

**Crescent Capital Partners Specific Trust VB**  
(ABN 47 152 294 308)  
a component of Crescent Capital Partners V

**Financial Report**  
for the year ended 30 June 2018

# Contents

<b>Trustee's Report</b>	<b>1</b>
<b>Statement of Comprehensive Income</b>	<b>4</b>
<b>Statement of Financial Position</b>	<b>5</b>
<b>Statement of Cash Flows</b>	<b>6</b>
<b>Statement of Changes in Equity</b>	<b>7</b>
<b>Notes to the Financial Statements</b>	<b>8</b>
<b>Trustee's Declaration</b>	<b>17</b>
<b>Independent Auditor's Report</b>	<b>18</b>

# Trustee's Report

The directors of CCP Trusco 2 Pty Limited the "Trustee" of Crescent Capital Partners Specific Trust VB (the "Trust") present their report on the Trust for the financial year ended 30 June 2018.

## DIRECTORS

The names of the directors of the Trustee in office during the financial year and until the date of this report are:

Timothy Martin (retired 30 January 2018)  
 Neville Buch  
 Peter Lyon-Mercado (appointed 21 August 2017)  
 Patrick Verlaine (appointed 30 January 2018)

The directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated. No remuneration has been paid to any of the above directors by the Trust.

## PRINCIPAL ACTIVITIES

The Trust is one of five entities that comprise Crescent Capital Partners V (the "Fund"). The principal activity of the Fund, and therefore the Trust, is private equity investment in Australia and New Zealand.

## TRUST/FUND INFORMATION

The Trust was established on 29 October 2014 as a unit trust (managed investment trust) through which investments may be made in accordance with the terms and conditions of the Trust's deed. The capital committed from the unitholders of the Trust is \$55,650,000.

The Fund also comprises the following entities:

- Crescent Capital Partners V LP (the "Partnership"), registered 18 August 2014, is an incorporated Venture Capital Limited Partnership through which eligible venture capital investments (as defined by Income Tax Assessment Act 1997/Venture Capital Act 2002) may be made in accordance with the terms and conditions of the Limited Partnership Agreement. The capital committed from investors in the Partnership ("Limited Partners") is \$492,350,000.

Where a prospective investment of the Fund does not meet the requisite eligibility criteria for investment through the Partnership then part of the Partnership's committed capital may be drawn through two companion trust vehicles to make the investment, namely:

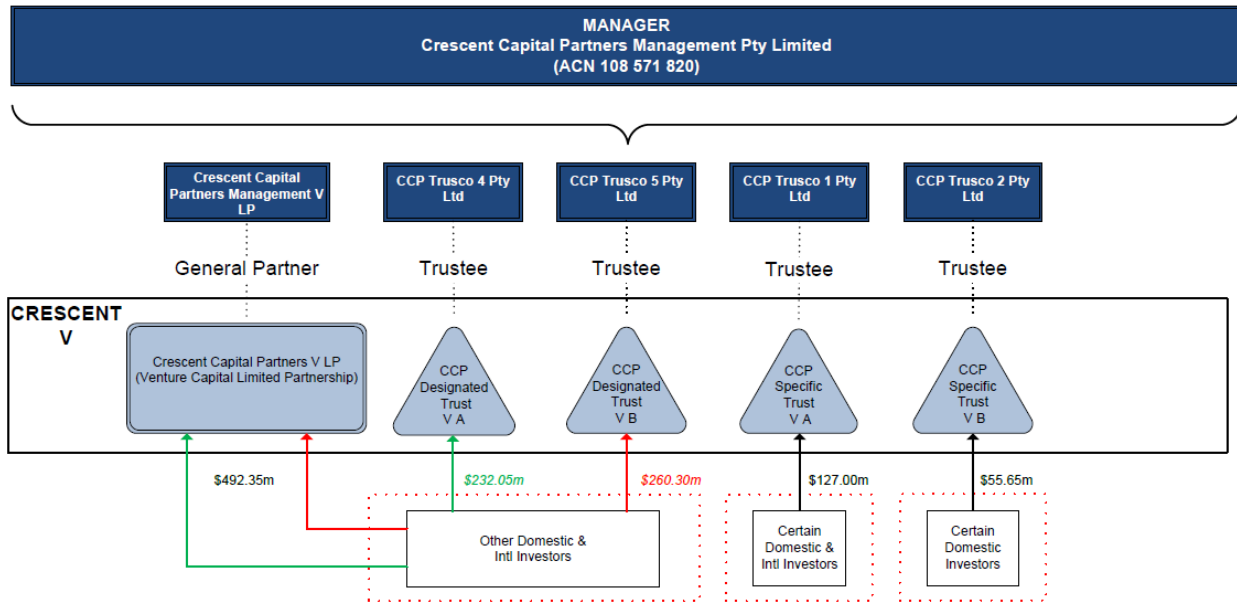
- Crescent Capital Partners Designated Trust VA; and
- Crescent Capital Partners Designated Trust VB (collectively the "Designated Trusts")

The Designated Trusts were established on 29 October 2014 and in aggregate have the same investors (or unitholders) as the Partnership.

- Crescent Capital Partners Specific Trust VA was established on 29 October 2014 as managed investment trusts. The capital committed by unitholders of these trusts is \$127,000,000 and along with the Trust is referred to as the "Specific Trusts".

The diagram overleaf sets out the structure of the Fund which is managed by Crescent Capital Partners Management Pty Limited (the "Manager")

## Trustee's Report (cont'd)



Applications to the Fund closed on 9 February 2015 with total capital commitments from the Fund's limited partners/unitholders of \$675,000,000.

### REVIEW OF OPERATIONS

During the year \$9,516,150 (2017: \$11,408,250) of committed capital was called into the Trust to fund working capital needs, new investments in Hall Contracting and Nucleus Network, and a follow-on investment in MyHealth.

At 30 June 2018, the Trust held investments in the following entities:

- Australian Institute of Business Pty Ltd ("AIB")
- Crescent Capital Investments Pty Ltd ("CCIPL")
- Cardno Ltd ("Cardno")
- Clinical Laboratories Pty Ltd, Clinical Laboratories (WA) Pty Ltd, and ACL Propco Pty Ltd (together "Clinical Labs")
- MyHealth Medical Holdings Pty Ltd ("MyHealth")
- TL Holdco Pty Ltd ("Tigerlily")
- Hall Holdco Pty Ltd ("Hall Contracting")
- Crescent V Holdco Pty Ltd ("Nucleus")
- Crescent Apollo Holdco Pty Ltd ("Healthcare Australia")

There were no significant changes in the Trust's operations during the period.

### OPERATING RESULTS

The operating profit for the year amounted to \$3,566,020 (2017: Profit \$1,032,707).

### DISTRIBUTIONS

There were no distributions paid or declared by the Trust during the year.

## Trustee's Report (cont'd)

### MANAGEMENT FEES

During the year the Trust paid management fees to the Manager of \$927,592 (incl. irrecoverable GST) (2017: \$1,040,723).

### AFTER BALANCE DATE EVENTS

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect, the Trust's operation in future financial years, the results of those operations or the Trust's state of affairs in future financial years except as detailed in Note 12.


### FUTURE DEVELOPMENTS

The Manager will continue to review investment opportunities for the Trust in accordance with the Trust's deed.

Signed in accordance with a resolution of the Board of Directors.



Neville Buch  
Director



Peter Lyon-Mercado  
Director

Dated this 7<sup>th</sup> day of September 2018

# Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
<b>Income</b>	<b>2</b>	682,110	469,568
Due diligence and transaction costs		(81,035)	(60,682)
Finance costs	<b>3a</b>	(174,873)	(217,848)
Legal & other professional fees		(25,905)	(23,540)
Management fees	<b>11</b>	(927,592)	(1,040,723)
Net movement in fair value	<b>3b</b>	4,119,114	1,987,132
Portfolio management costs		(25,799)	(81,200)
<b>Profit before income tax</b>		<b>3,566,020</b>	<b>1,032,707</b>
Income tax expense		-	-
<b>Profit after tax</b>		<b>3,566,020</b>	<b>1,032,707</b>
Other comprehensive income		-	-
<b>Total comprehensive income attributable to Limited Partners</b>		<b>3,566,020</b>	<b>1,032,707</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position

AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	4	473,489	678,731
Trade & other receivables	5	207,034	214,641
<b>TOTAL CURRENT ASSETS</b>		<u>680,523</u>	<u>893,372</u>
<b>NON-CURRENT ASSETS</b>			
Investments in financial assets	6	44,574,144	28,368,435
<b>TOTAL NON-CURRENT ASSETS</b>		<u>44,574,144</u>	<u>28,368,435</u>
<b>TOTAL ASSETS</b>		<u>45,254,667</u>	<u>29,261,807</u>
<b>CURRENT LIABILITIES</b>			
Trade & other payables	7	3,761,765	851,075
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,761,765</u>	<u>851,075</u>
<b>TOTAL LIABILITIES</b>		<u>3,761,765</u>	<u>851,075</u>
<b>NET ASSETS</b>		<u>41,492,902</u>	<u>28,410,732</u>
<b>EQUITY</b>			
Unitholders' capital	8	44,575,650	35,059,500
Undistributed loss	8	(3,082,748)	(6,648,768)
<b>TOTAL EQUITY</b>		<u>41,492,902</u>	<u>28,410,732</u>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		92,885	34,947
Management fees paid		(1,039,885)	(1,116,873)
Payments from/(to) suppliers		78,511	28,662
<b>Net cash flows used in operating activities</b>	<b>9</b>	<u>(868,489)</u>	<u>(1,053,264)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for investments		(11,497,371)	(7,389,597)
<b>Net cash flows used in investing activities</b>		<u>(11,497,371)</u>	<u>(7,389,597)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from draw down on working capital facility		13,685,800	11,708,100
Repayments of working capital facility draw downs		(10,864,500)	(14,470,900)
Proceeds/(Repayment) from inter-entity loans		-	222,776
Interest paid		(128,234)	(181,704)
Facility fees paid		(46,228)	(46,703)
Capital calls received		9,513,780	11,271,650
<b>Net cash flows from financing activities</b>		<u>12,160,618</u>	<u>8,503,219</u>
Net (decrease)/increase in cash held		(205,242)	60,358
Cash and cash equivalents at beginning of period		678,731	618,373
<b>Cash and cash equivalents at end of period</b>	<b>4</b>	<u>473,489</u>	<u>678,731</u>

The accompanying notes form part of these financial statements.



# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

Attributable to unitholders of Crescent Capital Partners Specific Trust VB				
	Note	Unitholders' Capital \$	Undistributed Income/(Loss) \$	Total Equity \$
<b>At 1 July 2016</b>		<b>23,651,250</b>	<b>(7,681,475)</b>	<b>15,969,775</b>
Profit for the period		-	1,032,707	1,032,707
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	1,032,707	1,032,707
Calls on committed capital		11,408,250	-	11,408,250
<b>At 30 June 2017</b>	<b>8</b>	<b>35,059,500</b>	<b>(6,648,768)</b>	<b>28,410,732</b>
<b>At 1 July 2017</b>		<b>35,059,500</b>	<b>(6,648,768)</b>	<b>28,410,732</b>
Profit for the period	8	-	3,566,020	3,566,020
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	3,566,020	3,566,020
Calls on committed capital	8	9,516,150	-	9,516,150
<b>At 30 June 2018</b>		<b>44,575,650</b>	<b>(3,082,748)</b>	<b>41,492,902</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Crescent Capital Partners Specific Trust VB for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 7 September 2018.

Crescent Capital Partners Specific Trust VB (the “Trust”) is a unit trust, registered and domiciled in Australia.

The nature of the operations and principal activities of the Trust are described in the Trustee’s Report.

### (a) Basis of preparation

This special purpose financial report has been prepared for the purpose of reporting to the unitholders in accordance with the trust deed. The accounting policies used in the preparation of this financial report, as described below are, in the opinion of the directors, appropriate to meet the needs of members:

- (i) The financial report has been prepared on an accrual basis of accounting including the historical cost convention except for investments for which the fair value of accounting has been applied, and the going concern assumption.
- (ii) CCP Trusco 2 Pty Limited (the “Trustee”) has determined that the Trust is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs.

Accordingly, the financial report has been prepared in accordance with the requirements of Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board with the exception of:

AASB 7 – Financial Instruments – Disclosure  
AASB 10 - Consolidated Financial Statements  
AASB 112 – Income Taxes  
AASB 124 – Related Party Disclosures  
AASB 128 - Investments in Associates and Joint Ventures  
AASB 132 – Financial Instruments: Presentation

The directors have determined that in order for the financial report to give a true and fair view of the Trust's performance, cash flows and financial position, the requirements of Australian Accounting Standards and other financial reporting requirements in Australia relating to the measurement of assets, liabilities, revenues, expenses and equity should be complied with, except for as noted above.

The financial report is presented in Australian dollars.

### (b) Statement of compliance

Except as noted above, the financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board.

# Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following material accounting policies have been adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### (c) Taxation

Under the Income Tax Assessment Act 1997 there is no liability for income tax for the Trust provided that the taxable income of the Trust is fully distributed to unitholders each year. No income tax has, therefore, been brought to account in the financial report.

### (d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### (e) Revenue and income recognition

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

#### *Dividends and distributions*

Income is recognised when the Trust's right to receive the payment is established.

#### *Interest*

Income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

#### *Changes in fair value of investments*

A net increase in the fair value of investment is recognised as revenue (or expense where there is a net decrease) in the statement of comprehensive income for the reporting period.

#### *Gains or losses on the disposal of investments*

The net gain on the disposal of an investment is recognised as income (or expense where there is a net loss) in the statement of comprehensive income for the reporting period in which the disposal takes place. The net gain or loss on disposal of the investment is calculated as the difference between the fair value of the consideration received less any directly attributable costs and its carrying value.

# Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Expense recognition

Expenses are recognised in the statement of comprehensive income when the Trust has a present obligation (legal or constructive) as a result of a past event that can be reliably measured. Expenses are recognised in the statement of comprehensive income if expenditure does not produce future economic benefits that qualify for recognition in the statement of financial position.

### (g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (h) Trade and other receivables

Receivables are recognised and carried at original amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of an amount is no longer probable. Bad debts are written off when identified. Amounts are generally received within 30 days of being recorded as receivables.

### (i) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services. Payables include outstanding settlements on the purchase of investments and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

### (j) Investments in financial assets

Investments, including unlisted equity instruments, loans and receivables and derivative financial instruments, are initially recognised at fair value, being the fair value of the consideration paid excluding transaction costs, and are designated as "Fair Value through Profit or Loss". After initial recognition, these financial assets are revalued to fair value at each reporting date.

Fair value is determined by the directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines endorsed by Australian Private Equity & Venture Capital Association Limited ("AVCAL"), subject to the provisions of AASB 139 'Financial Instruments: Recognition and Measurement'.

Movements in fair value are recognised through the statement of comprehensive income.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Trust no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

### (l) Recoverable amount of assets

At each reporting date, the Manager assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Manager makes a formal estimate of the recoverable amount. Where the

## Notes to the Financial Statements (cont'd)

### FOR THE YEAR ENDED 30 JUNE 2018

carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### (m) Loans and receivables

All loans and receivables are initially recognised at fair value. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

#### (n) Capital contributions

From time to time the Manager, on behalf of the Trustee, will call capital from investors to provide funding to the Trust. Called capital is recognised as equity on the due date for payment set by the Manager.

#### (o) Application of accounting standards

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the annual reporting period ended 30 June 2018. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Trust) and interpretations. Below is a summary of the relevant new or amended accounting standards:

#### **AASB 9 Financial Instruments (applies to annual reporting periods beginning on or after 1 January 2018)**

AASB 9 contains new requirements for classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 Financial Instruments: Recognition and Measurement.

The directors do not expect this to have a material impact on the recognition, measurement and de-recognition of the Trust's financial statements as they are carried at fair value through profit or loss.

The new standard has also introduced revised rules around hedge accounting and a new expected credit impairment model. However, as the Trust does not apply hedge accounting and their investments are all held at fair value through profit or loss, these revisions will not impact the Trust.

#### **AASB 15 Revenue from Contracts with Customers (applies to annual reporting periods beginning on or after 1 January 2018)**

AASB 15 makes significant changes to revenue recognition and adds some additional disclosures, replacing AASB 111 Construction Contracts and AASB 118 Revenue. The new standard provides a five-step model to be applied to all contracts with customers when determining when to recognise revenue, and at what amount. The Trust's main sources of revenue are dividends, distributions, interest income and gains on financial instruments measured at fair value through profit or loss. As all of these are outside the scope for the new standard, the directors do not expect that this standard will have a material impact on the Trust's financial position or performance, or the presentation and disclosures in the financial statements.

## Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
<b>2. INCOME</b>		
Interest income	682,110	469,568
<b>3. PROFIT/(LOSS) BEFORE INCOME TAX</b>		
<b>(a) Expenses include:</b>		
Auditor's remuneration – amounts received or due and receivable by Ernst & Young for:		
audit services	15,850	15,500
Finance costs:		
working capital facility fees	46,228	46,703
working capital facility interest	128,645	171,145
	174,873	217,848
<b>(b) Significant revenue and expenses:</b>		
Change in investment valuations:		
AIB	(1,113,000)	(2,679,445)
Cardno	1,053,707	4,135,134
MyHealth	1,955,984	531,443
Clinical Labs	2,317,233	-
Tigerlily	(94,810)	-
	4,119,114	1,987,132
<b>4. CASH AND CASH EQUIVALENTS</b>		
Cash at bank	473,489	678,731
Cash at the end of the period as shown in the statement of cash flows reconciles to the figure above.		
<b>5. TRADE &amp; OTHER RECEIVABLES</b>		
CURRENT		
Other receivables	207,034	214,641

## Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

			2018 \$	2017 \$
<b>6. INVESTMENTS IN FINANCIAL ASSETS</b>				
<b>Investments at fair value:</b>				
<i>Redeemable Preference shares</i>				
AIB	<u>Holding</u>	<u>Principal Activity</u>	2,813,976	3,461,165
	4%	Higher education	2,813,976	3,461,165
<i>Listed shares</i>				
Cardno	<u>Holding</u>	<u>Principal Activity</u>	10,010,211	8,956,504
	2%	Engineering consulting	10,010,211	8,956,504
<i>Ordinary shares</i>				
AIB	<u>Holding</u>	<u>Principal Activity</u>	-	206,111
	4%	Higher education		
CC IPL	8%	Investment company	11	11
Clinical Labs	5%	Pathology services	7,827,676	5,510,443
MyHealth	5%	Primary healthcare	4,283,330	2,312,072
Tigerlily	8%	Specialty apparel	3,330,756	3,425,566
Hall Contracting	6%	Marine dredging	3,467,613	-
Nucleus	8%	Clinical trial facility	4,716,703	-
Healthcare Australia	3%	Healthcare agency	3,297,781	-
			26,923,870	11,454,203
<i>Interest bearing securities</i>				
Clinical Labs			3,013,029	2,833,329
MyHealth			20,611	20,611
Tigerlily			1,792,447	1,642,623
			4,826,087	4,496,563
			44,574,144	28,368,435

On 21 December 2017, the Trust acquired 3,467,613 shares in Hall Holdco Pty Ltd for cash consideration of \$3,467,613.

On 31 January 2018, the Trust completed the acquisition of 4,721,392 shares in Nucleus for total consideration of \$4,716,703.

On 16 February 2018, the Trust acquired 9,667 additional shares in MyHealth for cash consideration of \$15,274.

On 29 June 2018, the Trust acquired 3,297,781 shares in Healthcare Australia for cash consideration of \$3,297,781.

At 30 June 2018 the Manager reviewed the valuation of the Trust's investment to determine fair value using appropriate valuation methodologies in accordance with AVCAL guidelines and industry practice.

The determination of the values of the relevant inputs to be applied and the relevant valuation methodology is a matter of professional judgment and has been approved by the Manager.

## Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
<b>7. TRADE AND OTHER PAYABLES</b>		
CURRENT		
Sundry payables and accrued expenses	116,165	26,775
Working capital facility	3,645,600	824,300
	3,761,765	851,075

The Trust has a working capital facility that provides short-term interest-bearing funding to bridge the timing of capital calls, which has a term of 365 days and matures on 23 December 2018. The maximum limit of the facility is \$7,234,500. The facility was partly drawn at year-end causing current liabilities to exceed current assets. Notwithstanding this deficit, the Trust may make a capital call from investors at 10 business days' notice to meet its short-term obligations with respect to the facility.

### 8. EQUITY

<b>Committed Capital</b>	55,650,000	55,650,000
<b>Unitholders' capital</b>		
At the beginning of the reporting period	35,059,500	23,651,250
Capital contributions		
10.00% call 13 December 2016	-	5,565,000
10.50% call 5 June 2017	-	5,843,250
8.00% call 28 December 2017	4,452,000	-
3.00% call 18 February 2018	1,669,500	-
6.10% call 28 June 2018	3,394,650	-
	44,575,650	35,059,500
<b>Undistributed income/(loss)</b>		
At the beginning of the reporting period	(6,648,768)	(7,681,475)
Net profit/(loss) for the period	3,566,020	1,032,707
Distributions paid/ payable	-	-
	(3,082,748)	(6,648,768)
<b>Unfunded committed capital</b>		
At the beginning of the reporting period	20,590,500	31,998,750
Less capital contributions	(9,516,150)	(11,408,250)
	11,074,350	20,590,500



# Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
<b>9. CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of cash flows from operating activities with profit after tax</b>		
Profit/(loss) after income tax	3,566,020	1,032,707
Cash flows from financing activities: financing & interest costs	174,462	228,407
Non cash flows in profit/(loss)		
net movement in fair value	(4,119,114)	(1,987,132)
interest accrued	(329,525)	(174,921)
accrued return on redeemable preference shares	(259,700)	(259,700)
Changes in assets and liabilities		
decrease/(increase) in receivables	5,444	108,934
Increase/(decrease) in payables	93,925	(1,559)
Net cash used in operating activities	<u>(868,489)</u>	<u>(1,053,264)</u>

## 10. COMMITMENTS AND CONTINGENCIES

As at 30 June 2018 the Trust had no commitments or contingencies which could impact on the financial position of the Trust other than as disclosed below:

### Carried Interest/Performance Fees

In accordance with the Trust Deed, the Trustee/Manager is entitled to carried interest equal to 20% of realised gains subject to unitholders first having received cumulative distributions of capital and income equal to:

- a) 100% of all capital paid up; plus
- b) a preferred return of 8.0% per annum on capital paid up

If the Trust's net assets were realised at 30 June 2018, then carried interest would be payable by the Trust to the Trustee/Manager which is estimated to be \$Nil.

## 11. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There have been no guarantees provided or received for any related party receivables. The names and remuneration of directors who have held office during the year are disclosed in the Trustee's report.

	2018 \$	2017 \$
Transactions with director related parties:		
Management fees (ex GST) paid to the Manager, Crescent Capital Partners Management Pty Limited, in accordance with the Limited Partnership Agreement and Trust Deeds.	<u>904,968</u>	<u>1,015,340</u>

## Notes to the Financial Statements (cont'd)

**FOR THE YEAR ENDED 30 JUNE 2018**

### **12. EVENTS SUBSEQUENT TO REPORTING DATE**

The Trustee is not aware of any matter or circumstance arising since the end of the period that has or may significantly affect the operations of the Trust.

### **13. SEGMENT REPORTING**

The Trust operates in the business of venture capital and private equity investment predominantly within Australia and New Zealand.

### **14. EMPLOYEES**

The Trust had no employees at the reporting date (2017: Nil).

### **15. TRUST DETAILS**

The registered office of the Trust is located at Level 29, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000.

## Trustee's Declaration

In accordance with a resolution of the directors of the Trustee, we state that:

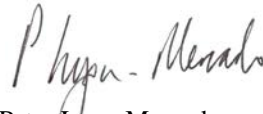
In the opinion of the directors:

- (a) the Trust is not a reporting entity as defined in the Australian Accounting Standards;
- (b) the financial statements and notes of the Trust are in accordance with the Trust Deed, and;
  - (i) present fairly the Trust's financial position as at 30 June 2018 and of its performance for the period ended on that date; and
  - (ii) comply with Accounting Standards and other mandatory professional reporting requirements to the extent described in Note 1 to the financial statements; and
- (c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Neville Buch  
Director



Peter Lyon-Mercado  
Director

Dated this 7<sup>th</sup> day of September 2018, Sydney.

## Independent Auditor's Report to the unitholders of Crescent Capital Partners Specific Trust VB

### Opinion

We have audited the financial report, being a special purpose financial report, of Crescent Capital Partners Specific Trust VB (the "Trust"), which comprises the statement of financial position as at 30 June 2018, 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 of the trustee.

In our opinion, the accompanying financial report is prepared, in all material respects, in accordance with the accounting policies described in Note 1 to the financial report.

### 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 Trust in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial report is prepared to assist the trustee to meet the requirements of the Trust Deed. As a result the financial report may not be suitable for another purpose. Our report is intended solely for Crescent Capital Partners Specific Trust VB and the unitholders and should not be distributed to parties other than the Recipients. Our opinion is not modified in respect of this matter.

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

The directors are responsible for the other information. The other information is the trustee's 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.

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 Trustee's Directors for the Financial Report

The trustee's directors are responsible for the preparation of the financial report in accordance with the financial reporting requirements of the Trust Deed and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the trustee's directors are responsible for assessing the Trust'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 Trust 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee's directors.

Conclude on the appropriateness of the trustee's 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 Trust'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 Trust to cease to continue as a going concern.



We communicate with the trustee's 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.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive, flowing style.

Ernst & Young  
Sydney  
7 September 2018