ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

VANTAGE PRIVATE EQUITY GROWTH LIMITED

ACN 112 481 875

DIVERSIFY
GROW
OUTPERFORM

INVESTMENT MANAGER

vantage
Asset Management

CORPORATE DIRECTORY

› CURRENT 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

› 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 2012

› 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
Grosvenor Place
225 George Street
Sydney NSW 2000

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DIRECTORS' REPORT

Your directors of Vantage Private Equity Growth Limited ('VPEG') present their report on the company for the year ended 30 June 2012.

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) Retired 25 November 2011

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 2012 the company had made investment commitments into seven private equity funds managed by top performing Australian private equity fund managers.

COMPANY PERFORMANCE HIGHLIGHTS FOR FY12

› Seven new underlying company investments added to the portfolio

› Four underlying company investments sold, each at more than 2.4 x original investment

› Income received from underlying private equity funds up by 35% to $4.228m

› Total Income up by 24% to $4.98m

› FY12 Impairment expense of $0.73m booked

› Net Profit after tax up by 13% to $2.216m

› Retained Earnings up by 18% to $2.505m

› Total shareholder return during FY12 of 6.6%

› Outperforms Australian listed markets across FY12 by more than 17%

› Total distributions paid during FY12 of 16c per share

› New fully franked dividend of 5c per share declared to be paid by 30 November 2012

DIVIDENDS

Since the end of the financial year the Directors have recommended the payment of a fully franked dividend of $1,768,653 (5 cents per share) to be paid by 30 November 2012 to shareholders of the company, out of the retained earnings of the company at 30 June 2012.

During the financial year ended 30 June 2012, the Company paid distributions totalling $5,659,688.

ECONOMIC CONDITIONS ACROSS FY12

At the start of the 2012 financial year, the mood in global financial markets was quite bearish and the trend only worsened during the September 2011 quarter. Global equity markets saw declines of around 15% over the quarter as a result of intensified concerns over sovereign debt in Europe and softer global growth. Domestically, equity prices also fell by around 13% despite a surprisingly strong September rise in consumer confidence. In terms of the Australian economy, the Reserve Bank of Australia lowered its inflation outlook for 2012 (from 3.0% to 2.5%) and downgraded its growth forecasts for the 2011 calendar year from 3.25% to 2.75%. The central bank also noted that the economy could be dragged down by Europe's sovereign debt crisis despite the mining related parts of the economy growing strongly.

The concerns surrounding the European sovereign debt issues played a large part in financial markets volatility into the December 2011 quarter, as did subdued world economic growth. Despite the continued bearish mood, Australian share prices, as measured by the S&P/ASX 300 Accumulation Index, increased by around 2% over the December quarter, led mainly by telecommunication and utilities sector stocks with declines in materials, IT and consumer staples sector stocks.

With the continued uncertainty in Europe and easing inflationary pressures locally, the RBA decided to cut the official cash rate by 25 basis points to 4.5% on the 2nd November 2011 and then by another 25 basis points to 4.25% on the 7th of December 2011. This was the first change in the target cash rate since November 2010 and the first back-to-back rate cut since 2009. The rate cuts reflected a softer inflation outlook following indications of weakness in Australia's labour market and a slowdown in the global economy. Despite these cuts the Australian dollar remained strong and finished the quarter above parity against the US dollar.

The mining-related sectors of the economy continued to perform strongly, with a number of large-scale mining projects forging ahead and the terms of trade at very high levels. Economic growth estimates were expected to pick up gradually to be around 3 - 3.5% over 2012 and the RBA expected inflation to be consistent within its 2 - 3% target, over the medium-term.

There were mixed signals on the consumer confidence front during the December quarter with the NAB Business Confidence Index moving higher over the quarter, while the Westpac-Melbourne Institute consumer confidence index fell, reaching a level of 95 in December indicating negative consumer sentiment.

During the early part of 2012 concerns surrounding the European sovereign debt issue lessened as policymakers took steps to address the issues. Notwithstanding the incomplete nature of these actions, there was improved global investor sentiment which contributed to strong share market performance over the quarter. Global share prices returned 10.7% over the quarter as measured by the MSCI World Share Price Index (excluding Australia) with positive returns seen across all major regional share markets. In Australia, share prices increased by around 6.9% over the March quarter of 2012 as measured by the S&P/ASX 200 Share Price Index.

However financial and equity markets remained susceptible to the underlying structural imbalances of some Euro Area economies while these countries remained unable to return to a sustainable debt path. In addition, there was a continued decline in China's manufacturing activity. A significant slowing in China's growth and a subsequent fall in bulk commodity prices led to the threat of a negative impact on Australia's share market due to its high allocation to mining companies.

With very high terms of trade and an accompanying strong exchange rate, the Australian economy continued to undergo significant structural change. This was evident in the relative strength of the mining sector compared to other flagging parts of the economy, such as manufacturing, retail and tourism. Data released on the Australian economy continued to suggest that, overall, growth was in line with expectations and unemployment would remain steady at around 5.2%.

The RBA held the cash rate at 4.25% over the March quarter but, with evidence of lower inflation post quarter-end and partial pass-through of previous rate cuts, dropped the rate on the 2nd of May 2012 by 50bps to 3.75% in a bid to stimulate non-mining sectors of the economy.

For the most part, the June 2012 quarter saw deterioration in market sentiment as further financial and political tensions within the Eurozone increased and weak economic activity continued. Spain was forced to seek a bailout for its banks after its borrowing costs surged and Cyprus quickly followed. Data showed that the Eurozone narrowly avoided a second recession in the first calendar quarter, as growth in Germany in particular offset contractions in peripheral countries. The US economy continued to expand moderately although growth in employment slowed and the unemployment rate remained elevated, while in Asia, China's pace of growth slowed further.

There was some rebound in sentiment however following the European Leaders Summit in late June but overall global share prices (excl Australia) returned a negative 5% over the quarter. Negative returns were experienced across all major regional share markets with the largest falls in Japan, Germany and France, down 10.3%, 10.4% and 6.6% respectively. The US and UK both recorded losses of 3.3%. Banking sector shares were particularly sensitive to changes in sentiment, with shares falling sharply, despite a strong initial performance in the prior quarter.

In Australia, first quarter GDP data was released and surprised with a better-than-expected outcome of 1.3% growth on the prior quarter. The growth was supported by an increase in household spending and continued investment in mining projects. However despite strong growth data, indicators continued to suggest that conditions faced by non-mining sectors were soft. Local share prices as measured by the S&P/ASX 200 share price index fell by around 5.6% over the June quarter.

Toward the end of the June quarter the Reserve Bank of Australia (RBA) lowered the cash rate by a further 25 bps on the 6th of June to take the rate to 3.5% to help stimulate the non mining sectors of the economy.

By the end of the June quarter financial and equity markets remained susceptible to the underlying structural imbalances of some Eurozone economies. In addition, there were also further declines in China's manufacturing activity resulting in a significant slowing in China's growth and a subsequent fall in bulk commodity prices all contributing to a negative impact on Australia's listed share markets. The exchange rate has yet to follow its historical path of adjusting downwards in sympathy with falling terms of trade. The AUD has been buoyed by demand as a safe haven currency.

For the global economy moving forward, the sovereign debt and banking problems in Europe, and the flow-on effects of these through financial confidence and trade linkages to the rest of the world, including Australia, continue to remain the most prominent risks to economic growth which is expected to remain subdued in the short term.

Australian growth is expected to continue to be around trend with GDP growth of 3 – 3.5% over the remainder of 2012 and 2013. However, there is an underlying assumption in this forecast that the investment boom in the mining economy progresses and that further interest rate cuts are made to help the non-mining economy.

DEBT MARKETS

Turning to Private Equity and the availability of debt for small to mid market transactions, conditions within the mid market leverage loan market in Australia remained relatively stable year on year.

Pricing of senior debt for private equity transactions remained at around 425 to 475 basis points over the Bank Bill Swap Rate (BBSW) with average leverage ratios of around 2.5 to 3.5 times EBITDA with a loan to value ratio (LVR) of less than 50%.

There were however more active banks lending in the market when compared with last year with the major lenders to private equity being NAB, Westpac, CBA, ANZ, GE and Investec.

The appetite of banks for retail transactions remained challenging during the year and by year end the banks also became cautious about lending to selected mining services transactions particularly those exposed to the exploration cycle such as drilling companies.

PRIVATE EQUITY MARKETS

On a global basis, private equity deal activity continued to improve both in terms of new investments and exits. The June quarter alone saw an increase of 30% over the previous quarter in the value of deals completed globally with the total deal value in the June quarter of 2012 over seven times greater than during the depths of the GFC in mid-2009. However total deal value completed was still less than the highs seen in the buyout boom era of 2005-2007, which peaked in the June quarter of 2007.

The value of global private equity backed exits completed in the June 2012 quarter also surpassed the value of exits achieved during the March quarter of 2012 by 65% with 293 exits valued at $77.7bn. Once again this was almost eight times greater than the value of exits achieved globally in the March quarter of 2009.

Turning to the Australian private equity market a total of 17 new company investments were completed by locally based private equity funds during FY12. Of these five were completed by mega buyout funds each of a fund size greater than $1.5bn, so operating outside of VPEG's scope of investment. A further two were completed by a subsequent fund of VPEG investee manager Quadrant Private Capital, leaving ten new private equity investments completed during FY12 that were within VPEG's scope of investment, seven of which were completed by VPEG investee funds.

The level of private equity exits locally also improved over previous years with the majority of exits occurring by way of trade sale to predominately international companies, followed by secondary purchases by the local arms of large global private equity funds. Exits by way of listing on the local stock market was the least preferred method of exit for local private equity funds during FY12.

REVIEW OF VPEG'S OPERATIONS

Within VPEG's portfolio, the level of investment activity continued at a steady pace during the year with seven new underlying investments and five significant follow on investments (i.e. > $10m equity invested in each) completed during FY12, compared with nine new investments and four follow on investments during FY11.

Additionally the opportunity for exits remained strong with listed & unlisted corporates globally continuing to look for opportunities to grow their businesses via expansion. This was evidenced by the sale of two of Archer Capital Fund 4 investees to large corporates, with Rebel Group sold to listed Australian retail aggregator Super Retail Group and iNova Pharmaceuticals to Canadian based Valeant Pharmaceuticals International Inc. with each exit delivering a strong return on investment to VPEG.

In addition Equity Partners 3 sold their shares in Skins Holdings to Japan's Itochu Corporation, an operator of global retail brands, which also provided a strong return to VPEG. Furthermore the opportunity to exit investee companies to larger global private equity funds also improved as seen by the sale of Archer Capital Fund 4 investee MYOB to Bain Capital which also delivered a strong return to VPEG.

In summary, despite relatively subdued economic conditions continuing during the year, the opportunity for private equity to invest in or acquire businesses remained buoyant, as business owners sought capital to expand their core businesses at a time when bank lending remained difficult to obtain.

Furthermore as VPEG's underlying investment portfolio continues to mature and deliver enhanced returns to their private equity owners, the attractiveness of those companies to purchasers is enhanced. This was evidenced by the strong returns delivered to VPEG from the four exits completed during the period, which also provided an increase in distributions from VPEG's underlying Private Equity funds compared with all previous years.

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 2012.

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 2012. 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 2012, 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	$3.44m	8	2
Archer Capital Fund 4	$1,360m	2007	Mid Market Buyout	$8.0m	$7.12m	10	4
Catalyst Buyout Fund 2	$438m	2008	Mid Market Buyout	$8.0m	$4.72m	4	0
Crescent Capital Partners III	$400m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$3.85m	6	2
Equity Partners Fund No. 3	$76m	2007	Small Market Expansion / Buyout	$4.0m	$2.12m	4	1
Next Capital II	$285m	2008	Small to Mid Market Expansion / Buyout	$7.0m	$3.86m	5	0
Quadrant Private Equity No. 2	$500m	2007	Mid Market Expansion / Buyout	$8.0m	$6.95m	5	2
			Total	**$43.0m**	**$32.09m**	**42**	**11**

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 $26.78 million at 30 June 2011 to $32.06 million at 30 June 2012 representing a 20% increase in drawn capital from VPEG across the year.

This resulted in the total number of underlying company investments that have been undertaken by VPEG's underlying funds since inception, increasing from thirty five to forty two during the period, with a number of additional "bolt on" acquisitions completed to increase the size of individual investments. In addition four 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 one portfolio companies remained within the investment portfolio at year end.

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

› by Advent V;

– Orionstone

› by Catalyst Buyout Fund 2

– Morris Corporation

– Bhagwan Marine

› by Equity Partners 3;

– Aussie Farmers Group

› by Next Capital II;

– Aero-Care

– Next Athleisure

– Go Bus

In addition, a number of follow on investments were completed by or into a number of existing companies within the portfolio during the period, deploying further VPEG capital. In terms of size, the most significant of these included;

› Archer Capital Fund 4 investee, Healthe Care, acquisition of an additional hospital

› Next Capital II investee, Discovery Holiday Parks, acquisition of additional workforce & holiday park properties

The table opposite 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 2012. As demonstrated in the table VPEG's top 10 investments represent almost 40% of VPEG's Net Asset Value at 30 June 2012

RANK	INVESTMENT	FUND	DESCRIPTION	% OF VPEG NAV*	CUMULATIVE % OF VPEG NAV*
1	Actrol	Catalyst Buyout Fund 2	Distributor of Refrigeration & Air-conditioning Parts & Equipment	5.9%	5.9%
2	Virtus Health	Quadrant Private Equity No. 2	Owner Operator of Fertility Clinics in QLD, NSW & Victoria	5.2%	11.1%
3	Cover More	Crescent Capital Partners III	Provider of Travel Insurance & Emergency Care Services	4.6%	15.7%
4	Genesis Care	Advent V	National Network of Cardiology & Radiation Oncology Practices	4.1%	19.8%
5	Summerset Retirement Villages	Quadrant Private Equity No. 2	Owner & Operator of Retirement Villages in NZ	4.0%	23.8%
6	Sentia Media	Quadrant Private Equity No. 2	International Media Services Business	3.3%	27.1%
7	Independent Pub Group	Quadrant Private Equity No. 2	Owner of Gaming Hotels in QLD & SA	3.2%	30.3%
8	Ausfuel	Archer Capital Fund 4	Wholesale / Retail Fuel Distribution & Transport	3.1%	33.4%
9	Onsite Rentals	Next Capital II	Commercial Rental of Portable Buildings, Toilets & Access Equipment	3.0%	36.4%
10	Discovery Holiday Parks	Next Capital II	Caravan & Cabin Park Owner & Operator	3.0%	39.4%

*Net Asset Value

EXITS DURING FY12

In August 2011 Archer Capital Fund 4 investee MYOB, was sold to Boston based private equity firm Bain Capital, for a reported enterprise value of approximately $A1.2 Billion

Across their period of ownership Archer worked with management to grow earnings by increasing revenue, reducing costs and growing MYOB's customer base with the introduction of new product offerings.

The Bain deal valued MYOB at about 11.3 times earnings before interest, tax, depreciation and amortisation. It was reported that the sale represented a more than threefold return on Archer's original investment in a little over two and a half years.

In October 2011 Archer Capital Fund 4 investee, Rebel Group, was sold to ASX listed Super Retail Group for $610 million, delivering a strong return to investors in the relevant Archer funds, including VPEG.

At the time of the sale, the Rebel Group consisted of 90 Rebel Sport stores, 36 A-Mart All Sports stores, and two Performance Sports stores. Rebel generated $603 million of revenue in the 2011 financial year.

In December 2011 Archer Capital Fund 4 investee, iNova Pharmaceuticals was sold to Canadian based Valeant Pharmaceuticals International Inc, a multinational specialty pharmaceutical company.

Valeant paid A$625 million as an upfront payment to iNova shareholders, including Archer Funds 3 & 4, who will also be entitled to receive potential milestone payments of an additional A$75 million over time, depending on pipeline success.

Finally in April 2012 Equity Partners 3 completed the sale of their 36% shareholding in Skins Holdings to Skins management and Japan's Itochu Corporation for a more than $US30 million.

Itochu, has a market value of $US18.15bn and operates brands including Babolat, Fila, Converse, Head, Lanvin, Paul Smith, Vivienne Westwood and LeSportsac. The company's brand partnerships extend into specialty food chains including Belgium's Le Pain Quotidien and New York's Dean & Deluca.

The investment in Skins enabled Itochu to acquire mutually exclusive supply and distribution rights for Skins in Japan, China, South Korea, Taiwan, Hong Kong and Macau.

In summary the four exits from the portfolio during FY12 have to date delivered a total of $5.41 million in distributions to VPEG on initial investments into those companies by VPEG of approximately $2.66m. Once the remaining payments due to VPEG from these exits are received the total return will represent an approximate 2.88 X return on investment across an average holding period of 4.1 years delivering an average Internal Rate of Return (IRR) to VPEG of 30.4%.

In addition to the above full exits of investee companies during the year another portfolio company was partially exited. In November 2011, Quadrant Private Equity No. 2 completed a successful IPO of investee company Summerset Retirement Villages, which was the largest IPO on the New Zealand Stock Exchange of the past four years. The IPO delivered a strong return to Quadrant investors, including VPEG, despite challenging market conditions. Quadrant has retained a 55% holding in Summerset as it continues its growth strategy of village expansion across New Zealand.

The partial exit of Summerset delivered VPEG an additional $0.52 million in distributions bringing total distributions received from VPEG's underlying portfolio exits during the year to $5.93 million

FINANCIAL PERFORMANCE OF COMPANY

During the year total income received by the company increased by 24% from $4.015 million in FY11 to $4.980m for FY12. The breakdown of income for FY12 compared with FY11 is shown in the table below.

SOURCE OF INCOME	FY12 $'000's	FY11 $'000's	% CHANGE OVER FY11
Interest on Cash & Term Deposits	752	889	-15.4%
Income Received From Underlying Private Equity Funds	4228	3126	35.3%
Total	**4,980**	**4,015**	**24.0%**

As detailed above, the contribution to total income from interest on cash and term deposits fell by 15.4% from $0.889m to $0.752m. 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 an improvement in the level of income distributions received from VPEG's underlying Private Equity investments which grew by almost 35% from $3.126m to $4.228m.

A further $2.276m 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 12% across the period from $11.16m at 30 June 2011 to $9.855m at 30 June 2012. The reduction in these fixed income investments was offset by a 6.9% net increase in the value of funds invested in underlying private equity investments from $26.96m to $28.82m.

The average interest rate earned on VPEG's cash and term deposits during the period reduced slightly from 5.91% p.a. to 5.49% p.a. Once again the interest rates earned during the period by VPEG's cash and term deposit investments outperformed the average RBA cash rate across the year which reduced from 4.67% during FY11 to 4.33% across FY12.

It is expected that the rate of interest earned on VPEG's cash & term deposits will reduce over the short term as deposit rates offered by the banks will reduce in line with the drop in the RBA cash target rate recently announced. Furthermore as VPEG pays distributions to its shareholders out of its cash holdings and further capital is called from VPEG to meet existing private equity commitments not fully drawn, to fund new company investments, the actual level of cash & term deposit holdings of VPEG will reduce, thus leading to a reduction in the total cash interest earned on these investments over time.

Operational costs incurred by the company during the year reduced slightly from $1.02m during FY11 to $0.95m for FY12 (excluding impairment).

An impairment expense of $0.73m was also booked for FY12. This impairment resulted from the loss incurred by VPEG when the equity value of the underlying portfolio company, Australian Music Group (AMG) was written down to zero by the fund manager Crescent Capital Partners. AMG was subsequently taken over by its bankers and ultimately was placed into administration and receivership in August 2012. The amount of the impairment approximates to VPEG's share of the initial investment into AMG, which is now not recoverable. It should be noted however that the fund in which AMG was held (Crescent Capital Partners III) had previously delivered VPEG an approximate $0.67m profit following the exit of another portfolio company, National Hearing Care when it was exited in September 2010.

Despite the impairment the company still increased post tax profit for the year to $2.216m, an increase of 13% above the $1.965m booked for FY11. Furthermore, Retained Earnings increased from $2.119m to $2.505m representing an 18% improvement.

In addition the Reserves component of Equity of the Company's Statement of Financial Position reduced slightly from \$2.685m to \$2.285m.

As a result, due to the strength in the level of Retained Earnings as well as Equity Reserves held by the company, the board recommended the payment of a fully franked dividend of \$1,768,650 (5 cents per share) to shareholders of the company for the year ended 30 June 2012.

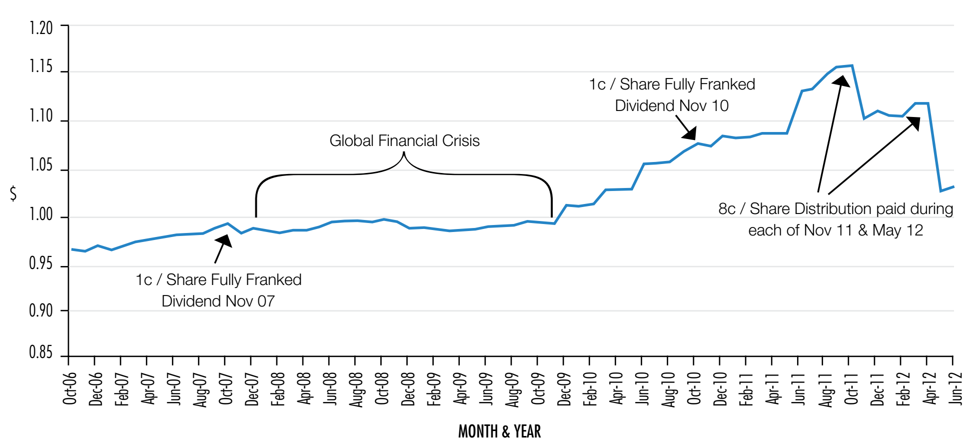
CHANGE IN POST TAX NAV / SHARE

During the period the company's post tax Net Asset Value (NAV) per share reduced from \$1.133 to \$1.035.

The key reason for the drop in NAV was the two distribution payments of 8c per share each made to shareholders in November 2011 and May 2012, totalling 16c per share during the period. However as the value of the company's underlying investments also increased during the year, the drop in VPEG's NAV from 30 June 2011 to 30 June 2012 was only 9.8c per share.

The graph below details the movement in VPEG's post tax NAV per share since commencement through to 30 June 2012.

VPEG NAV / SHARE (POST TAX) - INCEPTION TO 30 JUNE 12



Taking into account distributions paid during the year VPEG's total shareholder return during the financial year ended 30 June 2012 was 6.6%. As a result VPEG outperformed listed markets across FY12 by more than 17%, with the S&P/ASX 200 index dropping by 11.1%, from 4608 to 4095 during the period.

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 2012 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 and an increasing number of exits as the portfolio matures.

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 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 BGP Holdings PLC, Director of Sky City Entertainment Group, Director of Ramsay Healthcare Limited and a Director of Destination NSW. Rod is also a Trustee of the Sydney Cricket and Sports Ground Trust. 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 Executive Chairman of Mason Stevens Pty Limited. Pat was previously Chairman of Pacific Brands Ltd where he oversaw the turnaround of the company after it was purchased from Pacific Dunlop in a Management Buyout led by the Private Equity fund managers Catalyst and CVC Asia Pacific in 2001.

Pat was also previously an Executive Director and Chief Financial Officer of Westpac Banking 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 has spent 30 years in financial services and has extensive local and international experience in many aspects of institutional investment management, covering business and asset management, M&A and Private Equity. Paul's current board positions include SAS Trustee Corporation, a NSW Government employee superannuation fund and its financial planning subsidiary State Super Financial Planning Australia. Paul has also been a Director of ING Management Pty Ltd, the responsible entity for the listed property funds of the ING Group in Australia, including the ING Office Fund & ING Industrial Fund, both past top 100 entities.

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, undertakes consulting assignments 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. RETIRED NOVEMBER 2011.

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 2012, and the number of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES	
	A	B	A	B
Roderick H McGeoch AM*	5	5	1	1
Patrick Handley*	5	5	1	1
Paul Scully*	5	5	1	1
Michael Tobin	5	5	1	1
Nicholas Jorss*	2	2		

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 $16,606 (2011: $18,158) 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 20.

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 2012

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 2012, 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

Daniel Cunningham
Partner
31 October 2012

Liability limited by a scheme approved under Professional Standards Legislation

FINANCIAL STATEMENTS

DIVERSIFY GROW OUTPERFORM

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	NOTES	YEAR ENDED 30 JUNE 2012 $'000	YEAR ENDED 30 JUNE 2011 $'000
Revenue			
Revenue and income	5	**4,980**	4,015
Total Revenue		**4,980**	4,015
Expenses			
Investment manager's fees		**(624)**	(599)
Custody fees		**(14)**	(51)
Advisor fees		**-**	(36)
Consulting fees		**(1)**	(1)
Other expenses	23	**(309)**	(336)
Impairment expenses		**(729)**	-
Total expenses		**(1,677)**	(1,023)
Operating profit before income tax		**3,303**	2,992
Income tax expense	6	**(1,087)**	(1,027)
Operating profit for the year after income tax expense		**2,216**	1,965
Other comprehensive income			
Net fair value (losses)/gains on available for sale financial assets		**(572)**	1,252
Income tax on items of other comprehensive income		**172**	(376)
Other comprehensive (loss)/income for the year, net of tax		**(400)**	876
Total comprehensive income for the year is attributable to:			
Equity holders of Vantage Private Equity Growth Limited		**1,816**	2,841

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	NOTES	AT 30 JUNE 2012 $'000	AT 30 JUNE 2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**9,855**	9,705
Trade and other receivables	8	**267**	4,431
Financial assets at fair value through profit or loss	9	**-**	1,455
Total current assets		**10,122**	15,591
Non current assets			
Available for sale financial assets	10	**28,819**	26,959
Total non current assets		**28,819**	26,959
Total assets		**38,941**	42,550
LIABILITIES			
Current liabilities			
Trade and other payables	12	**147**	189
Income tax payable		**1,087**	461
Total current liabilities		**1,234**	650
Non current liabilities			
Deferred tax liabilities	11	**1,074**	1,423
Total non current liabilities		**1,074**	1,423
Total liabilities		**2,308**	2,073
Net assets		**36,633**	40,477
EQUITY			
Contributed equity	13	**31,843**	35,673
Reserves	14(a)	**2,285**	2,685
Retained earnings	14(b)	**2,505**	2,119
Total equity		**36,633**	40,477

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	ASSET REVALUATION RESERVE $'000	SHARE 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 net assets 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**
Profit for the year	-	-	2,216	-	2,216
Other comprehensive income	-	-	-	-	-
Asset Revaluation Reserve	(400)	-	-	-	(400)
Dividends provided for or paid	-	-	(1,830)	-	(1,830)
Total comprehensive income for the year	**2,271**	**14**	**2,505**	**35,673**	**40,463**
Transactions with owners in their capacity as owners:					
Share based payment	-	-	-	-	-
Return of capital	-	-	-	(3,830)	(3,830)
At 30 June 2012	**2,271**	**14**	**2,505**	**31,843**	**36,663**

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 2012

	NOTES	YEAR ENDED 30 JUNE 2012 $'000	YEAR ENDED 30 JUNE 2011 $'000
Cash flows from operating activities			
Interest received		**857**	890
Distributions received		**6,473**	1,060
Payment of other expenses		**(1,332)**	(997)
Net cash flows from operating activities	20	**5,998**	953
Cash flows from investing activities			
Purchase of available for sale financial assets		**(5,624)**	(9,772)
Proceeds from sale of available for sale financial assets		**5,436**	1,150
Net cash flows from investing activities		**(188)**	(8,622)
Cash flows from financing activities			
Dividends paid to company's shareholders		**(1,830)**	(354)
Return of capital paid to company's shareholders		**(3,830)**	-
Net cash flows from financing activities		**(5,660)**	(354)
Net increase/(decrease) in cash and cash equivalents		**150**	(8,023)
Cash and cash equivalents at the beginning of the financial year		**9,705**	17,728
Cash and cash equivalents at end of year	7	**9,855**	9,705

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

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 2012 was authorised for issue in accordance with a resolution of the directors on 31 October 2012.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of recognised income and expense, either in one single statement, or in two linked statements. The company has elected to present one statement.

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 ASIC 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 Company 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

For available-for-sale financial investments, the company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

(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:

(a) 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

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

(c) 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,

› 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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:

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

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

(c) 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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2012. 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, 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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 2012	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	147	-	-	-	147
	147	**-**	**-**	**-**	**147**

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**

(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:

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2012 and 30 June 2011, 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 2012 $'000	AT 30 JUNE 2011 $'000
Post tax profit		
+ 0.25% (25 basis points)	17	17
- 0.50% (50 basis points)	(34)	(34)
Equity		
+ 0.25% (25 basis points)	17	17
- 0.50% (50 basis points)	(34)	(34)

The balance of cash and cash equivalents has increased slightly from $9.7m as at 30 June 2011 to $9.9m at 30 June 2012. The interest rate sensitivity at 30 June 2012 is effectively the same as at 30 June 2011 because of a general decrease in interest rates during the financial year.

(d) Foreign currency risk

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

Management believes 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:

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

› 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 hierarchy.

YEAR ENDED 30 JUNE 2012	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Assets				
Available for sale financial assets				
Private equity investments	-	28,819	-	28,819
Total assets	-	28,819	-	28,819

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

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 2012 $'000	YEAR ENDED 30 JUNE 2011 $'000
Interest	**752**	889
Distributions from interests in private equity investments	**4,228**	3,126
	4,980	4,015

6 INCOME TAX EXPENSE

	YEAR ENDED 30 JUNE 2012 $'000	YEAR ENDED 30 JUNE 2011 $'000
(a) Income tax expense		
Current tax	**1,264**	440
Deferred tax	**(177)**	587
	1,087	1,027
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Increase/(decrease) in deferred tax (note 11)	**(177)**	587
	(177)	587
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**3,303**	2,992
Tax at the Australian tax rate of 30% (2011 - 30%)	**991**	897
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other items	**96**	130
Aggregate income tax expense	**1087**	1,027

7 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	AT 30 JUNE 2012 $'000	AT 30 JUNE 2011 $'000
Cash at bank	**2,855**	5
Short term money market	**7,000**	9,700
	9,855	9,705

8 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	AT 30 JUNE 2012 $'000	AT 30 JUNE 2011 $'000
Investments receivable	-	1,808
Interest receivable	**120**	226
Prepayments	**-**	8
Distributions receivable from interests in private equity investments	**132**	2,377
GST recoverable	**15**	12
	267	4,431

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 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	AT 30 JUNE 2012 $'000	AT 30 JUNE 2011 $'000
Fixed interest deposits	**-**	1,455

10 NON CURRENT ASSETS – AVAILABLE FOR SALE FINANCIAL ASSETS

	AT 30 JUNE 2012 $'000	AT 30 JUNE 2011 $'000
Opening balance	**26,959**	20,347
Additions	**5,624**	8,317
Disposals (sale and redemption)	**(2,463)**	(2,957)
Impairment expense	**(729)**	-
Revaluation surplus/(deficit) transfer to equity (note 14)	**(572)**	1,252
	28,819	26,959
Unlisted private equity funds	**28,819**	26,959
	28,819	26,959

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 $2.9m assuming a 10% decrease in fair value and an increase of approximately $5.8m assuming a 20% increase in the fair value of unlisted private equity fund investments.

11 DEFERRED TAXES

	AT 30 JUNE 2012 $'000	AT 30 JUNE 2011 $'000
The balance comprises temporary differences attributable to:		
Other	**(3)**	(41)
Net unrealised loss on available for sale financial assets	**(1,071)**	(1,382)
Net deferred tax (liabilities)/assets	**(1,074)**	(1,423)
Movements:		
Opening balance	**(1,423)**	(460)
Credited/(charged) to the statement of comprehensive income (note 6)	**177**	(587)
Credited/(charged) to equity (note 14)	**172**	(376)
Closing balance	**(1,074)**	(1,423)

12 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	AT 30 JUNE 2012 $'000	AT 30 JUNE 2011 $'000
Investment manager's fees payable	**47**	52
Custody fees payable	**4**	9
Audit and taxation fees payable	**76**	83
Other payables	**20**	45
	147	189

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 2012 NUMBER '000	AT 30 JUNE 2011 NUMBER '000	AT 30 JUNE 2012 $'000	AT 30 JUNE 2011 $ '000
(a) Share capital				
Ordinary shares				
Fully paid	**35,373**	35,373	**31,697**	35,527
Share subscriber option reserve	**7,042**	7,042	**146**	146
	42,415	42,415	**31,843**	35,673

(b) Movements in ordinary share capital:

DATE	DETAILS	NUMBER OF SHARES ('000)	$'000
1 July 2010	Opening balance	35,373	35,673
30 June 2011	Balance	35,373	35,673
1 July 2011	Opening balance	35,373	35,673
	Return of capital	-	(3,830)
30 June 2012	Balance	35,373	31,843

(c) Movements in share subscriber options reserve:

DATE	DETAILS	NUMBER OF OPTIONS ('000)	$'000
1 July 2010	Opening balance	7,042	146
	Issue of share subscriber options	-	-
30 June 2011	Balance	7,042	146
1 July 2011	Opening balance	7,042	146
	Issue of share subscriber options	-	-
30 June 2012	Balance	7,042	146

13 CONTRIBUTED EQUITY (CONTINUED)

(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.

(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 2012, the company paid dividends and returns of capital totalling $5,659,688 (2011: $353,731). 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 2012, 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 EARNINGS

	AT 30 JUNE 2012 $'000	AT 30 JUNE 2011 $'000
(a) Reserves		
Available for sale reserve	**2,271**	2,671
Share based payments reserve	**14**	14
	2,285	2,685
Movements:		
Available for sale investments revaluation reserve		
Opening balance	**2,671**	1,795
Net change on available for sale financial assets (note 10)	**(572)**	1,252
Income tax on items taken directly to or transferred from equity	**172**	(376)
Closing balance	**2,271**	2,671
Share based payments reserve		
Opening balance	**14**	14
Option expense	**-**	-
Closing balance	**14**	14

(b) Accumulated losses/retained earnings

Movements in accumulated losses/retained profits were as follows:

	AT 30 JUNE 2012 $'000	AT 30 JUNE 2011 $'000
Opening retained earnings	**2,119**	508
Profit for the year	**2,216**	1,965
Dividends	**(1,830)**	(354)
Closing balance	**2,505**	2,119

(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

	YEAR ENDED 30 JUNE 2012 $'000	YEAR ENDED 30 JUNE 2011 $'000
(a) Ordinary shares		
Dividend paid during the year ended 30 June 2012 (2011 – 1.0 cent per share) was franked at 67.5% based on tax paid at 30% for the year ended 30 June 2011.		
5.2 cents per fully paid share	**1,830**	354
	1,830	354

	YEAR ENDED 30 JUNE 2012 $'000	YEAR ENDED 30 JUNE 2011 $'000
(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 franked at 100% based on tax paid 30%. The aggregate amount of the proposed dividend expected to be paid 30 November 2012 out of retained earnings at 30 June 2012, but not recognised as a liability at year end, is $1,768,650.	**1,769**	1,830
(c) Franked dividends		
The fully franked final dividends recommended after 30 June 2012 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 2012.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2011 30%)	**575**	-

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.

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 (retired 25 November 2011)

(iii) *Executive director*
Michael Tobin, Managing Director

(b) Key Management Personnel Compensation

	YEAR ENDED 30 JUNE 2012 $	YEAR ENDED 30 JUNE 2011 $
Short term employee benefits	**162,774**	172,112
	162,774	172,112

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 2012 $	YEAR ENDED 30 JUNE 2011 $
(a) Audit services		
Ernst & Young		
Audit of financial reports	**54,186**	50,500
Total remuneration for audit services	**54,186**	50,500
(b) Taxation services		
Ernst & Young		
Tax compliance services	**19,800**	22,938
Total remuneration for taxation services	**19,800**	22,938
Total remuneration	**73,986**	73,438

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 $624,197 (2011: $599,477).

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 2012 (2011: 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 2012, the Manager held 2 shares in the company (2011: 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 REPORTING PERIOD

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 2012 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 2012 $'000	YEAR ENDED 30 JUNE 2011 $'000
Profit for the year after tax	**2,216**	1,965
Impairment of investments	**729**	-
Decrease/(increase) in other receivables	**2,477**	(2,068)
Increase in deferred tax asset	**23**	587
Increase/(decrease) in trade and other payables	**(42)**	29
Increase in provision for income taxes payable	**595**	440
Net cashflow from operating activities	**5,998**	953

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:

GRANT DATE	% 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 2011 to 30 June 2012.

21 SHARE BASED PAYMENTS AND OPTION PLAN (CONTINUED)

As of 30 June 2012, 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 (2011: $0).

(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 2012, there were 7,041,505 share subscriber options on issue (2011: 7,041,505) with a fair value of $146,435 (2011: $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.

21 SHARE BASED PAYMENTS AND OPTION PLAN (CONTINUED)

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 2012, there were 258,740 advisor referral options on issue (2011: 258,740). The charge to profit or loss was $0 during the year (2011: $0).

22 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets and liabilities as at 30 June 2012.

Since the commencement of its investment program in late 2006, the company has committed $43m across 7 private equity funds. Commitments made as at 30 June 2012 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 2012 $'000	YEAR ENDED 30 JUNE 2011 $'000
Professional Indemnity insurance	**25**	16
Director's fees	**163**	172
Legal fees	**-**	5
Registry fees	**-**	8
Other expenses	**98**	135
	286	336

DIRECTORS' DECLARATION

30 JUNE 2012

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 2012 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 2012.

On Behalf of the Board

Roderick H McGeoch AM
Chairman

Michael Tobin
Managing Director

Sydney
31 October 2012

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

We have audited the accompanying financial report of Vantage Private Equity Growth Limited, which comprises the statement of financial position as at 30 June 2012, 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.

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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 2012 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

Daniel Cunningham
Partner
Sydney
31 October 2012

NOTES

NOTES

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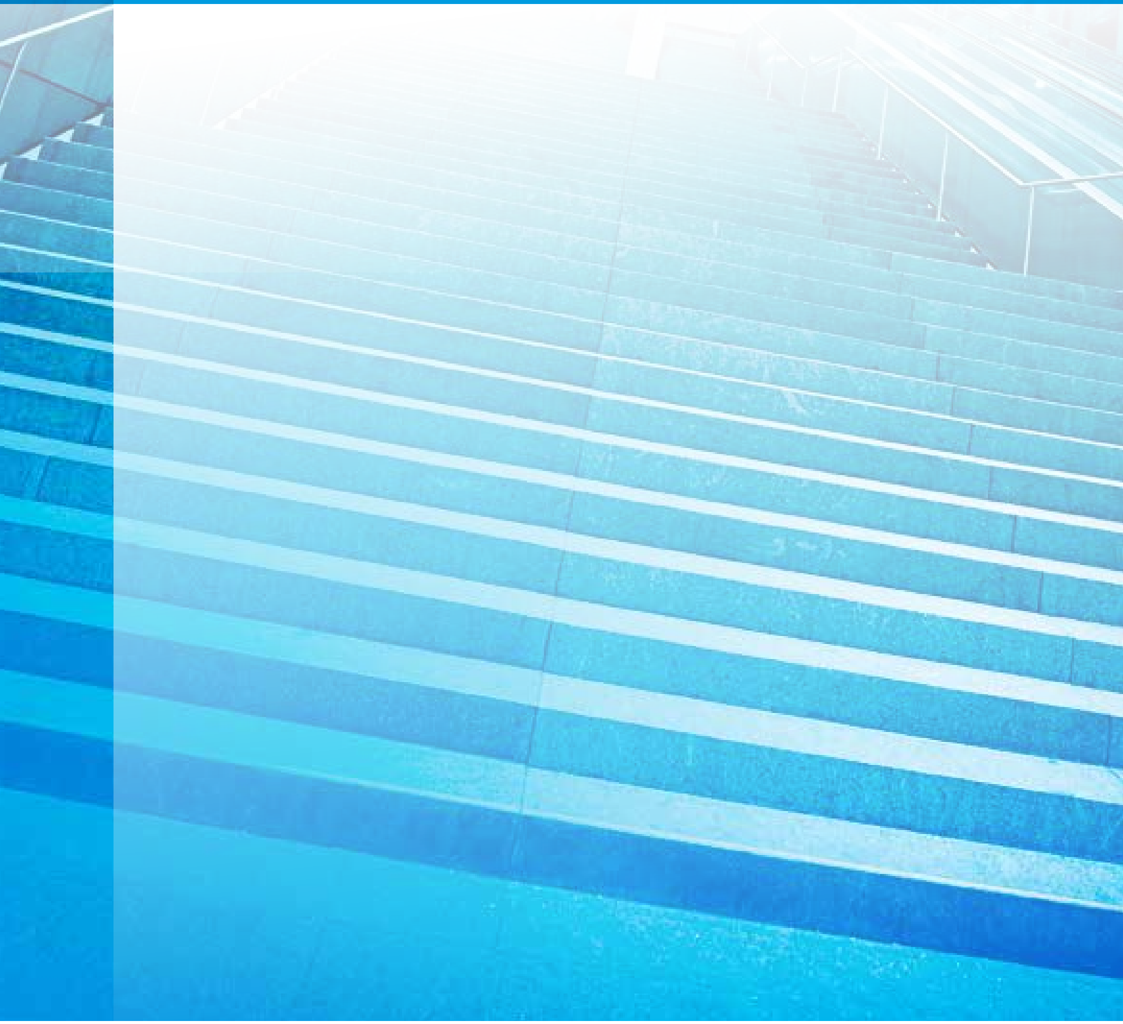

INVESTMENT MANAGER

vantage Asset Management