INVESTMENT MANAGER
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VANTAGE PRIVATE EQUITY GROWTH LIMITED

ACN 112 481 875

ANNUAL REPORT

For the year ended 30 June 2016

Diversify Grow Outperform

CORPORATE DIRECTORY

Directors	Roderick H McGeoch AO, LLB *Chairman (Non Executive)* Patrick Handley B.Com., MBA *Non Executive Director* Paul Scully BA, FIAA, FAICD *Non Executive Director* Michael Tobin B.E., MBA, DFS (Financial Markets) *Managing Director*
Notice of Annual General Meeting	The Annual General Meeting of Vantage Private Equity Growth Limited will be held at Corrs Chambers Westgarth L17, 8 Chifley Square Sydney NSW 2000 time 10.00am date 29 November 2016
Principal registered office in Australia	Level 25, Aurora Place 88 Phillip Street Sydney NSW 2000
Auditors	Ernst & Young 200 George Street Sydney NSW 2000
Solicitors	Norton Rose Fullbright 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 2016.

Directors

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

Roderick H McGeoch AO (Non-Executive Chairman)
Patrick Handley (Non-Executive Director)
Paul Scully (Non-Executive Director)
Michael Tobin (Managing Director)

Principal activity

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

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

As at 30 June 2016 the company held investment commitments in seven private equity funds managed by seven Australian domiciled private equity fund managers.

Company Performance Highlights For FY16

- Three follow on investments and one bolt on acquisition completed into existing portfolio companies to fund expansion
- Three underlying company investments completely exited from the underlying investment portfolio, delivering VPEG 1.9X original investment into those companies
- Total Income received $2.52m
- Net Profit after Tax of $1.08m
- Total Distributions received from underlying funds of $4.77m
- Total Return of Capital received $2.37m
- Total Distributions paid to Shareholders during FY16 of 21 cents per share. Distributions consisted of;
    - Return of Capital of 11.3c per share (7c per share paid in July 2015 and 4.3c per share paid in June 2016)
    - Fully franked dividend of 9.7c per share paid in November 2015
- Total Shareholder return during FY16 of 7.4%
- A fully franked dividend of 7.5c per share to be paid to Shareholders during November 2016, from Retained Earning at 30 June 2016
- A further 3.7c per share, Return of Capital distribution to be paid to Shareholders during December 2016, (subject to Shareholder approval at the Company's AGM on 29 November 2016)

Distributions

On 9 July 2015, the Company paid a return of capital distribution of $2,476,113 (7.0c / share) following a shareholder vote in favour of this distribution at a general meeting of the Company held on 19 June 2015.

Furthermore, on 23 November 2015 the Company paid a fully franked dividend of $3,431,186 (9.7c / share).

In addition, on 9 June 2016 shareholders voted in favour of a further 4.3c return of capital of $1,521,041, this was distributed to shareholders on 24 June 2016.

As a result the total distributions paid to shareholders during the year ended 30 June 2016 totalled $7,428,340 or $0.21 per share.

Since the end of the financial year the Directors have recommended the payment of a further distribution of $2,648,501 (7.5c per share) representing a fully franked dividend to be paid in November 2016, to shareholders of the company, out of retained earnings at 30 June 2016.

In addition, the Directors have also recommended a 3.7c per share Return of Capital distribution to be paid to all shareholders, subject to the approval of Shareholders at the VPEG Annual General Meeting (AGM) to be held on 29th November 2016. Once approved by shareholders at the AGM, the Return of Capital distribution, totalling $1,308,803, will be paid to shareholders during December 2016.

Economic Conditions across FY16

As was the case in FY15, Australia has been experiencing a transition from a reliance on the mining sector to a broader spread of sectors. Interestingly, Australia's economy is dominated by the service sector comprising 65% of total GDP. Yet its economic success in recent years has been based upon the mining (13.5% of GDP) and agriculture (2% of GDP) as Australia is a major exporter of commodities. The expectation at the beginning of the year was that growth rates in Australia will remain subdued into 2016 as the country continues this transition. Monetary policy has been focused on improving non-mining business investment to offset the expected fall in the continued decline in mining related investment caused by the declines in commodity prices.

For the year ended 30 June 2015, the economy continued to grow at a moderate pace of 2.3% which was lower than the 3% that had been forecast. This was however still trending below the long term trend of 3.25%. The common concerns for the Australian economy included the ongoing weakness in the commodity prices, the speed at which the Australian economy could transition away from resources into non-resource areas; and the extent to which these factors would lead to higher consumer spending and business investment.

During the second half of 2015 the Australian economy grew by 0.9% for the September quarter and again by 0.6% in the December quarter. The average over the period was 0.75% which is slightly lower than the longer-term average of 0.87% per quarter.

The depreciation in the Australian dollar stimulated demand for domestically produced goods and services shown in the responses to business surveys that implied a general improvement in conditions. There was also a noticeable improvement in labour market conditions whereby the official unemployment rate for December fell to 5.8% after peaking at 6.3% during 2015. The demand for workers was supported by record low wage increases however this came at the expense of purchasing power (ie real income growth) for those already working. The September quarter saw annual wages growth in the private sector fall to 2.1% (0.65% above inflation). This however did not temper the results with a spike in public spending, strong consumer sentiment resulting in an increase in household spending and a buoyant housing market (attributable to record low interest rates) tempered the negative indicators and contributed positively towards the results for the period. As might be expected in an environment of low interest rates and low growth, the currency continued to depreciate against other currencies and was down 5% from USD 0.76 to USD0.72 reflecting the weakness in commodity prices and the expectation of continued low interest rates.

In early 2016, the Reserve Bank of Australia signalled qualified optimism about the economic outlook for Australia given a decrease in unemployment, low inflation and a lower Australian dollar and other evidence of the transition out of the mining boom was starting to take hold. The March RP Data national house price index showed a small rise of 0.2% with annual growth easing back to 6.4%, suggesting that price growth will moderate as record new construction occurs. House hold spending also improved as consumers took advantage of rising house values and falling petrol prices. However the prolonged period of subdued wage growth, lower oil prices as well as the impact of China devaluing its currency (import costs are lower) meant inflationary pressures were further subdued which provided scope for further easing of monetary policy. In May 2016, the RBA reduced the official cash rate a further 0.25% to an unprecedented 1.75% following a surprisingly weak inflation data at the end of April 2016.

In equity markets, the common concerns still impacting the global economy was the outlook for China's growth. China is pivotal to the world economic outlook, having accounted for almost one third of global growth in 2015. China is also Australia's largest trading partner and will continue to play an important role in Australia's long term economic prosperity.

China's economic outlook, however, must be viewed against its recent economic performance over the past two decades. Chinese GDP growth of 6% in 2016 is equivalent to 9% five years ago, and disposable incomes are growing solidly in real terms (up 7.9% over the course of 2015). Additionally, government support for expansionary fiscal policy, signals of exchange rate stability by the People's Bank of China and a weaker Yuan are likely to stem the impact in the short term, as their economy transitions towards a market based economy. Further volatility in global equity markets during the year also resulted from negative sentiment associated with the impending interest rate normalisation program (after almost a decade of nominal interest rates), which was expected to be implemented by the US Federal Reserve in the later half of 2015. More recently however, the US Federal Reserve has shown signs of softening its tightening cycle. Global growth is likely remain moderate as will interest rates as the global economy continues its adjustment towards 'normal' economic activity. Despite this, the Australian Bureau of Statistics reported that Australian GDP grew by 1% in the first quarter of 2016, dropping to 0.5% in the second quarter.

The annual growth rate for FY16 was 2.9% according to the Australian Bureau of Statistics which was still below the longer term average of 3.25%. However a decrease drag from mining investment on account of strong services growth, resilient consumption and rising commodity exports along with higher public spending on infrastructure, continued low interest rates and increased production of natural gas is expected to help maintain real GDP growth over the next year.

A Positive Environment for Exits from VPEG's Underlying Portfolio Across FY17

Australian Private Equity activity, including divestments, remained strong in FY 2016. Exits were supported from both trade buyers, secondaries to other private equity funds, as well as through the public markets despite equity market volatility and political uncertainty at the federal level during the year. Deal activity in the Private Equity small to mid-market segment (enterprise value of $50-$500m where the majority of VPEG's underlying companies operate) increased by 7% in comparison to the prior year. The number of announced overseas Private Equity buyer deals also rose by 3% during FY2016.

The announced and closed deal activity is expected to remain fairly robust over the next year with the cut in interest rates (in May and August 2016) expected to encourage more private placement activity from local buyers. Interest by overseas buyers is expected also to remain buoyant in FY17 with an increasing number of cross border transactions with specialist overseas funds becoming more active.

The buoyancy of the IPO after-market translated into enhanced returns for VPEG investors from the sale of shares released from escrow of portfolio companies that had previously listed. In relation to Private Equity backed IPO's, market commentary suggests there is likely to be an increased emphasis on the quality of the issuer and identity of the sponsor, translating into an increased opportunity of quality investments backed by respected Private Equity funds. The IPO window is expected to remain open in the near term, which is positive for the remainder of VPEG's underlying private equity portfolio as it progresses through to exit.

Review of VPEG's Operations

VPEG's portfolio has continued to mature during the year with the level of investment activity remaining steady with three follow on investments, one bolt on acquisition and three exits completed from the portfolio during FY16. There were no investments into new underlying businesses added to the portfolio.

During the period the opportunity for exits from the portfolio remained strong with trade buyers, including listed and unlisted corporates as well as institutions globally continuing to look for opportunities to grow their businesses via expansion or enhance their portfolio investments. Public equity markets also provided an alternative for private equity backed company exits with the market seeking well run companies providing strong dividend streams. As a result the market saw a number of well priced listings of well performing mid-sized companies backed by quality private equity sponsors.

DIRECTORS' REPORT

All three exits from the underlying investment portfolio were completed via trade sales during the year.

- **Quadrant Private Equity No. 2** investee, **Independent Pub Group** (IPG) sold the remaining hotels from its pub portfolio in South Australia,
- **Archer Capital 4** sold **Healthe Care** to international corporate Luye Medical Group and
- **Equity Partners 3** sold investee **Australian Natural Care Products** in June 2016.

In addition, further distributions were received during the year, from two underlying investments, that had exited from the portfolio in prior years. These proceeds contributed 31.5% towards the total cash distributions received during the year. These included additional sell downs during FY16 of shares in the following listed investee companies:

- iSentia held by Quadrant Private Equity No. 2, following iSentia's IPO in June 2014,
- Metro Glass held by Crescent Capital Partners III following its IPO in July 2014 and subsequent listing on the Australian Stock Exchange and the New Zealand Exchange.

Furthermore, additional earn out distributions in the form of interest and dividends were received from Catalyst Buyout Fund 2 investee company Actrol that had previously been sold to ASX listed Reece Plumbing.

The three exits from VPEG's underlying portfolio during FY16 delivered VPEG a weighted average **1.9 X return on investment** into those companies across an average holding period of 5.9 years.

Including the three exits completed during 2016, **80.3%** of all investments exited from VPEG's underlying portfolio have now achieved a **more than 2X cost of original investment** and **82.5% of investments exited to date** have achieved an Internal Rate of Return (IRR) **of more than 20% at exit**.

In summary, the returns received by VPEG from its underlying private equity portfolio across FY16 were solid and management expects this rate of exists and subsequent distributions to accelerate as the portfolio matures and underlying company investments are prepared for exit. The continued divestment of the underlying private equity portfolio over the next 1 to 2 years will allow VPEG to continue to maintain strong distributions to it's shareholders.

Shares on Issue Remain Unchanged

In line with the changes to VPEG's Capital Management Policy reported in the 2009 Annual Report, no new capital was raised and the company issued no new shares during the year. As such the total number of shares on issue by the company remained at 35,373,054 as at 30 June 2016.

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 2016. 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.

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	$3.97m	8	4
Archer Capital Fund 4	$1,360m	2007	Mid Market Buyout	$8.0m	$7.27m	10	7
Catalyst Buyout Fund 2	$438m	2008	Mid Market Buyout	$8.0m	$6.04m	7	2
Crescent Capital Partners III	$400m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$3.90m	6	4
Equity Partners Fund No. 3	$76m	2007	Small Market Expansion / Buyout	$4.0m	$3.61m	6	2
Next Capital II	$285m	2008	Small to Mid Market Expansion / Buyout	$7.0m	$6.06m	7	3
Quadrant Private Equity No. 2	$500m	2007	Mid Market Expansion / Buyout	$8.0m	$7.06m	5	5
			Total	$43.0m	$37.91m	49	27

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 $37.45 million at 30 June 2015 to $37.91m at 30 June 2016 representing a 1.2% increase in drawn capital from VPEG across the year.

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

Turning to exits, three underlying portfolio companies were completely exited during the period, resulting in a distribution of capital and income back to VPEG and its shareholders. In total twenty seven underlying companies have now been exited from the portfolio, representing 55% of all underlying companies invested in by VPEG.

As a result a total of twenty two portfolio companies remained within the portfolio at 30 June 2016.

Follow On Investments / Bolt on Acquisitions Completed During FY16

There were a number of follow on investments 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;

- **Next Capital II** investee, **Scottish Pacific**, to fund the bolt-on acquisition of the Australian operations of Bibby Financial Services.
- **Equity Partners 3** investee, **Aussie Farmers Group,** to fund the additional capital investment in the full pro-rata rights in preference shares issued by the company.
- **Catalyst Buyout Fund 2** investees, **Cirrus Medi**a and **Vesco**, to fund additional capital investment and working capital.

The table below provides a summary of the top ten underlying private equity investments remaining in VPEG's underlying portfolio, for which funds have been drawn from VPEG, as at 30 June 2016. As demonstrated in the table, VPEG's top 10 current investments represent approximately 61.2% of VPEG's Net Asset Value at 30 June 2016.

Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Scottish Pacific	Next Capital II	Provider of Debtor Finance Services	19.3%	19.3%
2	Home & Decor Holdings (Dusk & Adairs - value of remaining shares held following IPO in June 15)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	9.0%	28.3%
3	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	8.4%	36.7%
4	Home Ventilation Products	Equity Partners III	Industrials - Capital Goods	7.7%	44.5%
5	Integrated Packaging Group	Advent V	Manufacturer and Distributor of Packaging Products	4.1%	48.6%
6	Aussie Farmers Group	Equity Partners III	Consumer Staples	4.0%	52.6%
7	GroundProbe	Cresent Capital Partners III	Industrials - Commercial Services & Supplies	2.3%	54.9%
8	Hirepool	Next Capital II	Industrials - Commercial Services & Supplies	2.2%	57.1%
9	Steel-line	Cresent Capital Partners III	Industrials - Capital Goods	2.2%	59.3%
10	Morris Corporation	Catalyst Buyout Fund 2	Industrials - Commercial Services & Supplies	1.9%	61.2%

Note; * VPEG pre tax Net Asset Value

Completed Exits During FY16

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

During September 2015, Quadrant Private Equity No. 2, completed the exit of its investment in Independent Pub Group, with the sale of the remaining ten hotels, it held in South Australia, to Blue Sky Private Equity. Over the term of this investment IPG built up a chain of over 21 hotels in South Australia and Queensland, which once improved, were sold off in separate block trade sale transactions over the past four years. This investment has now been completely exited.

During December 2015, Archer Capital 4 announced that a binding agreement had been reached for the sale of its interest in Healthe Care to China's Luye Medical Group. Healthe Care is Australia's third largest for-profit hospital operator and one of the largest privately-owned healthcare companies in Australia. The sale was completed in April 2016 following the approval by the Foreign Investment Review Board, with the net proceeds of the sale distributed to Archer 4 investors including VEPG soon after, delivering another strong top quartile return to VPEG investors.

During June 2016, Equity Partners No. 3 sold its investment in portfolio company, Australian Natural Care Products.

In summary the three exits from the portfolio during FY16 have delivered VPEG a **weighted average 1.9 X return on investment** into those companies across an average holding period of 5.5 years. One of the exits achieved an IRR more than 35% with two of the exits delivering an IRR of less than 0%, resulting in a weighted average IRR across the three exits of 4%.

Additional Returns as a Result of Previous Exits

During the year, additional distributions were also received from two underlying company investments that were previously exited from the portfolio, by their respective private equity funds, in prior years.

During August 2015, Quadrant Private Equity No. 2 completed the sale of all remaining shares it held in ASX listed portfolio company iSentia. Quadrant previously completed a successful IPO of iSentia on the ASX in June 2014 with the remaining shares it held following the IPO, sold down during FY16 until the stake was completely exited, delivering a strong return to QPE2 investors including VPEG.

In addition, during June 2016, Crescent Capital Partners III completed the sale of all remaining shares it held in ASX listed portfolio company Metro Glass. Crescent had previously completed the IPO of Metro Glass in July 2014 with a subsequent duel listing on the Australian Stock Exchange and the New Zealand Exchange. The residual holding in Metro Glass including dividends received since its listing, represented a premium of approximately 6% on the listing price achieved in July 2014. In addition, Equity Partners 3 investee, Amalgamated Hardware Merchants (AHM) participated in a share buyback resulting in 40% of the original invested capital being returned to investors including VPEG.

As a result of the three completed exits, additional returns from prior year's exits and the additional (interest and dividend) distributions received from Actrol, a total of $4.76m in cash distributions were received from VPEG's underlying private equity funds, during the year. The cash distributions received were spread across; Income, Dividends (franked), Capital Gain and Return of Capital.

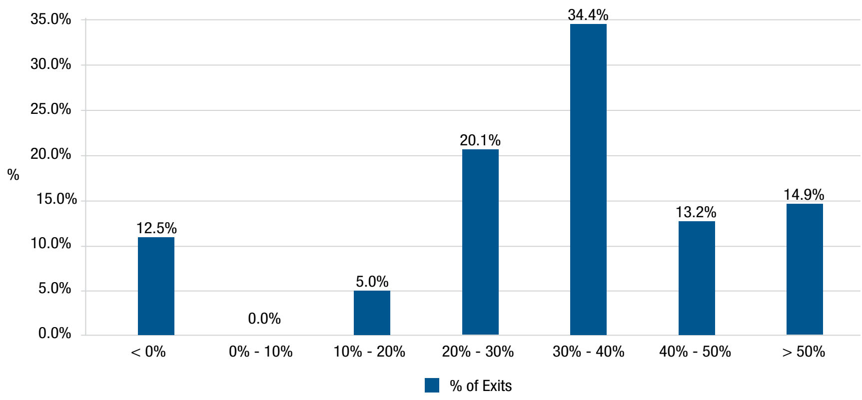
Fund Completion

All investments of Quadrant Private Equity 2 have now been realised. QPE2 invested in five investee companies including Quick Service Restaurants, Virtus Health, Summerset, iSentia and Independent Pub Group. The five exits from QPE2 delivered VPEG a weighted average of **2.8X return on investment** into those companies across an average holding period of **5.2 years** representing a **Gross Internal Rate of Return of 26%.**

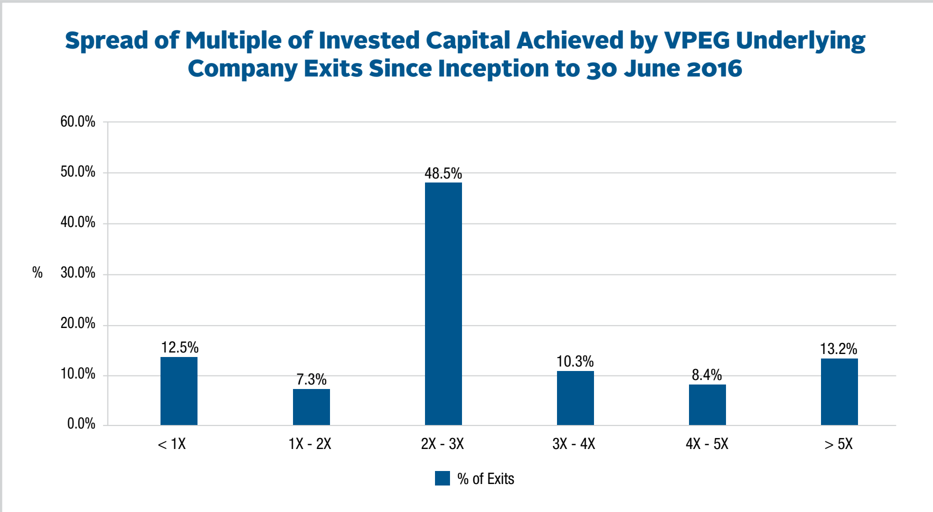
Summary of Returns of all Realised (Exited) Investments Since Inception to 30 June 2016

The graph below details the spread in the gross IRR for exited investments from VPEG's underlying portfolio since commencement through to 30 June 2016. As illustrated, approximately 82.5% of investments exited by 30 June 2016 had achieved a gross IRR of more than 20% at exit.

Spread of Gross IRR Achieved by VPEG Underlying Company Exits Since Inception to 30 June 2016



The graph below details the spread in the multiple of original invested capital achieved for exited investments from VPEG's underlying portfolio, since commencement through to 30 June 2016. As illustrated below, approximately 80.3% of investments exited at 30 June 2016, had achieved greater than 2 X the cost of the original investment into those companies.



In summary, across all 27 exits from VPEG's underlying portfolio, the gross multiple of invested capital received was **2.94 X** across an **average hold period of 4.12 years** delivering a **weighted average gross IRR of 28.4%**

Financial Performance of Company

During the year total income received by the company decreased by 54.0% from $5.48m in FY15 to $2.52m for FY16. The breakdown of income for FY16 compared with FY15 is shown in the table below.

Source of Income	FY16 $'000's	FY15 $'000's	% Change
Interest on Cash & Term Deposits	126	287	(56.1%)
Income Received From Underlying Private Equity Funds	2,394	5,194	(53.9%)
Total	2,520	5,481	(54.0%)

As detailed above, the contribution to total income from interest on cash and term deposits fell by 56.1% from $287k to $126k. The reason for the drop in income was due to a reduction in average total funds invested in term deposits compared to the prior year and a reduction in the average interest rate received. During the period the rate of interest earned on VPEG's cash and term deposit investments reduced as the RBA target cash rate reduced from 2.0% as at 1 July 2015 to 1.75% on 4 May 2016 until the end of the year.

There was also a decrease in the level of income & capital gain distributions received from VPEG's underlying Private Equity investments which fell by 53.9% from $5.19m during FY15 to $2.39m for FY16.

A further $2.37m in distributions were also received during the year from VPEG's underlying Private Equity funds in the form of return of capital, representing VPEG's share of the original investment made into each underlying company that were sold during the year. This represented a 4.2% increase from the $2.27m return of capital received by VPEG during FY15.

VPEG's total funds invested in cash and term deposits decreased by 47.6% across the year from $10.29m at 30 June 2015 to $5.36m at 30 June 2016. The decrease in these liquid investments resulted predominately from distributions paid to VPEG shareholders during the year.

During the year there was a 18.5% reduction in the value of funds invested in underlying private equity investments from $17.3m to $14.1m. This is primarily attributed to the value of exits from the underlying private equity portfolio exceeding the value of follow on investments added to the portfolio.

During the year an impairment expense was booked by VPEG resulting from the realisation of two underlying company investments, during the period, below their original invested capital. The impairment expense booked for the period was $631k.

The average interest rate earned on VPEG's cash and term deposits during the period was 2.4% p.a. Once again the interest rate earned during the period by VPEG's investments outperformed the RBA cash rate, which having reduced from 2.0% p.a. at 1 July 2015 to 1.75% on 4 May 2016 where it remained until the end of the year.

Operational costs (excluding impairment expenses) incurred by the company during the year decreased by 19.3%, from $0.823m during FY15, to $0.664m for FY16.

Primarily as a result of the reduction in income received during FY16 and the impairment expense booked, VPEG's profit before tax reduced by 73.7% from $4.66m for FY15 to $1.23m for FY16.

In addition, due to the quantum of franking credits attached to dividends received by VPEG from distributions from underlying private equity fund investments during the year, VPEG's Income tax expense reduced by 88.3% from $1.24m in FY15 to $0.145m in FY16, representing an effective income tax rate for VPEG for FY16 of 11.8%.

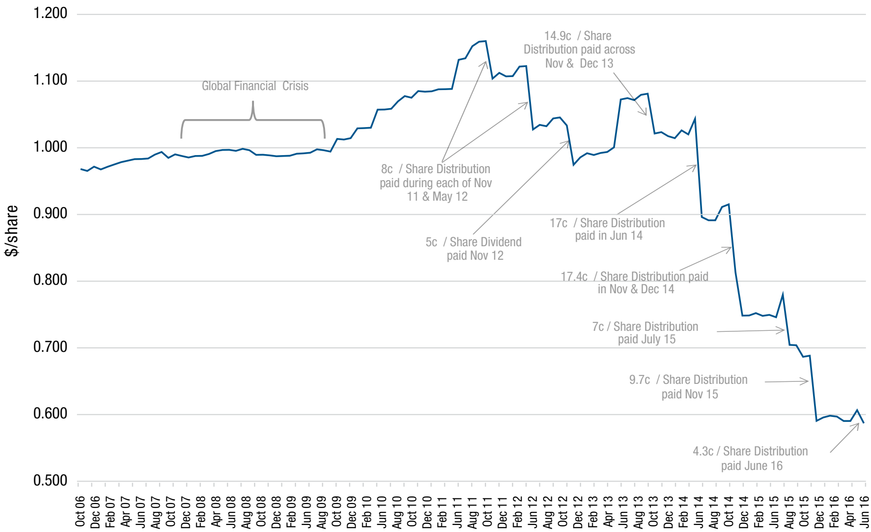
The resulting post tax profit for the company for the year was $1.08m, which was 68.4% below the $3.41m booked for FY15. Furthermore, Retained Earnings reduced from $6.283m to $3.932m, predominately due to the payout of dividend distributions to shareholders during the year.

Change Post Tax NAV / Share

During the period the company's post tax Net Asset Value (NAV) per share decreased from $0.781 to $0.588 resulting predominately from the distributions paid during the period.

Taking into account the 21c per share in cash distributions paid to Shareholders during FY16 and an additional 4.16c in franking credits also distributed, the improvement in total shareholder value across FY16 represented a gain of 7.4%.

The graph opposite details the movement in VPEG's post tax NAV per share since commencement through to 30 June 2016.



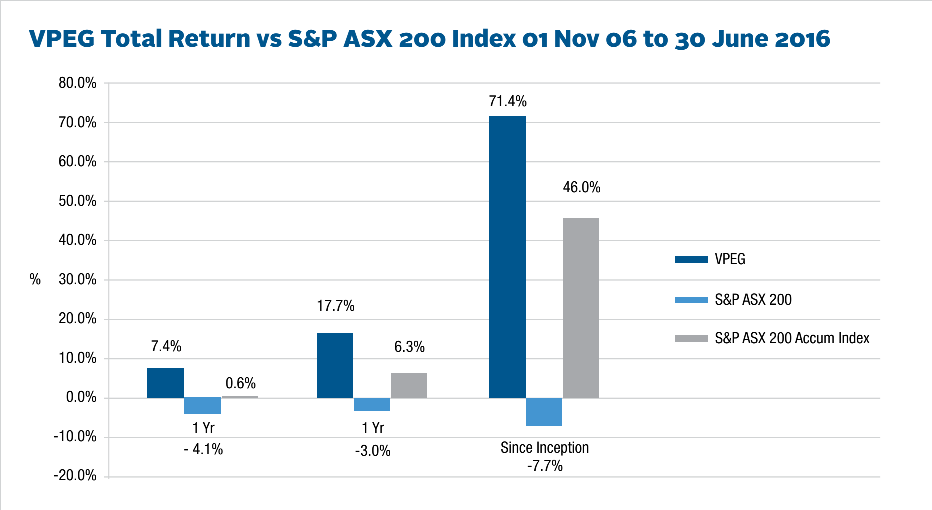
VPEG's Net Return to Shareholders Outperforms Listed Markets

VPEG's Total Net Return to shareholders since inception through to 30 June 2016 demonstrates it's outperformance and low correlation to public equity market returns.

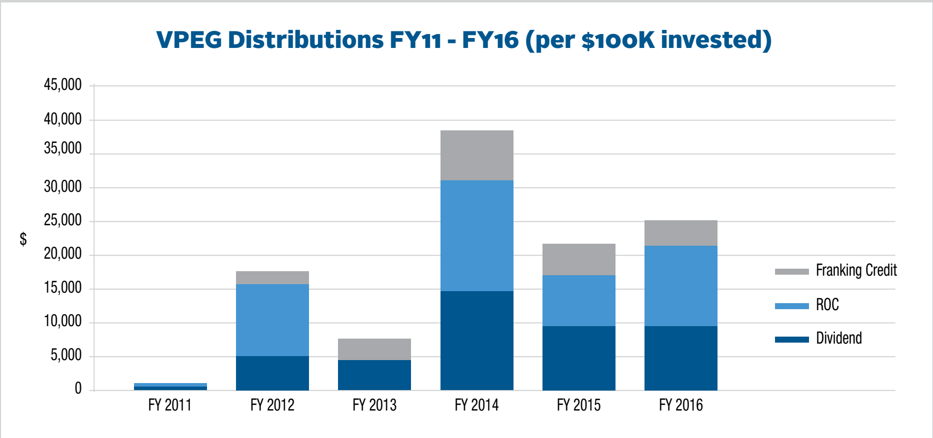
VPEG Total Return vs S&P ASX 200 Index 01 Nov 06 to 30 June 2016

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

The chart below compares VPEG's total net return to the S&P ASX 200 index and the S&P ASX 200 accumulation index (which includes the reinvestment of dividends) across one year, two years and since inception to 30 June 2016. The chart further demonstrates the strength of VPEG's performance versus listed markets and why investors globally seek out and maintain an allocation to this segment of the private equity asset class.



The chart below details the VPEG distributions made to unit holders over the last 6 years per $100,000 capital invested. As demonstrated by the chart, VPEG has paid total distributions of $112,627 (including franking credits) per $100,000 invested, across the past 6 years.



Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Subsequent to 30 June 2016, two additional exits from the underlying portfolio were completed both by underlying fund, Next Capital Fund II. These included;

- the trade Sale of Next Athleisure in July 2016 and
- the IPO and subsequent listing on the ASX of Scottish Pacific Group also in July 2016.

Further details of these exits can be found in the VPEG investor quarterly reports, available on the company's website at www.vpeg.info. The manager expects the number of exits from the underlying portfolio to continue in line with the rate of exits over the past year as the portfolio matures.

In the opinion of the directors, no other matter or circumstance has arisen since 30 June 2016 to the date of this report that otherwise has significantly affected, or may significantly affect:

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

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

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

Likely developments and expected results of operations

The operations of the company will continue as planned with its existing business operations as well as continued exits from VPEG's underlying private equity funds providing further distributions to VPEG's shareholders.

Environmental regulation

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

INFORMATION ON CURRENT DIRECTORS

Roderick H McGeoch

AO, LLB.

Chairman (Non-Executive)

Experience and expertise

Rod is the immediate past Chairman Emeritus of Corrs Chambers Westgarth, a leading Australian law firm and has significant board and advisory experience. His current board positions include; Chairman of BGP Holdings PLC, Director of Ramsay Healthcare Limited and a Director of Destination NSW. Rod is also deputy Chairman of the Sydney Cricket and Sports Ground Trust and Honorary Chairman of the Trans-Tasman Business Circle and the Co-Chairman of the Australia New Zealand Leadership Forum. Rod was also 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. In 2013 Rod was made an Officer of the Order of Australia (AO) for distinguished service to the community through contributions to a range of organisations and to sport, particularly through leadership in securing the Sydney Olympic Games.

Special responsibilities

Chairman of the Board and member of the Audit Committee.

Patrick Handley

B.Com., MBA.

Non-Executive Director

Experience and expertise

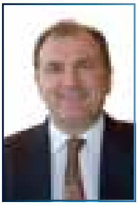
Pat has over 40 years of international financial services experience and is currently the Executive Chairman of Mason Stevens Pty Limited. Pat was previously Chairman of Pacific Brands Ltd where he oversaw the turnaround of the company after it was purchased from Pacific Dunlop in a Management Buyout 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 and HHG.

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

Special responsibilities

Chairman of the Audit Committee.



Paul Scully BA, FIAA, FAICD.

Non-Executive Director

Experience and expertise

Paul has spent 40 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 is currently also a board member of State Plus (formally State Super Financial Services) and an independent member of the Investor Review Committees of the Australian Prime Property Fund. Paul has also been a Director of ING Management Pty Ltd, the responsible entity for the listed property funds of the ING Group in Australia, including the ING Office Fund & ING Industrial Fund, both past ASX top 100 entities.

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

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

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

Managing Director

Experience and expertise

Michael has been made available to the company as Managing Director by Vantage Asset Management Pty Limited (the Manager) and is responsible for overseeing the implementation of the company's investment strategy. Michael has over 25 years experience in Private Equity management, advisory and investment as well as in management operations.

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

Special responsibilities

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

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 2016, and the number of meetings attended by each director were:

	Full meetings of directors		Meetings of committees (Audit)	
	A	B	A	B
Roderick H McGeoch AO*	6	6	1	1
Patrick Handley*	6	6	1	1
Paul Scully*	6	6		
Michael Tobin	6	6	1	1

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

Indemnification and insurance of Directors and Officers

During the financial year, Vantage Private Equity Growth Limited paid a premium of $16,978 (2015: $16,978) to insure the directors and officers of the company.

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

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

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

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

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

Proceedings on behalf of the company

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

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

Auditor's independence declaration

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

Rounding of amounts

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

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

Roderick H McGeoch AO
Chairman

Michael Tobin
Managing Director

Sydney
31 October 2016

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF VANTAGE PRIVATE EQUITY GROWTH LIMITED

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

FINANCIAL STATEMENTS

VANTAGE PRIVATE EQUITY GROWTH LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	YEAR ENDED 30 JUNE 2016 $'000	YEAR ENDED 30 JUNE 2015 $'000
Investment income from ordinary activities	6	**2,520**	5,481
Expenses			
Management fees	20(b)	**(333)**	(463)
Custody fees		**(18)**	(16)
Consulting fees		**(21)**	(21)
Audit fees		**(68)**	(64)
Share registry fees		**(22)**	(26)
Directors' fees		**(154)**	(176)
Accounting fees		**(22)**	(35)
Impairment expense		**(631)**	-
Other expenses		**(26)**	(22)
		(1,295)	(823)
Profit before income tax		**1,225**	4,658
Income tax expense	7	**(145)**	(1,244)
Net profit for the year		**1,080**	3,414
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of available for sale financial assets	15(a)	**(657)**	(3,520)
Income tax on items of other comprehensive income	15(a)	**197**	1,056
Other comprehensive loss for the year, net of tax		**(460)**	(2,464)
Total comprehensive income for the year		**620**	950

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	NOTES	YEAR ENDED 30 JUNE 2016 $'000	YEAR ENDED 30 JUNE 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**5,358**	10,294
Trade and other receivables	9	**51**	54
Other current assets		**7**	7
Total current assets		**5,416**	10,355
Non-current assets			
Available for sale financial assets	4, 10	**14,098**	17,292
Deferred tax assets	11	**1,700**	1,310
Total non-current assets		**15,798**	18,602
Total assets		**21,214**	28,957
LIABILITIES			
Current liabilities			
Trade and other payables	12	**146**	160
Current tax liabilities		**347**	1,268
Return on capital payable	13	**-**	2,476
Total current liabilities		**493**	3,904
Total liabilities		**493**	3,904
Net assets		**20,721**	25,053
EQUITY			
Issued capital	14	**19,215**	20,736
Reserves	15(a)	**(2,426)**	(1,966)
Retained earnings	15(b)	**3,932**	6,283
Total equity		**20,721**	25,053

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

VANTAGE PRIVATE EQUITY GROWTH LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	ISSUED CAPITAL $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance at 1 July 2014	25,830	498	6,406	32,734
Net profit for the year	-	-	3,414	3,414
Other comprehensive income for the year				
Net fair value movement on available for sale financial assets (net of tax)	-	(2,464)	-	(2,464)
Total comprehensive income/(loss) for the year	-	(2,464)	3,414	950
Transactions with owners in their capacity as owners:				
Return of capital	(5,094)	-	-	(5,094)
Dividends provided for or paid	-	-	(3,537)	(3,537)
	(5,094)	-	(3,537)	(8,631)
Balance at 30 June 2015	20,736	(1,966)	6,283	25,053
Balance at 1 July 2015	20,736	(1,966)	6,283	25,053
Net profit for the year	-	-	1,080	1,080
Other comprehensive income for the year				
Net fair value movement on available for sale financial assets (net of tax)	-	(460)	-	(460)
Total comprehensive income/(loss) for the year	-	(460)	1,080	620
Transactions with owners in their capacity as owners:				
Return of capital	(1,521)	-	-	(1,521)
Dividends provided for or paid	-	-	(3,431)	(3,431)
	(1,521)	-	(3,431)	(4,952)
Balance at 30 June 2016	19,215	(2,426)	3,932	20,721

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

VANTAGE PRIVATE EQUITY GROWTH LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	YEAR ENDED 2016 $'000	YEAR ENDED 2015 $'000
Cash flows from operating activities			
Distributions received		**2,398**	7,482
Interest received		**111**	332
Income taxes paid		**(1,259)**	(2,118)
Payments for other expenses		**(664)**	(831)
Net cash inflow from operating activities	21	**586**	4,865
Cash flows from investing activities			
Payments for available for sale financial assets		**(462)**	(708)
Return of capital on investments		**2,368**	2,272
Net cash inflow from investing activities		**1,906**	1,564
Cash flows from financing activities			
Dividends paid to Company's shareholders	16	**(3,431)**	(3,537)
Return of capital to Company's shareholders		**(3,997)**	(2,618)
Net cash (outflow) from financing activities		**(7,428)**	(6,155)
Net increase/(decrease) in cash and cash equivalents		**(4,936)**	274
Cash and cash equivalents at the beginning of the year		**10,294**	10,020
Cash and cash equivalents at the end of the year	8	**5,358**	10,294

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

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2016

1 General information

Vantage Private Equity Growth Limited (the "Company") is a public company domiciled in Australia. The address of Vantage Private Equity Growth Limited's registered office is Level 25, Aurora Place, 88 Phillip Street, Sydney NSW, 2000. The financial statements of Vantage Private Equity Growth Limited are for the year ended 30 June 2016. The principal activity of the Company is the investment in professionally managed private equity funds focused on investing in the later expansion and buyout stages of private equity in Australia and New Zealand.

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

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

The financial statements were authorised for issue by the directors on 31 October 2016.

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

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

(ii) New and amended standards adopted by the Company

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2015 that have a material impact on the Company.

(iii) Historical cost convention

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

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by the Company
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Following the changes approved by the AASB in December 2014, the Company no longer expects any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities. There will also be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting. The new standard also introduces expanded disclosure requirements and changes in presentation. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The Company has not yet assessed how the impairment provisions would be affected by the new rules.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Company has not yet decided when to adopt AASB 9.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by the Company
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	The Company's main sources of income are interest and distributions. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.	Mandatory for financial years commencing on or after 1 January 2018. The Company has not yet decided when to adopt AASB 15.

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

(b) Revenue recognition

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

(i) Investment income

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

2 Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

(ii) Trust distributions

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

(iii) Interest income

Interest income is recognised using the effective interest method.

(c) Income tax

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

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

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

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

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

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

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

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. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(e) Trade and other receivables

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

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

An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(f) Investments and other financial assets

Classification

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

(i) Loans and receivables

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

2 Summary of significant accounting policies (continued)

(f) Investments and other financial assets (continued)

(ii) Available for sale financial assets

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

Recognition and derecognition

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

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

Measurement

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

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

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

Impairment

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

2 Summary of significant accounting policies (continued)

(g) Trade and other payables

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

(h) Share based payments

Share based compensation benefits have in the past been provided to non-executive directors, share subscribers as well as advisors who refer investors. Information relating to these schemes is set out in Note 23.

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 nonexecutive directors/advisors become unconditionally entitled to the options.

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

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

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

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

(iii) the expired portion of the vesting period.

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

(i) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

2 Summary of significant accounting policies (continued)

(j) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(k) Goods and Services Tax (GST)

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

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

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

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

(l) Rounding of amounts

The Company is of a kind referred to in ASIC Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

(a) Market risk

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

(i) Price risk

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

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

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

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

(b) Credit risk

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

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

(c) Liquidity risk

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

Maturities of financial liabilities

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

4 Fair value measurements

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

- Available for sale financial assets

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

(a) Fair value hierarchy

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

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

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

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

4 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2016.

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Recurring fair value measurements				
At 30 June 2016				
Financial assets				
Available-for-sale financial assets				
Unlisted private equity funds	-	14,098	-	14,098
Total financial assets	**-**	**14,098**	**-**	**14,098**
Recurring fair value measurements				
At 30 June 2015				
Financial assets				
Available-for-sale financial assets				
Unlisted private equity funds	-	17,292	-	17,292
Total financial assets	**-**	**17,292**	**-**	**17,292**

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

5 Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

Share based payments transactions

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

5 Critical accounting estimates and judgements (continued)

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

Classification and valuation of investments

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

6 Revenue

	YEAR ENDED 2016 $'000	YEAR ENDED 2015 $'000
From continuing operations		
Distributions	**2,394**	5,194
Interest	**126**	287
	2,520	5,481

7 Income tax expense

	NOTES	YEAR ENDED 2016 $'000	YEAR ENDED 2015 $'000
(a) Income tax expense/(benefit) through profit or loss			
Current tax expense		**338**	1,252
Deferred tax benefit		**(193)**	(8)
		145	1,244
Deferred income tax benefit included in income tax expense comprises:			
Increase in deferred tax	11	**(193)**	(8)
		(193)	(8)
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit before income tax		**1,225**	4,658
Tax at the Australian tax rate of 30% (2015 - 30%)		**368**	1,397
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Other items		**(223)**	(153)
Income tax expense		**145**	1,244
(c) Tax expense (income) relating to items of other comprehensive income			
Net unrealised gains/(losses) on investments taken to equity		**(197)**	(1,056)

8 Current assets - Cash and cash equivalents

	2016 $'000	2015 $'000
Current assets		
Bank accounts	**1,892**	6,910
Short term money market	**3,466**	3,384
	5,358	10,294

9 Current assets - Trade and other receivables

	2016 $'000	2015 $'000
Distributions receivable	**19**	23
Interest receivable	**24**	9
GST receivable	**8**	22
	51	54

(a) Fair value and credit risk

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

Risk exposure

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

10 Non-current assets - Available for sale financial assets

	2016 $'000	2015 $'000
Unlisted private equity funds	**14,098**	17,292

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

Valuation assumptions

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

11 Deferred taxes

	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Other	**207**	13
Net unrealised loss on available for sale financial assets	**1,493**	1,297
	1,700	1,310
Movements:		
Opening balance	**1,310**	246
Charged/credited:		
- to statement of comprehensive income	**193**	8
- directly to equity	**197**	1,056
	1,700	1,310

12 Current liabilities - Trade and other payables

	2016 $'000	2015 $'000
Management fees payable	**27**	38
Custodian fees payable	**18**	17
Audit and taxation fees payable	**82**	78
Other payables	**19**	27
	146	160

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

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

13 Current liabilities - Return on capital payable

	2016 $'000	2015 $'000
Return on capital payable	**-**	2,476

The return on capital payable in 2015 relates to an amount approved via a shareholder resolution on 19 June 2015.

14 Issued capital

	30 JUNE 2016 SHARES '000	30 JUNE 2015 SHARES '000	30 JUNE 2016 $'000	30 JUNE 2015 $'000
(a) Share capital				
Ordinary shares - fully paid	**35,373**	35,373	**19,069**	20,590
Share subscription option reserve	**7,042**	7,042	**146**	146
	42,415	42,415	**19,215**	20,736

	NUMBER OF SHARES '000	$'000
(b) Movements in ordinary share capital		
Opening balance 1 July 2014	35,373	25,830
Return of capital	-	(5,094)
Closing balance 30 June 2015	35,373	20,736
Opening balance 1 July 2015	35,373	20,736
Return of capital	-	(1,521)
Closing balance 30 June 2016	35,373	19,215
(c) Movements in share subscriber options reserve		
Opening balance 1 July 2014	7,042	146
Share subscriber option reserve	-	-
Balance 30 June 2015	7,042	146
Opening balance 1 July 2015	7,042	146
Share subscriber option reserve	-	-
Balance 30 June 2016	7,042	146

(d) Ordinary shares

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

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

(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 23.

15 Reserves and retained earnings

	NOTES	2016 $'000	2015 $'000
(a) Reserves			
Available for sale investments revaluation reserve		**(2,440)**	(1,980)
Share-based payments reserve		**14**	14
		(2,426)	(1,966)
Movements:			
Available for sale investments revaluation reserve			
Opening balance		**(1,980)**	484
Net change on available for sale financial assets		**(657)**	(3,520)
Income tax on items taken directly to or transferred from equity	11	**197**	1,056
Closing balance		**(2,440)**	(1,980)
Return on investments			
Distributions	6	**2,407**	5,194
Net change on available for sale financial assets		**(657)**	(3,520)
Total return during the year		**1,750**	1,674
Share-based payments reserve			
Opening balance		**14**	14
Option expense	23	**-**	-
Closing balance		**14**	14

Nature and purpose of reserves

(i) Available for sale investments revaluation reserve

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

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise:

- the grant date fair value of shares issued to non-executive directors and advisors.

15 Reserves and retained earnings (continued)

	NOTES	2016 $'000	2015 $'000
(b) Retained earnings			
Movements in retained earnings were as follows:			
Balance 1 July		**6,283**	6,406
Net profit for the year		**1,080**	3,414
Dividends	16	**(3,431)**	(3,537)
Balance 30 June		**3,932**	6,283

16 Dividends

	YEAR ENDED 2016 $'000	YEAR ENDED 2015 $'000
a) Ordinary shares		
Dividend paid during the year ended 30 June		
Fully franked dividend paid during the year ended 30 June 2016 - 9.7 cents per share (2015: 10 cents per share)	**3,431**	3,537
	3,431	3,537

17 Key management personnel disclosures

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

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

	YEAR ENDED 2016 $	YEAR ENDED 2015 $
Short-term employee benefits	**154,024**	175,982

Represented by non-executive directors fees.

18 Contingencies

The Company had no outstanding contingent assets and liabilities at 30 June 2016 (2015: nil).

19 Commitments

Since the commencement of its investment program in late 2006, the Company has committed $43 million across 7 private equity funds. Commitments made as at 30 June 2016 include $8 million to each of Archer Capital Fund 4, Catalyst Buyout Fund 2 and Quadrant Private Equity No. 2, $7 million to Next Capital II and $4 million to each of Advent V, Crescent Capital Partners III and Equity Partners Fund No. 3.

20 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 17.

(b) Transactions with other related parties

The following transactions occurred with related parties:

	YEAR ENDED 2016 $	YEAR ENDED 2015 $
Management fees paid or payable	**333,281**	462,525
Management fees payable at the end of the reporting period	**26,782**	37,905

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

The Manager is entitled to receive an investment management fee of 1.5% per annum (plus any applicable GST) of the value of the investment portfolio which includes cash and cash equivalents and investments of the Company, calculated and payable monthly in arrears.

The Manager is also entitled to a performance fee of 10% (plus any applicable GST) of any out performance of the Company's net investment portfolio over a 15% per annum hurdle rate or return. The performance fee calculation will also take into account any distributions made to shareholders during the calculation period.

No performance fees were paid or payable to Manager for the year ended 30 June 2016 (2015: nil).

As at 30 June 2016, the Manager held 2 shares in the Company (2015: 2 shares).

(c) Terms and conditions

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

21 Reconciliation of profit after income tax to net cash inflow from operating activities

	2016 $'000	2015 $'000
Profit for the year	**1,080**	3,414
Adjustments for non-cash items in profit:		
Impairment expense	**631**	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**3**	2,334
Increase in other current assets	**-**	-
Increase in deferred tax assets	**(579)**	(1,064)
(Decrease)/increase in trade and other payables	**(14)**	(9)
Increase in provision for income taxes payable	**(535)**	190
Net cash inflow from operating activities	**586**	4,865

22 Events occurring after the reporting period

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

23 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 nonexecutive 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 were granted to the non-executive directors in four equal tranches across the first five years from the commencement date and were exercisable between the end of the third and the end of the sixth year following the commencement date. Each non-executive director needed to 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 was convertible into 1 ordinary share, and up to 7 business days after being exercised, would 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 would then rank equally with existing ordinary shares in all respects.

No options have been exercised since the commencement date with 64,231 tranche 2 options expiring during the period from 1 July 2014 to 30 June 2015 and 64,231 tranche 3 options and 64,231 tranche 4 options, expiring during the period from 1 July 2015 to 30 June 2016.

Fair value of options granted
The charge to profit or loss was $0 during the year (2015: $0).

DIRECTORS' DECLARATION
30 JUNE 2016

In the directors' opinion:

(a) the financial statements and notes set out on pages 22 to 43 are in accordance with the *Corporations Act 2001*, including:

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

and

(ii) giving a true and fair view of the entity's financial position as at 30 June 2016 and of its performance for the year ended on that date, and

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

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

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

Roderick H McGeoch AO
Chairman

Michael Tobin
Managing Director

Sydney
31 October 2016

INDEPENDENT AUDITOR'S REPORT
30 JUNE 2016

EY

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

Report on the financial report

Directors' responsibility for the financial report

Auditor's Responsibility

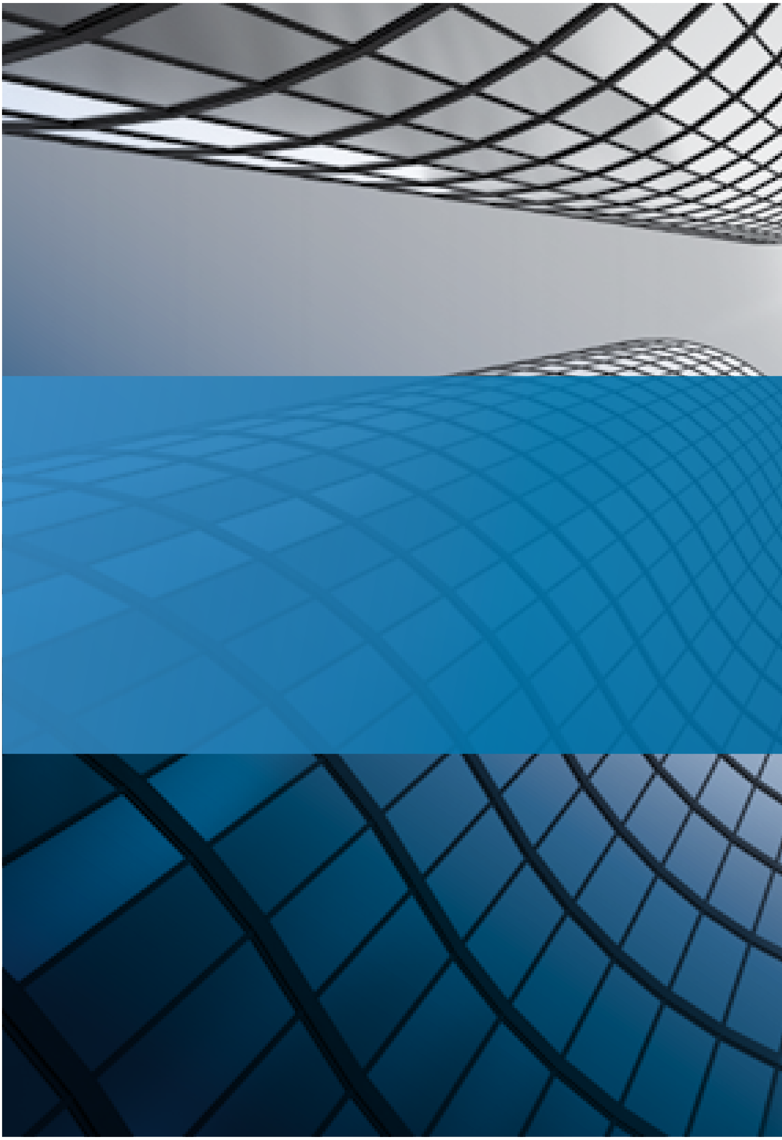
Independence

INDEPENDENT AUDITOR'S REPORT 30 JUNE 2016

INVESTMENT MANAGER

vantage

Asset Management



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