in revenue and delivered $41m in earnings before interest, tax and amortisation for the June 2010 financial year. The reported sale price for the company was AUD$460m, representing 11.2 times FY10 EBITA.

VPEG's share of the proceeds from the NHC sale were received on 16 December 2010 contributing to the dividend declared by VPEG for FY11.

During April 2011, Archer Capital Fund 4 sold investee company, Cellarmasters Group, to Woolworths Ltd for an enterprise value of A$340 million. The direct-to-home business of Cellarmasters was attractive to Woolworths and subsequently added to Woolworths existing liquor retail brands which include; Dan Murphy's, BWS, Woolworths Liquor and Langton's.

The strong return on investment achieved by Archer was an outstanding result given the difficult trading environment for the Australian wine industry during Archer's period of ownership.

VPEG's share of the proceeds from the Cellarmaster sale were received on 6 May 2011 contributing also to VPEG's 2011 dividend.

In June 2011 VPEG investee, Quadrant Private Equity No.2, sold investee company Quick Service Restaurants (QSR) to Archer Capital Fund 4, for a reported enterprise value of approximately A$450 million.

Quadrant told Reuters the sale represented a threefold return to investors on its original A$110 million equity investment.

Across four years of ownership, Quadrant had grown QSR from 450 to 620 stores and shifted the ownership mix of stores from 78% Corporate owned in 2007 to 72% under franchised operation as at June 2011. VPEG's share of the proceeds from the QSR sale were received on 14 July 2011 and contributed significantly to the dividend and return of capital declared by VPEG for 2011.

As VPEG holds a smaller percentage of the overall Archer 4 fund than that of the Quadrant fund, QSR's proportion of VPEG's pre tax net asset value reduced from 9.2% (the value of VPEG's share of QSR sale proceeds at 30 June 2011) to 3.2% (VPEG's share of Archer 4's QSR investment at 30 June 2011).

In summary the three exits from the portfolio during FY11 (NHC, Cellarmasters & QSR) delivered a total of $6m in distributions to VPEG on initial investments into those companies by VPEG of $2.3m, representing a 2.6 X return on investment across an average holding period of 3.6 years delivering an average Internal Rate of Return (IRR) to VPEG of 36.2%.

Financial Performance of Company

During the year total income received by the company increased by 139% from $1.677 million in FY10 to $4.015m for FY11. The breakdown of income for FY10 compared with FY09 is shown in the table below.

Source of Income	*FY11 $'000's*	*FY10 $'000's*	*% Change over FY10*
Interest on Cash & Term Deposits	889	1,050	-15.3%
Underlying Private Equity Fund Distributions	3126	627	398.6%
Total	**4,015**	**1,677**	**139.4%**

As detailed above, the contribution to total income from interest on cash and term deposits fell by 15.3% from $1.05m to $0.889m. The reason for the drop in income was 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.

In contrast, as was the case last year, there was a significant improvement in the level of income & capital distributions received from VPEG's underlying Private Equity investments which grew by almost 400% from $627k to $3.126m.

A further $2.957m in distributions were also received during the year from VPEG's underlying Private Equity funds in the form of capital return, representing VPEG's share of the original investment made into each underlying company that were sold during the year as well as those companies that remained within the portfolio, that had been recapitalised.

VPEG's total funds invested in cash and term deposits reduced by 37% across the period from $17.73m at 30 June 2010 to $11.16m at 30 June 2011. The reduction in these fixed income investments was offset by a 32.5% net increase in funds invested in underlying private equity investments from $20.35m to $26.96m.

The average interest rate earned on VPEG's cash and term deposits during the period reduced slightly from 6.00% p.a. to 5.91% p.a.. Once again the interest rates earned during the period by VPEG's investments outperformed the RBA cash rate which on average increased slightly during the year from 4.50% p.a. to 4.67%

Operational costs incurred by the company were relatively constant year on year increasing slightly from $1.01m during FY10 (excluding impairment) to $1.02m for FY11.

Finally, no impairment expense was incurred or booked for FY11.

The resulting post tax profit for the company for the year was $1.965m, an increase of 365% above the $0.423m booked for FY10. Furthermore, Retained Earnings increased from $0.508m to $2.119m representing a 317% improvement.

In addition, due to the capital return component of the distributions received from underlying private equity funds due to the three underlying company exits, the Reserves component of Equity reported within the Company's Statement of Financial Position increased by $0.876m from $1.809m to $2.685m

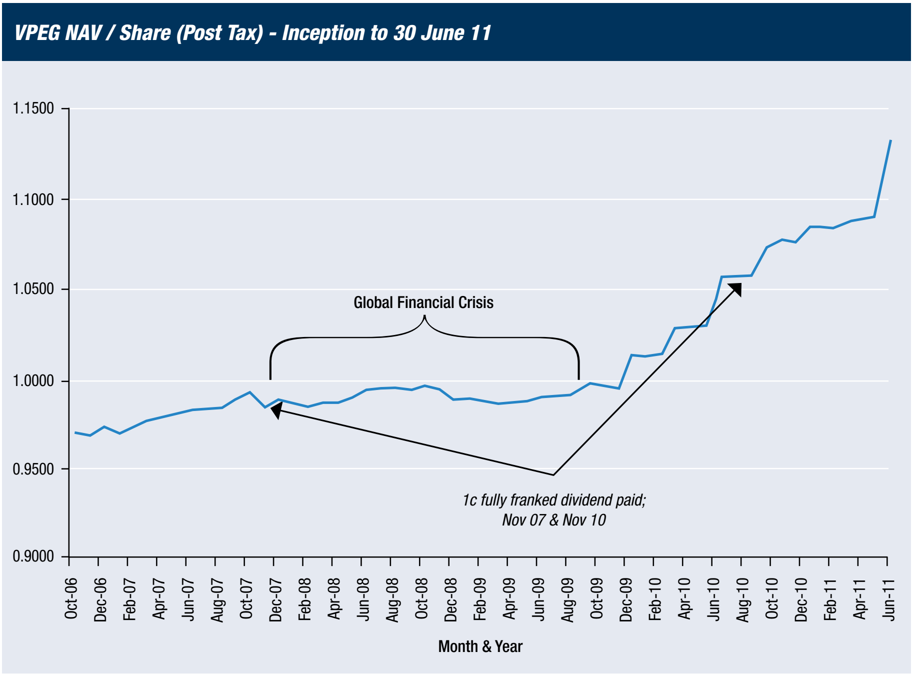
As a result, due to the improvement in the level of Retained Earnings as well as Equity Reserves held by the company, the board recommended the payment of a final ordinary partially franked dividend of $1,829,844 (5 cents per fully paid share, rounded) as well as a return of capital of $1,000,000 (3 cents per fully paid share, rounded) to shareholders for the year ended 30 June 2011.

Change in Post Tax NAV / Share

Due to the the improvement in value of the underlying private equity portfolio during the year as well as the continued contribution from interest received on cash and term deposits held by the company and the strength of returns received from the three exits from the portfolio, the total value of the company's investment portfolio grew by 10.1% $38.63 million to $42.55 million.

This contributed to in a 5.5% increase in the company's post tax Net Asset Value (NAV) per share during the period from $1.074 to $1.133.

The graph below details the movement in VPEG's post tax NAV per share since commencement through to 30 June 2011.



> 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 2011 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.

> 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 has over 30 years of international financial services experience and is currently the 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 a strategic advisor to PricewaterhouseCoopers and Nomura Securities Australia

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 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.

Non Executive 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 2011, and the number of meetings attended by each director were:

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

Indemnification and insurance of Directors and Officers

During the financial year, Vantage Private Equity Growth Limited paid a premium of $18,158 (2010: $14,271) 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.

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

Roderick H McGeoch AM
Chairman

Michael Tobin
Managing Director

Sydney
31 October 2011

Auditor's Independence Declaration

to the Directors of Vantage Private Equity Growth Limited

ERNST & YOUNG

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

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

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 2011, 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
31 October 2011

Financial Statements

Statement of comprehensive income

For the year ended 30 June 2011

	Notes	**Year ended 30 June 2011 $'000**	Year ended 30 June 2010 $'000
Revenue			
Revenue and income	5	**4,015**	1,677
Total Revenue		**4,015**	1,677
Expenses			
Investment manager's fees		**(599)**	(551)
Custody fees		**(51)**	(51)
Advisor fees		**(36)**	(126)
Impairment expense	10	**-**	(296)
Consulting fees		**(1)**	(3)
Other expenses	23	**(336)**	(282)
Total expenses		**(1,023)**	(1,309)
Operating profit before income tax		**2,992**	368
Income tax (expense)/benefit	6	**(1,027)**	55
Operating profit for the year after income tax expense		**1,965**	423
Other comprehensive income			
Net fair value gains/(losses) on available-for-sale financial assets		**1,252**	3,424
Income tax on items of other comprehensive income		**(376)**	(1,027)
Other comprehensive income for the year, net of tax		**876**	2,397
Total comprehensive income for the year is attributable to:			
Equity holders of Vantage Private Equity Growth Limited		**2,841**	2,820

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

Statement of financial position

As at 30 June 2011

	Notes	At 30 June 2011 $'000	At 30 June 2010 $'000
Assets			
Current assets			
Cash and cash equivalents	7	**9,705**	17,728
Trade and other receivables	8	**4,431**	555
Financial assets at fair value through profit or loss	9	**1,455**	-
Total current assets		**15,591**	18,283
Non-current assets			
Available-for-sale financial assets	10	**26,959**	20,347
Total non-current assets		**26,959**	20,347
Total assets		**42,550**	38,630
Liabilities			
Current liabilities			
Trade and other payables	12	**189**	160
Income tax payable		**461**	20
Total current liabilities		**650**	180
Non-current liabilities			
Deferred tax liabilities	11	**1,423**	460
Total non-current liabilities		**1,423**	460
Total liabilities		**2,073**	640
Net assets		**40,477**	37,990
Equity			
Contributed equity	13	**35,673**	35,673
Reserves	14(a)	**2,685**	1,809
Retained earnings	14(b)	**2,119**	508
Total equity		**40,477**	37,990

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 2011

	Asset Revaluation Reserve $'000	Shared Based Payments Reserve $'000	Retained Earnings $'000	Ordinary Shares $'000	Total $'000
Balance 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**

	Asset Revaluation Reserve $'000	Shared Based Payments Reserve $'000	Retained Earnings $'000	Ordinary Shares $'000	Total $'000
Balance at 1 July 2010	**1,795**	**14**	**508**	**35,673**	**37,990**
Profit for the year	-	-	1,965	-	1,965
Other comprehensive income	-	-	-	-	-
Asset Revaluation Reserve	876	-	-	-	876
Dividends provided for or paid	-	-	(354)	-	(354)
Total comprehensive income for the year	**2,671**	**14**	**2,119**	**35,673**	**40,477**
Transactions with owners in their capacity as owners:					
Share based payment	-	-	-	-	-
At 30 June 2011	**2,671**	**14**	**2,119**	**35,673**	**40,477**

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 2011

	Notes	Year ended 30 June 2011 $'000	Year ended 30 June 2010 $'000
Cash flows from operating activities			
Interest received		**890**	826
Distributions received		**1,060**	316
Payment of other expenses		**(997)**	(927)
Net cash flows from operating activities	20	**953**	215
Cash flows from investing activities			
Purchase of available-for-sale financial assets		**(9,772)**	(5,759)
Proceeds from sale of available-for-sale financial assets		**1,150**	-
Net cash flows from investing activities		**(8,622)**	(5,759)
Cash flows from financing activities			
Dividends paid to company's shareholders		**(354)**	-
Net cash flows from financing activities		**(354)**	-
Net decrease in cash and cash equivalents		**(8,023)**	(5,544)
Cash and cash equivalents at the beginning of the financial year		**17,728**	23,272
Cash and cash equivalents at end of year	7	**9,705**	17,728

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

Notes to the financial statements

30 June 2011

1 Corporate information

Vantage Private Equity Growth Limited ("the company") is an independent 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 2011 was authorised for issue in accordance with a resolution of the directors on 31 October 2011.

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.

Collectability 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

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and derecognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Subsequent measurement

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

2 Summary of significant accounting policies (continued)

(ii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(iv) Reclassification of financial instruments at fair value through profit or loss

Financial assets that are no longer held for trading, other than those designated as fair value through profit or loss on initial recognition or derivatives, can be reclassified out of this category to the following categories:

(i) Loans and receivables – if the financial asset has fixed or determinable payments, are not quoted in an active market and contain no features which could cause the holder not to recover substantially all of its investment except through credit deterioration, and the intention is to hold them for the foreseeable future

(ii) Held to maturity – if the intention is to hold them to maturity and only in rare circumstances

(iii) Available for sale – only in rare circumstances.

Rare circumstances arise from a single event that is unusual and unlikely to recur in the near term.

For financial assets that have been reclassified out of the fair value through profit or loss category, the Group assesses on the date of the transfer whether the financial asset contains an embedded derivative. Where a financial asset contains an embedded derivative whose economic characteristics and risks are not closely related to those of the host instrument, the embedded derivative is separated and measured separately at fair value with changes in the fair value recognised in profit or loss. The assessment is to be made on the basis of the circumstances that existed on the later of:

*The date when the entity first became a party to the contract and,

2 Summary of significant accounting policies (continued)

*The date at which a change occurs in the terms of the contract that significantly modifies the cash flows that otherwise would have been required under the contract.

Where the fair value of the embedded derivative that would be separated on reclassification cannot be reliably measured, the entire hybrid financial instrument must remain classified as at fair value through 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 21.

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.

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.

2 Summary of significant accounting policies (continued)

(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 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 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.

(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 2011. 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 adversely affected by fluctuations in general economic and market conditions, including market volatility, movements in interest and currency rates, domestic and international economic conditions,

3 Financial risk management (continued)

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 10 for the sensitivity analysis on the available-for-sale financial assets.

(b) Liquidity risk

As the company is not presently 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 below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Year ended 30 June 2011	**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	**189**	**-**	**-**	**-**	**189**
	189	**-**	**-**	**-**	**189**

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

(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.

3 Financial risk management (continued)

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

At 30 June 2011 and 30 June 2010, 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 2011 $'000	At 30 June 2010 $'000
Post tax profit		
+ 0.25% (25 basis points)	**17**	31
- 0.50% (50 basis points)	**(34)**	(62)
Equity		
+ 0.25% (25 basis points)	**17**	31
- 0.50% (50 basis points)	**(34)**	(62)

The movements in profit are due to lower interest income from cash and term deposit balances. The sensitivity is lower at 30 June 2011 than at 30 June 2010 because of a reduction in cash balance held from the 01 July 2010 through to 30 June 2011 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.

(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 hierarchy

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)

3 Financial risk management (continued)

The following table sets out the company's assets and liabilities measured at fair value according to their fair value hierarchy.

Year ended 30 June 2011	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Available-for-sale financial assets				
Private equity investments	**-**	**26,959**	**-**	**26,959**
Total assets	**-**	**26,959**	**-**	**26,959**

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.

4 Critical accounting estimates and judgements (continued)

(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 2011 $'000	Year ended 30 June 2010 $'000
Interest	**889**	1,050
Distributions from interests in private equity investments	**3,126**	627
	4,015	1,677

6 Income tax expense

	Year ended 30 June 2011 $'000	Year ended 30 June 2010 $'000
(a) Income tax expense		
Current tax	**440**	20
Deferred tax	**587**	(75)
	1,027	(55)
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Increase/(decrease) in deferred tax (note 11)	**587**	(75)
	587	(75)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**2,992**	368
Tax at the Australian tax rate of 30% (2010 - 30%)	**897**	110
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other items	**130**	(165)
Aggregate income tax expense/(benefit)	**1,027**	(55)

7 Current assets - Cash and cash equivalents

	At 30 June 2011 $'000	At 30 June 2010 $'000
Cash at bank	**5**	8,028
Short term money market	**9,700**	9,700
	9,705	17,728

8 Current assets - Trade and other receivables

	At 30 June 2011 $'000	At 30 June 2010 $'000
Investments receivable	**1,808**	-
Interest receivable	**226**	227
Prepayments	**8**	5
Distributions receivable from interests in private equity investments	**2,377**	311
GST recoverable	**12**	12
	4,431	555

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 Current assets - Other financial assets at fair value through profit or loss

	At 30 June 2011 $'000	At 30 June 2010 $'000
Fixed interest deposits	**1,455**	-

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

	At 30 June 2011 $'000	At 30 June 2010 $'000
Opening balance	**20,347**	11,460
Additions	**8,317**	5,759
Disposals (sale and redemption)	**(2,957)**	-
Impairment expense	**-**	(296)
Revaluation surplus/(deficit) transfer to equity (note 14)	**1,252**	3,424
	26,959	20,347
Unlisted private equity funds	**26,959**	20,347
	26,959	20,347

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 $2.696m assuming a 10% decrease in fair value and an increase of approximately $5.392 assuming a 20% increase in the fair value of unlisted private equity fund investments.

11 Deferred taxes

	At 30 June 2011 $'000	At 30 June 2010 $'000
The balance comprises temporary differences attributable to:		
Other	**(41)**	309
Net unrealised loss on available-for-sale financial assets	**(1,382)**	(769)
Net deferred tax (liabilities)/assets	**(1,423)**	(460)
Movements:		
Opening balance	**(460)**	492
Credited/(charged) to the statement of comprehensive income (note 6)	**(587)**	75
Credited/(charged) to equity (note 14)	**(376)**	(1,027)
Closing balance	**(1,423)**	(460)

12 Current liabilities - Trade and other payables

	At 30 June 2011 $'000	At 30 June 2010 $'000
Investment manager's fees payable	**52**	48
Custody fees payable	**9**	9
Audit and taxation fees payable	**83**	86
Other payables	**45**	17
	189	160

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.

13 Contributed equity

	At 30 June 2011 Number ('000)	At 30 June 2010 Number ('000)	At 30 June 2011 $'000	At 30 June 2010 $'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 2009	Opening balance	**35,373**	**35,673**
30 June 2010	Balance	**35,373**	**35,673**
1 July 2010	Opening balance	**35,373**	**35,673**
30 June 2011	Balance	**35,373**	**35,673**

(c) Movements in share subscriber options reserve:

Date	Details	Number of options ('000)	$'000
1 July 2009	Opening balance	**7,042**	146
	Issue of share subscriber options	**-**	-
		-	**-**
30 June 2010	Balance	**7,042**	146
1 July 2010	Opening balance	**7,042**	146
	Issue of share subscriber options	**-**	-
30 June 2011	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 21.

13 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 2011, the company paid dividends totalling $353,731 (2010: 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 2011, the company had on issue 35,373,054 shares. The company has no plans to issue further shares in the company.

14 Reserves and accumulated losses / retained profits

	At 30 June 2011 $'000	At 30 June 2010 $'000
(a) Reserves		
Available-for-sale reserve	**2,671**	1,795
Share-based payments reserve	**14**	14
	2,685	1,809
Movements:		
Available-for-sale investments revaluation reserve		
Opening balance	**1,795**	(602)
Net change on available-for-sale financial assets (note 10)	**1,252**	3,424
Income tax on items taken directly to or transferred from equity	**(376)**	(1,027)
Closing balance	**2,671**	1,795
Share-based payments reserve		
Opening balance	**14**	11
Option expense	**-**	3
Closing balance	**14**	14

14 Reserves and accumulated losses / retained profits (continued)

Movements in accumulated losses/retained profits were as follows:

	At 30 June 2011 $'000	At 30 June 2010 $'000
(b) Accumulated losses/retained profits		
Opening retained earnings	**508**	85
Profit for the year	**1,965**	423
Dividends	**(354)**	-
Closing balance	**2,119**	508

(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.

15 Dividends

	At 30 June 2011 $'000	At 30 June 2010 $'000
(a) Ordinary shares		
Dividend paid during the year ended 30 June 2011 (2010 - nil) was a fully franked dividend for the year ended 30 June 2010 - 1.0 cents per share	**354**	-
	354	-
(b) Dividends not recognised at the end of the reporting period		
Since year end the directors have recommended the payment of a final dividend of 5 cents per fully paid share, rounded (2010 - $353,731) franked at 68% based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 11 November 2011 out of retained earnings at 30 June 2011, but not recognised as a liability at year end, is $1,829,844.	**1,830**	354
	1,830	354

15 Dividends (continued)

	At 30 June 2011 $'000	At 30 June 2010 $'000
(c) Franked dividends		
The franked portions of the final dividends recommended after 30 June 2011 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 2011.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2010 - 30%)	-	233
	-	233

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 $529,362 (2010 - $151,599).

In addition, the Directors have recommended a return of capital of $ 1,000,000 (3 cents per fully paid share, rounded) to be paid on 11 November 2011.

16 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
Nicholas Jorss

(iii) Executive directors

Michael Tobin, Managing Director

16 Key management personnel disclosures (continued)

(b) Key management personnel compensation

	Year ended 30 June 2011 $	Year ended 30 June 2010 $
Short-term employee benefits	**172,112**	171,992
Post-employment benefits	**-**	-
Long-term benefits	**-**	-
Share-based payments	**-**	1,184
	172,112	173,176

Represented by non-executive directors fees.

17 Remuneration of auditors

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

	Year ended 30 June 2011 $	Year ended 30 June 2010 $
(a) Audit services		
Ernst & Young		
Audit of financial reports	**50,500**	46,350
Total remuneration for audit services	**50,500**	46,350
(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	**5,938**	6,335
Total remuneration	**73,438**	69,685

18 Related party transactions

(a) Key management personnel

Disclosure relating to key management personnel are set out in note 16.

(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 $599,477 (2010: $550,728).

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 2011 (2010: 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 2011, the Manager held 2 shares in the company (2010: 2 shares).

Terms and conditions of transactions with related parties

Purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

19 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 2011 or on the results and cash flows of the company for the year ended on that date.

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

	Year ended 30 June 2011 $'000	Year ended 30 June 2010 $'000
Profit for the year after tax	**1,965**	423
Impairment of investments	**-**	296
Non-cash expense - share-based payments	**-**	3
Non-cash expense - advisor fees reinvestment	**-**	-
Increase in other receivables	**(2,068)**	(470)
Increase in trade and other payables	**29**	18
(Increase)/decrease in deferred tax assets	**587**	(75)
Increase/(decrease) in provision for income taxes payable	**440**	20
Net cashflow from operating activities	**953**	215

21 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 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.

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

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 2010 to 30 June 2011.

21 Share-based payments and option plan (continued)

As of 30 June 2011, 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**

Fair value of Director options granted

The charge to profit or loss was $0 during the year (2010: $1,184).

(b) Share Subscriber Option Plan

The company has also entered into a share subscriber option scheme on 1 November 2006 whereby the company issues one share subscriber 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 2011 there were 7,041,505 share subscriber options on issue (2010: 7,041,505) with a fair value of $146,435 (2010: $146,435).

(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 to be issued to each advisor will be 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 exceeds $5 million.

The advisor referral options are 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 exceed $5 million. No monies are 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.

21 Share-based payments and option plan (continued)

As at 30 June 2011 there were 258,740 advisor referral options on issue (2010: 258,740). The charge to profit or loss was $0 during the year (2010: $1,226).

22 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities as at 30 June 2011.

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 2011 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.

23 Other expenses

	Year ended 30 June 2011 $'000	Year ended 30 June 2010 $'000
Professional Indemnity insurance	**16**	13
Director's fees	**172**	173
Legal fees	**5**	-
Registry fees	**8**	15
Other expenses	**135**	81
	336	282

Directors' declaration

30 June 2011

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 2011 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 2011.

On Behalf of the Board

Roderick H McGeoch AM
Chairman

Michael Tobin
Managing Director

Sydney
31 October 2011

ERNST & YOUNG

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

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

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 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

Opinion

In our opinion:

a. 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 company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
31 October 2011

Corporate Directory

> 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 *Non Executive Director*

> Notice of annual general meeting

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

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

Time
10.00am

Date
28 November 2011

> 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

Contact Information

Enquiries

Phone
1300 755 368 or + 613 9415 4122 if calling from outside of Australia

Email
enquiries@vpeg.info

Website
www.vpeg.info

> www.vpeg.info

INVESTMENT MANAGER

vantage

Asset Management