2019

INVESTMENT MANAGER
vantage
Asset Management

VPEG

DIVERSIFY. GROW. OUTPERFORM.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019
VANTAGE PRIVATE EQUITY GROWTH LIMITED

ACN 112 481 875

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 Level 17, 8 Chifley 8/12 Chifley Square Sydney NSW 2000
Time:	10.00am
Date:	28 November 2019

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 25, Aurora Place
88 Phillip Street
Sydney NSW 2000

AUDITORS

Ernst & Young
The EY Centre
200 George Street
Sydney NSW 2000

SOLICITORS

Corrs Chambers Westgarth
Level 17, 8 Chifley
8/12 Chifley Square
Sydney NSW 2000

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DIRECTORS' REPORT

Your directors of Vantage Private Equity Growth Limited ('VPEG' or 'the company') present their report on the company for the year ended 30 June 2019.

DIRECTORS

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

Roderick H McGeoch AO
Non-Executive Chairman

Patrick Handley
Non-Executive Director

Paul Scully
Non-Executive Director

Michael Tobin
Managing Director

PRINCIPAL ACTIVITY

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

The principal objective of the company is to provide investors with the benefit of a well-diversified Private Equity investment portfolio.

This is achieved by focusing on providing the majority of its commitments and investments to underlying funds that invest in businesses that are at a more mature stage of development, and in particular the later expansion and buyout stages of Private Equity investment.

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

VPEG's investment portfolio is now being divested over time and with total initial commitments of $43m across seven Private Equity funds, it held interests in 7 remaining underlying companies at financial year end with 42 exits now completed from the portfolio.

As at 30 June 2019, VPEG's remaining investment commitments included, $8m to Archer Capital Fund 4 and Catalyst Buyout Fund 2 and $4m to each of Advent V and Equity Partners Fund No. 3. VPEG's investment commitment of $8m to Quadrant Private Equity No. 2 ended upon the termination of that fund in July 2016 following the final exit of its last underlying company investment in June 2016. VPEG's investment commitment of $4m to Crescent Capital Partners III ended upon the termination of that fund in June 2018 following the final exit of its last portfolio company in March 2018. VPEG's investment commitment of $7m to Next Capital II ended upon termination of that fund in June 2019 with the final distributions received following their final exit of its last portfolio company in November 2018.

COMPANY PERFORMANCE HIGHLIGHTS FOR FY19

- Two exits completed from the underlying investment portfolio, increasing total exits completed to 42
- One follow on investment completed by an underlying portfolio company
- Total Distributions received from underlying funds of $1.31m
- Total Return of Capital received $0.36m
- Total Income of $1.187m
- Net Loss after Tax of $1.35m
- Total Return of Capital paid to VPEG Shareholders during FY19 of $1.06m.

DISTRIBUTIONS

On 17 December 2018, the Company paid a Return of Capital distribution of **$1,061,191** which represented **$0.03** / share paid to all shareholders.

As a result, total distributions, including franking credits, paid by the Company to all VPEG shareholders since inception through to 30 June 2019 is **$54,799,072**.

Since the end of the financial year the Directors have recommended a further Return of Capital distribution of **$707,461** (**2.0c** / share) be paid to Shareholders during December 2019, subject to Shareholder approval at the Annual General Meeting of the company to be held on 28 November 2019.

ECONOMIC CONDITIONS ACROSS FY19

The Australian economy started of the 2019 financial year on a strong platform following the growth rates posted at the end of the financial year growth rates of 3.4% as at 30 June 2018. This strong economic growth was generally fuelled by consumer spending and financed by a lower rate of household savings. This was better than the 3.1% reported to the year ended 31 March 2018, and at the same time also higher than the 3.0% the RBA had initially forecast. Encouragingly, it was the fastest annual rate of growth since the height of the mining boom in 2012 continuing its world record run of 27 years of consecutive growth.

The Australian economy continued to be a standout among developed countries during the second quarter of the 2019 financial year, with annualised growth continuing to run in excess of 3%. This position was driven by a combination of favourable global conditions as well as strong domestic demand.

Overall household spending was being driven by population growth as well as buoyant consumer confidence. Part of this is understandable in the light of the recent property boom in residential housing, which generated a feeling of optimism among consumers. Running counter to this, however, was the fact that wage growth had been slow. Government spending was also being influenced by population issues which had seen an unprecedented level of investment in infrastructure and transportation projects, particularly in NSW and Victoria throughout the December 2018 quarter.

DIRECTORS' REPORT (CONT.)

ECONOMIC CONDITIONS ACROSS FY19 (CONT.)

Additionally, exports also contributed to the strong result within the first quarter. Agricultural sales were strong in both livestock and grains. Mining and natural resources were also buoyant. Oil and gas sales performed robustly reflecting strong demand and higher oil prices. The coal industry also performed exceptionally well. At the time, it was reported the industry posted its strongest performance since 2014, on the back of good demand for both thermal and coking coal.

During the last quarter of 2018, the economy grew at only 0.2% on a seasonally adjusted basis. This was below consensus of 0.3%. Through the calendar year of 2018 the economy grew by 2.3%, which was below market expectations of 2.5% and trend of 2.75%.

Strong demand from export markets for energy and commodities played a crucial part to this growth. On the back of this demand the government was able to make significant progress towards reducing the deficit. During the first two months of the 2019 calendar year, Australia reported its largest trade surplus on record. At $9.2 billion this was substantially ahead of the $2.7 billion reported in the same period last in 2018.

During third quarter of the 2019 financial year, the economy grew at 0.4%. The result was again impacted by weak household spending with consumers holding back on discretionary spending. This rather disappointing result was helped to some extent by strong government spending and continuing good export numbers in the commodity areas.

In May 2019 the federal election occurred, with the Coalition returning to power. Notwithstanding the polls, which had forecast a change of government for some time, the Coalition surprised voters with their quite unexpected but successful result.

This return, of the incumbent was beneficial from two perspectives. First it avoided the three to six-month period of inactivity, which inevitably follows a change of government. Second the Coalition was elected with a more pro-business agenda, while the losing Labor party was less so with major increases in taxes and spending.

The government was immediately active after returning to power with the emphasis on boosting the Australian economy with efforts focussing on tax cuts, spending on infrastructure and improving the property market.

To counter the slowing economy throughout the final quarter of the 2019 financial year, the RBA lowered the cash rate by 25 basis points to sit at 1.25%. The cash rate was then cut another consecutive time in July 2019 to start the 2020 financial year at a record low 1.00%. These changes represent the first and second changes since 2016 and reflect concerns about unemployment numbers, which have been creeping up, and the lower than desired rate of growth. Whether these cuts are actually effective remains to be seen as only one of the four major banks passed on the full benefit to their customers. Further cuts are expected later in the calendar year as well as in the first quarter of 2020. The RBA Board announced they will continue to monitor developments in the labour market, with some commentators suggesting further rate cuts to boost to consumer spending, wage inflation and lower underemployment.

While both the Australian Government and the Reserve Bank are being more pro-active in their support for the economy, the outlook will to a large extent be driven by the health and prosperity of its trading partners. Demand has to date generally held up well, while commodity prices have also been largely accommodative.

STRONG PRIVATE EQUITY DEAL FLOW IN VPEG'S TARGET MARKET SEGMENT

Across the year ended 30 June 2019, there were continued strong levels of activity in all phases and aspects of the local Private Equity market.

In the local Private Equity market, the opportunities for exits continue to remain active. Liquidity is available by sales to trade buyers, other Private Equity firms specialising in bigger transactions, and through the public markets. Of the three routes, the IPO market remains highly selective but genuine growth outlooks are being rewarded with high price multiples.

With the Australian and New Zealand economies growing at a more modest rate than they have in the past, there will be an increasing premium on identifying areas (and companies within those areas) that offer above average growth. With a strong interest by acquirers for profitable companies in the lower to mid-market segment, in which VPEG's underlying funds operate, as well as sensible banking arrangements remaining available for purchasers, VPEG's underlying fund managers are confident of generating attractive investment returns from their remaining portfolio of investments across the next year.

REVIEW OF VPEG'S OPERATIONS

VPEG's portfolio continued to mature during the year with two exits completed from the portfolio across the year ended 30 June 2019 with the exit of another portfolio company completed post year end.

VPEG also received further distributions resulting from the finalisation of proceeds from previously exited companies as well as the further sell down of shares in a previously exited and now ASX Listed company.

The two exits that were completed during the year included:

- **Next Capital Fund II** sold the remaining assets from the **Discovery Onslow** Facility to the owner of previously exited Discovery Holiday Parks, Sunsuper, during August 2018;
- **Advent V** completed the sale of **Trivantage Group** by way of Management Buyout (MBO), during January 2019 representing a clean exit for Advent with limited warranties and indemnities.

In addition, following the end of the 2019 financial year, **Archer Capital Fund 4** sold **Craveable Brands** to Asian Private Equity Buyout firm, PAG Asia Capital.

In addition to these exits, **Catalyst Buyout Fund 2** sold 20 million shares via a block trade at $2.355 per share in their previously exited portfolio company and now **ASX listed, Adairs (ASX:ADH)**. As a result, VPEG received a distribution for its share of sale proceeds during September 2018.

DIRECTORS' REPORT (CONT.)

REVIEW OF VPEG'S OPERATIONS (CONT.)

VPEG also received further distributions from underlying fund Crescent Capital Partners III and Equity Partners Fund No. 3 following the finalisation of proceeds of the Crescent fund and the realisation of residual holdings from Equity Partners' portfolio company, Eco-products (HRV).

Considering the exits completed during 2019, as well as the additional share sales completed of previously exited / ASX listed companies, 65.1% of all investments exited from VPEG's underlying portfolio have achieved a greater than 1.9 X cost of original investment and 58.1% of investments exited to date have achieved a Gross IRR of more than 20% at exit.

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

In summary, the returns received by VPEG from its underlying Private Equity portfolio across FY19 were solid and management expects this rate of exits and subsequent distributions to investors to continue as the remaining underlying company investments are expected to be sold across the remainder of 2019 and into 2020.

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 2019.

UNDERLYING PRIVATE EQUITY INVESTMENTS

During the year VPEG's Private Equity fund commitments reduced from a total of $35 million across six Private Equity funds at 30 June 2018 to $24 million committed across four Private Equity funds as at the 30 June 2019.

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

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

VPEG's investment commitment of $7m to Next Capital Fund II ended upon the termination of that fund in June 2019 following the sale of the remaining assets of previously exited portfolio company in August 2018.

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

Due to a slowdown in follow-on investment activity by VPEG's underlying funds, the total value of funds drawn from VPEG into Private Equity investments during the year increased slightly from $38.28m at 30 June 2018 to $38.53m at 30 June 2019 representing a 0.65% increase in drawn capital from VPEG across the year.

The majority of funds drawn during the period were used to fund one additional follow on investment into an existing portfolio company. There were no new underlying Private Equity company investments completed during the year. This is primarily due to VPEG's investment portfolio now being divested. 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.

VPEG'S PRIVATE EQUITY PORTFOLIO AND COMMITMENTS, AS AT 30 JUNE 2019, WERE AS FOLLOWS:

PRIVATE EQUITY FUND NAME	FUND SIZE	VINTAGE YEAR	INVESTMENT FOCUS	VPEG COMMITMENT	CAPITAL DRAWN DOWN	TOTAL NO. OF INVESTEE COMPANIES	NO. OF EXITS
Advent V	$300m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$4.00m	8	8
Archer Capital Fund 4	$1,360m	2007	Mid Market Buyout	$8.0m	$7.27m	10	8
Catalyst Buyout Fund 2	$438m	2008	Mid Market Buyout	$8.0m	$6.38m	7	3
Crescent Capital Partners III	$400m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$3.95m	6	6
Equity Partners Fund No. 3	$76m	2007	Small Market Expansion / Buyout	$4.0m	$3.69m	6	5
Next Capital II	$285m	2008	Small to Mid Market Expansion / Buyout	$7.0m	$6.18m	7	7
Quadrant Private Equity No. 2	$500m	2007	Mid Market Expansion / Buyout	$8.0m	$7.06m	5	5
			TOTAL	**$43.0m**	**$38.53m**	**49**	**42**

Turning to exits, two 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 42 underlying companies have now been exited from the portfolio, representing 85.7% of all underlying companies invested in by VPEG.

As a result, a total of seven portfolio companies remained within the portfolio at 30 June 2019.

DIRECTORS' REPORT (CONT.)

FOLLOW ON INVESTMENTS COMPLETED DURING FY19

During the year, $120,000 was paid by VPEG to Catalyst Buyout Fund 2, to fund the follow on investment into existing portfolio company Vesco Foods, following their success in winning a major tender for a food supply contract to one of Australia's major grocery chains.

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 2019.

The top ten investments table also includes the residual holdings in previously exited portfolio companies, Adairs (ASX listed), Integrated Packaging Group (now merged with ASX listed Pro-Pac Packaging) and Trivantage Group (sold via MBO). The table also includes Craveable Brands which was sold in July 2019 with proceeds to be distributed to VPEG Shareholders during the December 2019 quarter.

As demonstrated in the table, VPEG's top 10 remaining investments represent 91.2% of VPEG's Net Asset Value at 30 June 2019.

RANK	INVESTMENT	FUND	DESCRIPTION	% OF VPEG NAV*	CUMULATIVE % OF VPEG NAV*
1	**Craveable Brands** (Formerly Quick Service Restaurants Holdings)	Archer Capital Fund 4	Chicken Fast Food Retailing	24.0%	24.0%
2	**Vesco**	Catalyst Buyout Fund 2	Manufacturer of Frozen Meals and Meal Components	22.7%	46.7%
3	**Dusk**	Catalyst Buyout Fund 2	Specialty Retailers of Homewares	14.8%	61.5%
4	**Adairs** (Value of remaining shares held following IPO in June 15)	Catalyst Buyout Fund 2	Specialty Retailer of Homewares and Soft Furnishings	12.4%	73.9%
5	**Cirrus Media**	Catalyst Buyout Fund 2	Australia's Largest Business to Business Media Company	5.9%	79.8%
6	**V8 Supercars**	Archer Capital Fund 4	Motor Racing Events	6.0%	85.8%
7	**Pro-Pac Packaging Limited** (Merged with Integrated Packaging Group)	Advent V	Manufacturer & Distributor of Packaging Products	3.7%	89.5%
8	**AHM**	Equity Partners 3	Supplier of Gardening, Camping, Outdoor and Lifestyle Products	0.8%	90.3%
9	**Morris Corporation**	Catalyst Buyout Fund 2	Remote Facilities Management & Accommodation Services	0.5%	90.9%
10	**Trivantage Group** (Formerly SJ Electrics)	Advent V	Electrical Engineering Contracting & Switchboard Manufacturer	0.3%	91.2%

*Calculated on VPEG's pre-tax net asset value as at 30 June 2019.

COMPLETED EXITS DURING FY19

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

In early August 2018, previously exited portfolio company of Next Capital Fund II (Next II), Discovery Holiday Parks, now owned by Sunsuper, made an offer to acquire the Discovery Onslow facility from Next II. Considering the offer's limited conditionality, attractive multiple of current earnings and the uncertain medium-term demand outlook for the property, the offer was accepted by Next Capital with the proceeds from the sale distributed to Next II investors including VPEG during November 2018. When combined with the original exit of Discovery Holiday Parks the additional proceeds of the Discovery Onslow exit delivered Next II investors, including VPEG, a strong top quartile return from this investment.

During the September 2018 quarter, Catalyst Buyout Fund 2 (CBF2) sold 20 million shares in their previously exited and now ASX listed portfolio company, Adairs (ASX: ADH). The sale was achieved via a block trade at $2.355 per share, yielding total proceeds to the various CBF2 fund entities of approximately $47 million. VPEG's share of the sale proceeds, received during September 2018 was $680,000 which was included in the distribution to VPEG shareholders during the December 2018 quarter. Following the share sell down, CBF2 retained 20 million shares in Adairs, which remain escrowed until 29 October 2019.

In December 2018, Advent announced the sale of Trivantage Group by way of management buyout, led by the executive chairman of Trivantage, with the sale completed in early January 2019.

The sale will represent a clean exit for Advent V Funds, with limited warranties and indemnities required to be provided by Advent. The proceeds of the sale were distributed to Advent V investees including VPEG during January 2019.

Subsequent to 30 June 2019, underlying investee Archer Capital Fund 4 sold 100% of Craveable Brands to PAG Asia Capital, the Private Equity buyout arm of investment firm PAG, for approximately $480 million. During Archer's ownership of Craveable Brands, the business was able to grow to over 580 restaurants across Australia, New Zealand and Asia, serving more than 150,000 customers per day and employing over 12,500 staff across its network of stores. At the time of the sale Craveable Brands had established extensive intellectual property, focused on restaurant operations across supply chain, franchising, information technology, marketing, store design and construction, food innovation, and customer satisfaction.

FINANCIAL PERFORMANCE OF COMPANY

During the year total income received by the company decreased by 1.5% from $1.205m in FY18 to $1.187m in FY19. The breakdown of income for FY19 compared with FY18 is shown in the table below.

SOURCE OF INCOME	FY19 $'000'S	FY18 $'000'S	% CHANGE OVER FY18
Distributions Received from Underlying Private Equity Funds	1,184	1,195	-0.9%
Interest on Cash & Term Deposits	3	10	-70.0%
TOTAL	**1,187**	**1,205**	**-1.5%**

DIRECTORS' REPORT (CONT.)

FINANCIAL PERFORMANCE OF COMPANY (CONT.)

As detailed above, there was a small decrease in the level of income & capital gain distributions received across the year from VPEG's underlying Private Equity investments, which decreased by 1.5% from $1.205m during FY18 to $1.187m for FY19.

In addition, the contribution to total income from interest on cash and term deposits fell by 70% from $0.01m to $0.003m. The reason for the reduction in interest received on VPEG's cash and term deposits was due to a reduction in average total cash available to be invested in term deposits compared to the prior year.

During the period the rate of interest earned on VPEG's cash and term deposit investments remained relatively stable as the RBA target cash rate remained at 1.5% during the financial year of 2019.

VPEG's total funds invested in cash and term deposits decreased by 43.2% across the year from $0.81m at 30 June 2018 to $0.46m at 30 June 2019. The decrease in these liquid investments resulted predominately from Return of Capital paid to VPEG shareholders during the year.

During the year there was a 28.7% reduction in the value of funds invested in underlying Private Equity investments from $5.46m to $3.89m. This was primarily attributed to the value of exits from the underlying Private Equity portfolio, exceeding the value of follow on investments added to the portfolio.

Operational expenses incurred by the company during the year decreased by 44.5% from $0.39m during FY18 to $0.22m for FY19 (excluding impairment expense in FY18 and the recognition of fair value through the profit and loss in FY19).

As a result of the new AASB 9 accounting standards adopted by the Company, net losses on investments held at fair value, put through profit or loss, of $2.361m was taken up in the accounts in FY19 resulting from investment revaluations across the period as well as a reduction in the deferred tax asset of the Company. This expense was 3.3% lower than the $2.442m impairment expense booked in FY18.

As a result of the impairment expenses outweighing income across FY19, VPEG's profit before tax improved by 14.6% from a loss of $1.626m in FY18 to a loss of $1.389m in FY19.

In addition, due to a reduction in income compared to the prior year, VPEG's Income tax expense decreased from $0.134m in FY18 to a tax benefit of $0.04m in FY19.

The resulting post tax loss for the company for the year was $1.35m (including the impairment expense), compared to the $1.76m loss after tax booked for FY18.

Furthermore, due to the adoption of the AASB 9 reporting standards for FY19 by VPEG, a reduction of $3.14m in the remaining cost base of VPEG's investments was booked through the accounts.

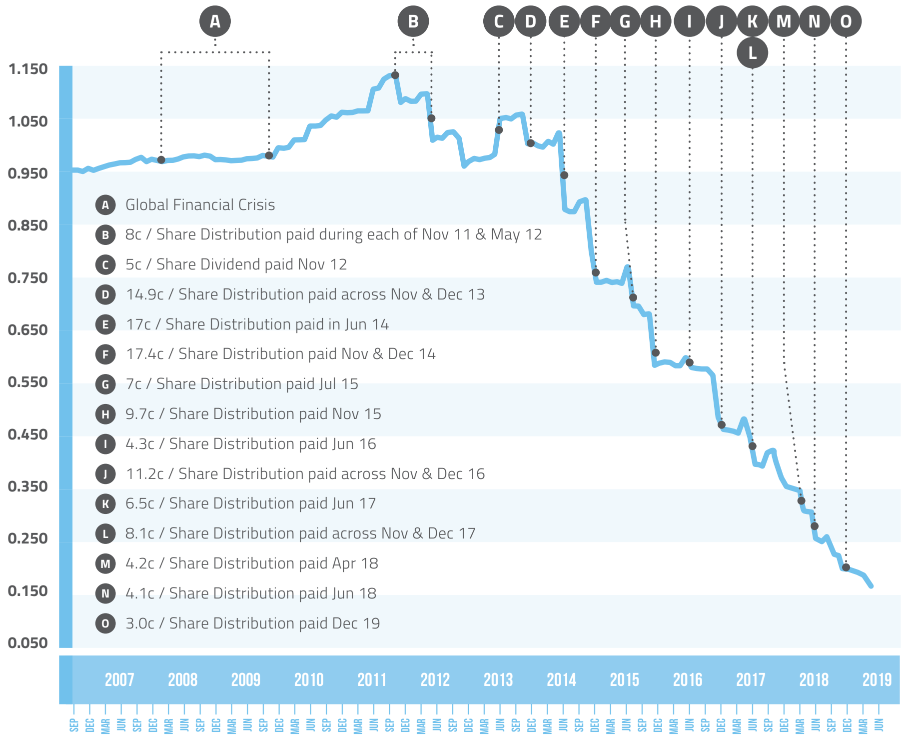
As a result, Retained Earnings reduced from -$0.256m as at 30 June 2018 to -$4.75m at 30 June 2019, predominantly due to a combination of the AASB 9 adoption as well as the loss after tax caused by the reduction in revaluations booked in FY19.

Finally, as a result of the distribution paid to Shareholders during the year and the reduction in retained earnings detailed above, Total Equity attributable to Shareholders reduced from $7.952m at 30 June 2018 to $5.539m at 30 June 2019.

CHANGE POST TAX NAV / SHARE

During the period the company's post tax Net Asset Value (NAV) per share decreased from $0.245 to $0.157 as a result of the exits detailed above, along with the additional sale of residual holdings of previously exited investments as well as the distribution to investors, impairments and other revaluations across the remaining seven underlying portfolio companies across the year.

The graph below details the movement in VPEG's post tax NAV per share since inception through to 30 June 2019.

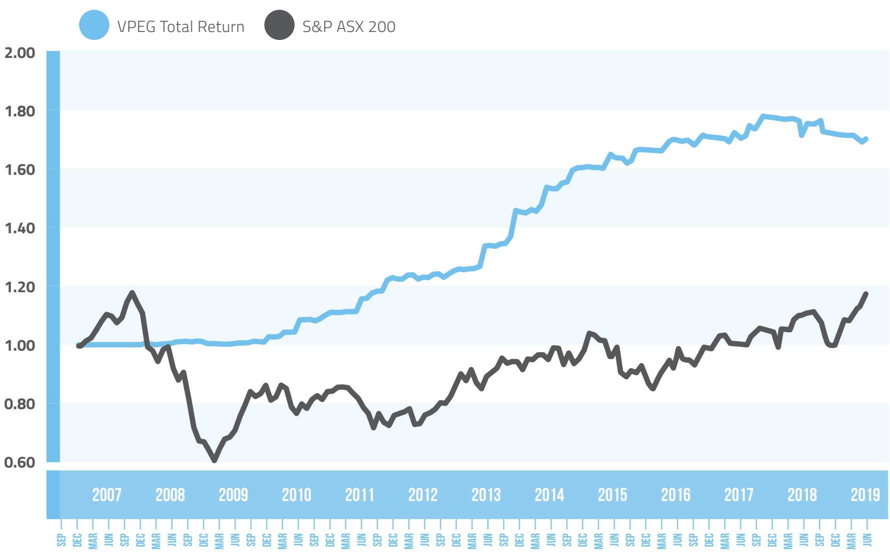


DIRECTORS' REPORT (CONT.)

VPEG'S NET RETURN TO SHAREHOLDERS OUTPERFORMS LISTED MARKETS

VPEG's Total Net Return to shareholders since inception through to 30 June 2019 demonstrates its outperformance and low correlation to public equity market returns.

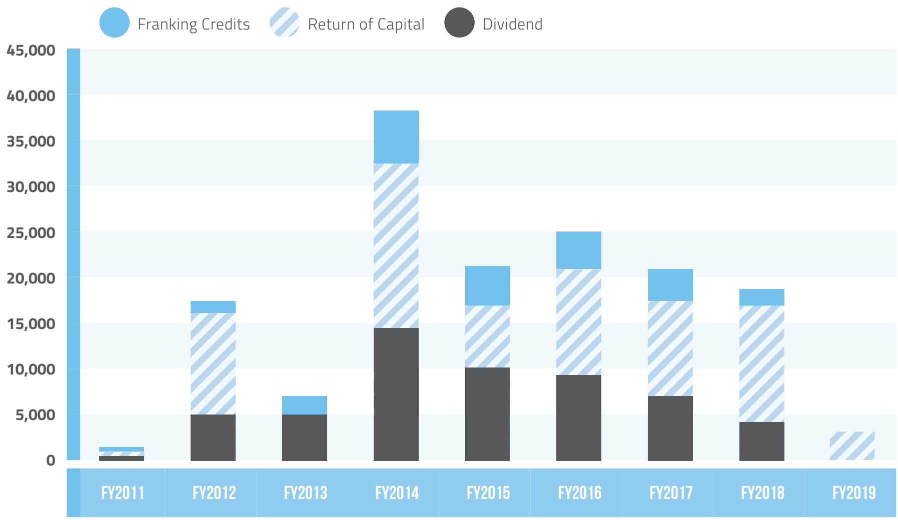
VPEG TOTAL RETURN VS S&P ASX 200 INDEX 01 NOV 06 TO 30 JUNE 2019



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

VPEG DISTRIBUTIONS FY11-FY19 (PER $100K INVESTED)

The chart below details the VPEG distributions made to unit holders since 2011 per 100,000 shares held. As demonstrated by the chart, across the past 9 years VPEG has paid total distributions of $153,488 (including franking credits) per $100,000 invested, with $127,420 of these distributions paid since November 2013.



SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

DIRECTORS' REPORT (CONT.)

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to 30 June 2019, Archer Capital advised that they had signed an agreement to sell Craveable Brands to PAG Asia Capital with the sale completed in early August 2019. As a result, VPEG received its share of the sale proceeds from this exit during August 2019, which will be distributed to all VPEG shareholders during the December 2019 quarter. Further information about the Craveable Brands exit will be provided in the VPEG Quarter Report September 2019.

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

In the opinion of the directors, no other matter or circumstance has arisen since 30 June 2019 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 the possibility of continued exits from VPEG's underlying Private Equity funds providing further distributions to VPEG's shareholders. Furthermore, there could be a reduction in the deferred tax asset of the Company at 30 June 2020, if the remaining underlying company investments are sold for an amount less than the cost base for which those assets are currently held in the Company's accounts, at 30 June 2019. Finally, management and the Board of the Company are currently considering all possible alternatives for the disposal of the remaining investments of the Company.

ENVIRONMENTAL REGULATION

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

INFORMATION ON INVESTMENT COMMITTEE MEMBERS

The following persons served of VPEG's Investment, Audit and Risk Committee (Investment Committee) during the period and up to the date of this report:

Roderick H McGeoch AO	Chairman of Investment Committee
Patrick Handley	Independent Investment Committee Member
Paul Scully	Non-Executive Director
Michael Tobin	Investment Committee Member and Managing Director Vantage

INFORMATION ON CURRENT DIRECTORS

RODERICK H MCGEOCH AO, LLB.
Investment Committee Chairman (Independent)

Experience and expertise

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

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

Special responsibilities

Chairman of the Investment Committee and member of the Audit Committee.

PATRICK HANDLEY B.COM., MBA.
Investment Committee Member (Independent)

Experience and expertise

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

Pat was also previously an Executive Director and Chief Financial Officer of Westpac Banking 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.

INFORMATION ON CURRENT DIRECTORS (CONT.)

PAUL SCULLY BA, FIAA, FAICD.

Non-Executive Director

Experience and expertise

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

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

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

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

Investment Committee Member and Managing Director of Vantage

Experience and expertise

Michael is the Managing Director of Vantage and is responsible for overseeing the implementation of the Fund's investment strategy. Michael has over 30 years' experience in Private Equity management, advisory and investment as well as in management operations.

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

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

Special responsibilities

Managing Director of Vantage and Executive 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 2019, and the number of meetings attended by each director were:

DIRECTOR	MEETINGS OF INVESTMENT, AUDIT & RISK COMMITTEE	
	A	B
Roderick H McGeoch AO*	6	6
Patrick Handley*	6	6
Paul Scully*	5	6
Michael Tobin	6	6

A = Number of meetings attended.
B = Number of meetings held during the year whilst committee member held office.
* = Independent members of investment, audit and risk committee.

Vantage will, out of Fund Property, and to the extent permitted by law, purchase and maintain insurance, and pay or agree to pay a premium of insurance for each Member against any liability incurred by the Member as a Member of the Investment Committee including but not limited to a liability for negligence or for reasonable costs and expenses incurred in defending proceedings.

DIRECTORS' REPORT (CONT.)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, Vantage Private Equity Growth Limited paid a premium of $20,456 (2018: $18,747) 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 2019

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF OF VANTAGE PRIVATE EQUITY GROWTH LIMITED

EY
Building a better working world

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

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

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

As lead auditor for the audit of the financial report of Vantage Private Equity Growth Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

Daniel Cunningham
Partner
29 October 2019

FINANCIAL STATEMENTS

VANTAGE PRIVATE EQUITY GROWTH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 $000	2018 $000
Investment income from ordinary activities	6(a)	**1,187**	1,205
EXPENSES			
Management fees	19(b)	**(79)**	(165)
Consulting fees		**(13)**	(21)
Audit fees - current year		**(19)**	(28)
Audit fees - prior year		**-**	(21)
Share registry fees		**(20)**	(26)
Directors' fees		**(36)**	(75)
Accounting fees		**(25)**	(31)
Net losses on investments held at fair value through profit or loss	6(b)	**(2,361)**	(2,442)
Other expenses		**(24)**	(22)
Total expenses before finance cost		**(2,577)**	(2,831)
Profit (loss) before income tax		**(1,390)**	(1,626)
Income tax (expense) / benefit	7(a)	**39**	(134)
Net profit / (loss) for the year		**(1,351)**	(1,760)
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:			
Changes in fair value of available for sale financial assets	14(a)	**-**	1,800
Income tax on items of other comprehensive income	7(c)	**-**	(540)
Other comprehensive income / (loss) for the year, net of tax		**-**	1,260
Total comprehensive loss for the year		**(1,351)**	(500)

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

VANTAGE PRIVATE EQUITY GROWTH LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	NOTE	2019 $000	2018 $000
ASSETS			
Current assets			
Cash and cash equivalents	8	**460**	810
Trade and other receivables	9	**2**	132
Other current assets		**8**	10
Total current assets		**470**	952
Non-current assets			
Investments at fair value through profit or loss	10	**3,889**	5,456
Deferred tax assets	11	**1,252**	1,768
Total non-current assets		**5,141**	7,224
Total assets		**5,611**	8,176
LIABILITIES			
Current liabilities			
Trade and other payables	12	**72**	66
Current tax liabilities		**-**	158
Total liabilities		**72**	224
Net assets		**5,539**	7,952
EQUITY			
Issued capital	13	**10,272**	11,334
Reserves	14	**14**	(3,126)
Retained earnings	14	**(4,747)**	(256)
Total equity		**5,539**	7,952

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 2019

	NOTE	ISSUED CAPITAL $000	RETAINED EARNINGS $000	RESERVES $000	TOTAL EQUITY $000
Balance at 1 July 2017		15,607	3,067	(4,386)	14,288
Net profit for the year		-	(1,760)	-	(1,760)
Other comprehensive income for the year					
Net fair value movement on available for sale financial assets (net of tax)		-	-	1,260	1,260
Total comprehensive income / (loss) for the year		**-**	**-**	**1,260**	**1,260**
Transactions with owners in their capacity as owners					
Return of Capital	13(b)	(4,273)	-	-	(4,273)
Dividends provided for or paid	15	-	(1,563)	-	(1,563)
		(4,273)	(1,563)	-	(5,836)
Balance at 30 June 2018		**11,334**	**(256)**	**(3,126)**	**7,952**
Adjustment on adoption of AASB 9	14	-	(3,140)	3,140	-
Net profit for the year		-	(1,351)	-	(1,351)
Other comprehensive income for the year					
Net fair value movement on available for sale financial assets (net of tax)		-	-	-	-
Total comprehensive income / (loss) for the year		**-**	**(1,351)**	**-**	**(1,351)**
Transactions with owners in their capacity as owners					
Return of Capital	13(b)	(1,062)	-	-	(1,062)
Dividends provided for or paid	15	-	-	-	-
		(1,062)	-	-	(1,062)
Balance at 30 June 2019		**10,272**	**(4,747)**	**14**	**5,539**

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 2019

	NOTE	2019 $000	2018 $000
Cash flows from operating activities			
Distributions received		**1,313**	1,195
Interest received		**3**	10
Income taxes paid		**(158)**	(510)
Expenses paid		**(207)**	(392)
Net cash from operating activities	20	**951**	303
Cash flows from investing activities			
Payments for available for sale financial assets		**(239)**	(162)
Return of capital on investments		**-**	4,188
Net cash from investing activities		**(239)**	4,026
Cash flows from financing activities			
Dividends paid to Company's shareholders		**-**	(1,563)
Return of capital to Company's shareholders		**(1,062)**	(4,273)
Net cash (used in) from financing activities		**(1,062)**	(5,836)
Net decrease in cash and cash equivalents		**(350)**	(1,507)
Cash and cash equivalents at beginning of the year		**810**	2,317
Cash and cash equivalents at end of the year	8	**460**	810

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

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. GENERAL INFORMATION

Vantage Private Equity Growth Limited (the "Company") is a public company domiciled in Australia. The address of Vantage Private Equity Growth Limited's registered office is Level 25, Aurora Place, 88 Phillip Street, Sydney NSW, 2000. The financial statements of Vantage Private Equity Growth Limited are for the year ended 30 June 2019. The principal activity of the Company is the investment in professionally managed private equity funds focused on investing in the later expansion and buyout stages of private equity in Australia and New Zealand.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

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

The financial statements were authorised for issue by the directors on 31 October 2019.

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*

The Company has revisions and amendments to the Australia Accounting Standards issued by the Australian Standards Board which are relevant to and effect the Company's financial statements for the annual year beginning 1 July 2018.

AASB 15 Revenue from contracts with customers and AASB 9 financial instruments became effective for periods beginning on or after 1 January 2018. Accordingly, the Company applied AASB 15 and AASB 9 for the year ended 30 June 2019.

iii) *AASB 15 Revenue from contracts with customers*

AASB 15 replaces AASB 118 revenue, AASB 111 Construction contracts and several revenue related interpretations. The adoption of AASB 15 had no impact on the financial statements of the Company.

iv) *AASB 9 Financial Instruments*

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. The new accounting standards makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for impairment of financial assets. Under AASB 9 the Available For Sale classification will no longer be available. The Company has applied the fair value through profit and loss (FVTPL) classification to account for equity instruments. Therefore, the fair value movements will now go through the profit and loss instead of other comprehensive income (OCI).

When adopting AASB 9, the Company has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

v) *Historical cost convention*

The financial report is prepared on an accruals basis and is based on historical costs, except for the revaluation of certain financial instruments which are carried at their fair values. Cost is based on the fair value of the consideration given in exchange for assets.

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.

vi) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 16 *Leases*

AASB 16 eliminates the classification of leases as either operating or finance. There is now a single lessee model which requires a lessee to recognize assets and liabilities in the statement of financial position for leases with terms of more than 12 months unless the underlying asset is of low value. The standard is applicable for annual reporting periods beginning on or after 1 January 2019.

This standard will be adopted in the year ending 30 June 2020 and there will be no impact on the financial statements of the Company.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

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

b) Revenue recognition

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

i) *Investment income*

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

ii) *Trust distributions*

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

iii) *Interest income*

Interest income is recognised using the effective interest method.

c) Income tax

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

d) Cash and cash equivalents

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

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.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

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

f) Investments and other financial assets

Classification

Under AASB 139, financial instruments were classified as available for sale and measured at fair value through other comprehensive income. Changes in fair value were recognised directly in equity until the security is disposed of or impaired at which the cumulative gain or loss previously recognised in equity s included in profit or loss for the year. Under AASB 9, financial instruments are classified as fair value through profit or loss. The equity instruments are measured at fair value with changes in the fair value being recognised directly to profit or loss. The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis.

i) *Loans and receivables*

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

ii) *Available for sale financial assets (before July 2018)*

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.

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.

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.

(iii) *Financial assets at fair value through profit or loss (subsequent 1 July 2018)*

At initial recognition, the Fund measures financial assets at fair value. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or at fair value through profit or loss category are presented in the statement of comprehensive income in the period in which they arise.

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.

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.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Further details on how the fair value of financial instruments are determined are discussed in Note 4.

Impairment

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

g) Trade and other payables

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

h) Share based payments

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

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

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

i) Issued capital

Ordinary shares are classified as equity.

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

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

j) Dividends

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

k) Goods and Services Tax (GST)

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

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

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

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

l) Rounding of amounts

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

NOTE 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.

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.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 4. FAIR VALUE MEASUREMENTS

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

- Investments at fair value through profit or loss

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

a) Fair value hierarchy

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

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

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

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

Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2019.

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
RECURRING FAIR VALUE MEASUREMENTS AT 30 JUNE 2019				
Financial assets				
Investments at fair value through profit or loss				
Unlisted private equity funds	-	3,889	-	3,889
Total financial assets	**-**	**3,889**	**-**	**3,889**
RECURRING FAIR VALUE MEASUREMENTS AT 30 JUNE 2018				
Financial assets				
Available-for-sale financial assets				
Unlisted private equity funds	-	5,456	-	5,456
Total financial assets	**-**	**5,456**	**-**	**5,456**

The Company classified investments in unlisted securities as fair value through profit or loss and movements in fair value are recognised in other comprehensive income. The fair values of unlisted private equity investments not traded in an active market are determined from the most recent valuation as obtained from the underlying investment manager.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a) Critical accounting estimates and assumptions

Share based payments transactions

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

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.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6. REVENUE AND EXPENSES

	NOTE	2019 $000	2018 $000
a) Revenue			
Distributions		**1,184**	1,195
Interest		**3**	10
Total income		**1,187**	1,205

	NOTE	2019 $000	2018 $000
b) Net losses on financial assets held at fair value through profit or loss			
Crescent Capital Partners Fund III	6(c)	**-**	(1,646)
Equtiy Partners Fund 3 - Australian Farmers Direct	6(c)	**-**	(796)
Investment revaluations		**(1,806)**	-
Deferred tax asset		**(555)**	-
		(2,361)	(2,442)

c) Investment Revaluations

During the year ended 30 June 2019, Next Capital Fund II wound up following the final exit of its last portfolio company in June 2019. The revaluation represents the realisation of the changes in fair value for Next Capital Fund II reflected in prior year's Other Comprehensive Income. During the year ended 30 June 2018, Crescent Capital Partners III Fund commenced the process of winding-up the fund following the final exit of its last portfolio company in March 2018. This represents the realisation of the changes in fair value for Crescent Capital Partners' Fund III investments reflected in prior year's Other Comprehensive Income.

The remaining impairment expenses relate to underlying portfolio companies whose value was written down to nil during the relevant year. During the year ended 30 June 2019, Equity Partners Fund III investee, Tasman Market Fresh Meats, was placed into administration and Advent Fund V's investee Trivantage was sold below carrying value. During the year ended 30 June 2018, Equity Partners Fund III investee, Aussie Farmers Holding Company Pty Ltd, was placed into administration during March 2018. During the year ended 30 June 2017, Next Capital Fund II investee, Austradia (operator of local franchise of Topshop Topman) was placed into voluntary administration during May 2017.

NOTE 7. INCOME TAX EXPENSE

	NOTE	2019 $000	2018 $000
a) Income tax expense through profit or loss			
Current tax expense		**-**	97
Deferred tax benefit		**(39)**	37
		(39)	134
DEFERRED INCOME TAX BENEFIT INCLUDED IN INCOME TAX EXPENSE COMPRISES:			
Increase / (decrease) in deferred tax		**(39)**	37
Increase / (decrease) in under provision		**-**	-
		(39)	37
b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit / (Loss) before income tax		**(1,388)**	(1,626)
Tax at the Australian tax rate of 30% (2018 - 30%)		**(416)**	(488)
TAX EFFECT OF AMOUNTS WHICH ARE NOT DEDUCTIBLE (TAXABLE) IN CALCULATING TAXABLE INCOME:			
Impairment revaluations not deductible in current year		**708**	733
Partnership losses		**(2)**	(12)
Under / (Over) provision for prior year tax		**1**	(60)
Net capital tax losses		**(179)**	-
Net taxable income adjustments to accounting profit		**(151)**	(39)
Income tax expense		**(39)**	134
c) Tax expense (income) relating to items of other comprehensive income			
Net unrealised gains/(losses) on investments taken to equity		**-**	540
		-	540

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2019 $000	2018 $000
Current assets		
Bank accounts	**460**	810

Reconciliation of cash

CASH AT THE END OF THE FINANCIAL YEAR AS SHOWN IN THE CASH FLOW STATEMENT IS RECONCILED TO ITEMS IN THE BALANCE SHEET AS FOLLOWS:

	2019 $000	2018 $000
Cash and cash equivalents	**460**	810

NOTE 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	2019 $000	2018 $000
Current		
Distribution receivable	**-**	129
GST receivable	**2**	3
Total other receivables	**2**	132

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.

NOTE 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 $000	2018 $000
Unlisted private equity funds	**3,889**	5,456

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

Valuation assumptions

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

NOTE 11. DEFERRED TAXES

	2019 $000	2018 $000
The balance comprises temporary differences attributable to:		
Other	**15**	(25)
Net unrealised loss on available for sale financial assets	**1,237**	1,793
	1,252	1,768
Movements:		
Opening balance	**1,768**	2,345
CHARGED / CREDITED:		
to statement of comprehensive income	**(516)**	(37)
directly to equity	**-**	(540)
	1,252	1,768

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

		2019 $000	2018 $000
Management fees payable	19(b)	**12**	9
Audit and taxation fees payable		**48**	47
Other payables		**12**	10
		72	66

Trade and other payables are unsecured and are usually paid within 30 days of recognition. The increase in creditors represents 2 months of outstanding expenditure.

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

NOTE 13. ISSUED UNITS

a) Share capital

	30-JUN 2019 SHARES '000	30-JUN 2018 SHARES '000	30-JUN 2019 $'000	30-JUN 2018 $'000
Ordinary shares - fully paid	**35,373**	35,373	**10,272**	11,334
	35,373	35,373	**10,272**	11,334

b) Movements in ordinary share capital

	NUMBER OF SHARES '000	$'000
Opening balance 1 July 2017	35,373	15,607
Return of capital	-	(4,273)
Closing balance 30 June 2018	**35,373**	**11,334**
Opening balance 1 July 2018	35,373	11,334
Return of capital	-	(1,062)
Closing balance 30 June 2019	**35,373**	**10,272**

c) Ordinary shares

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

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

NOTE 14. RESERVES AND RETAINED EARNINGS

	NOTE	2019 $000	2018 $000
a) Reserves			
Available for sale investments revaluation reserve		**-**	(3,140)
Share-based payments reserve		**14**	14
		14	(3,126)
Movements			
AVAILABLE FOR SALE INVESTMENTS REVALUATION RESERVE			
Opening balance		**(3,140)**	(4,400)
Adjustment on adoption of AASB 9		**3,140**	-
Net change on available for sale financial assets		**-**	1,800
Income tax on items taken directly to or transferred from equity	11	**-**	(540)
Closing balance		**-**	(3,140)
RETURN ON INVESTMENTS			
Distributions (including dividends)	6	**1,184**	1,195
Net change on available for sale financial assets		**(2,361)**	1,800
Total return during the year		**(1,177)**	2,995

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.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14. RESERVES AND RETAINED EARNINGS (CONT.)

b) Retained earnings

	AT 2019 $000	AT 2018 $000
MOVEMENTS IN RETAINED EARNINGS WERE AS FOLLOWS:		
Balance 1 July	**(256)**	3,067
Adjustment on adoption of AASB 9	**(3,140)**	-
Net profit for the year	**(1,351)**	(1,760)
Dividends	**-**	(1,563)
Balance 30 June	**(4,747)**	(256)

NOTE 15. DIVIDENDS

	YEAR ENDED 2019 $000	YEAR ENDED 2018 $000
a) Ordinary shares		
Dividend paid during the year ended 30 June		
Fully franked dividend paid during the year ended 30 June 2019 - nil cents per share (2018: 4.42 cents per share)	**-**	1,563
	-	1,563

NOTE 16. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

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

a) Key management personnel compensation

	YEAR ENDED 2019 $	YEAR ENDED 2018 $
Non-executive directors fees	**36,370**	75,342

NOTE 17. CONTINGENCIES

The Company had no outstanding contingent assets and liabilities at 30 June 2019 (2018: nil).

NOTE 18. COMMITMENTS

Following commencement of its investment program in late 2006, the Company committed $43 million across 7 private equity funds. Commitments remaining as at 30 June 2019 include $8 million to each of Archer Capital Fund 4 and Catalyst Buyout Fund 2 and $4 million to each of Advent V and Equity Partners Fund No. 3.

The company's investment commitment of: $8m to Quadrant Private Equity No. 2 ended upon the termination of that fund in July 2016 following the final exit of its last underlying company investment in June 2016. The company's investment commitment of $4m to Crescent Capital Partners III ended upon the termination of that fund in June 2018 following the final exit of its last portfolio company in March 2018. The company's investment commitment of $7 million to Next Capital II ended upon the termination of that fund in June 2019 following the final exit of it underlying portfolio company in the same month.

VANTAGE PRIVATE EQUITY GROWTH LIMITED

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19. RELATED PARTY TRANSACTIONS

a) Key management personnel

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

b) Transactions with other related parties

THE FOLLOWING TRANSACTIONS OCCURRED WITH RELATED PARTIES:

	YEAR ENDED 2019 $	YEAR ENDED 2018 $
Management fees paid or payable	**79,431**	164,543
Management fees payable at the end of the reporting period	**11,989**	8,761

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 2019 (2018: nil).

As at 30 June 2019, the Manager held 2 shares in the Company (2018: 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.

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

	2019 $000	2018 $000
Profit / loss for the year	**(1,351)**	(1,760)
Adjustments for non-cash items in profit		
Impairment / revaluation expense	**1,806**	2,442
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
Decrease in trade and other receivables	**130**	4
(Increase)/decrease in other current assets	**2**	(1)
(Increase)/decrease in deferred tax assets	**516**	37
Increase/(decrease) in trade and other payables	**6**	(6)
Decrease in provision for income taxes payable	**(158)**	(413)
Net cash inflow from operating activities	**951**	303

NOTE 21. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 24 to 47 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 2019 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 2019

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial report of Vantage Private Equity Growth Limited, which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Vantage Private Equity Growth Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Daniel Cunningham
Partner
Sydney
29 October 2019

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