

Crescent Capital Partners III

Comprising the individual and aggregated financial statements of:

Crescent Capital Partners III LP (ILP0000023)

Crescent Capital Partners Trust IIIA (ABN 58 220 012 410)

Crescent Capital Partners Trust IIIB (ABN 89 795 302 165)

Financial Report

for the year ended 30 June 2018

Contents

Manager's/Trustee's Report	1
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Cash Flows	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7
Manager's/Trustee's Declaration	18
Independent Auditor's Report	19

Manager's/Trustee's Report

The directors of Crescent Capital Partners Management Pty Limited, the "Manager" of Crescent Capital Partners III LP (the "Partnership") and the "Trustee" of Crescent Capital Partners Trust IIIA and Crescent Capital Partners Trust IIIB (together the "Trusts") present their report on Crescent Capital Partners III (the "Fund") for the financial year ended 30 June 2018.

DIRECTORS

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

Executive

Michael T Alscher
Nathanial J Thomson
Neville Buch
Timothy D Martin (resigned 31 January 2018)
Peter Lyon-Mercado

Non-executive

David A Mortimer AO (resigned 7 February 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 Partnership or the Trusts.

PRINCIPAL ACTIVITIES

The principal activity of the Fund is private equity investment.

FUND INFORMATION

The Fund is comprised of the following domestic entities:

- Crescent Capital Partners III LP, registered 25 October 2006, 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 on the terms and conditions of the Limited Partnership Agreement.
- Crescent Capital Partners Trust IIIA and Crescent Capital Partners Trust IIIB, established 20 December 2006, are two unit trusts through which investments which are not eligible venture capital investments may be made on the terms and conditions of the Trust Deeds.

The Fund also comprises a fourth entity, Crescent Capital Partners III (Belgium) BVBA (CCP Belgium) through which the Fund's non-resident investors coinvest alongside the Trusts. CCP Belgium is a private limited liability company incorporated and registered in Belgium. This financial report does not include the financial performance or position of CCP Belgium.

Applications to the Fund closed on 29 June 2007 with total capital commitments from limited partners/unitholders of \$400,000,000.

Crescent Capital Partners Management Pty Limited, the Manager/Trustee of the Fund, is incorporated and domiciled in Australia; its registered office is located at Level 29, Governor Phillip Tower, 1 Farrer Place, Sydney, New South Wales, 2000.

Manager's/Trustee's Report (cont'd)

REVIEW OF OPERATIONS

During the year, the Fund fully realised its remaining investments:

- Arcpac Garage Doors Pty Ltd (formerly ACN 124 163 793 Pty Ltd) and Commercial Mirholdco Pty Ltd (formerly Mirage Holdco Pty Ltd) ("Steel-Line")
- GP Holdco Pty Ltd ("GroundProbe")

The Fund is in the process of being formally wound up in accordance with its underlying constitutional documents.

There were no significant changes in the Fund's operations during the year.

OPERATING RESULTS

The operating profit for the year amounted to \$59,139,492 (2017: \$19,219,586).

DISTRIBUTIONS

During the year the Fund paid or declared distributions totalling \$185,883,090 (2017: \$Nil).

MANAGEMENT FEES

During the year the Fund incurred management fees to the Manager of \$777,166 (incl. irrecoverable GST) as directed by the General Partner and in accordance with the Partnership's agreement, Trusts' deeds and investor approval dated 5 June 2017.

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 Fund's operation in future financial years, the results of those operations or the Fund's state of affairs in future financial years except as detailed in Note 12.

FUTURE DEVELOPMENTS

With the Fund having realised its remaining investments during the year and distributed monies to investors, the Fund will be wound up in accordance with its constitution.

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



Peter Lyon-Mercado
Director



Michael Alscher
Director

Dated this 28th day of September 2018

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Aggregated Crescent Capital Partners III		Crescent Capital Partners III LP		Crescent Capital Partners Trust IIIA		Crescent Capital Partners Trust IIIB	
		2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Income	2	68,311,213	826,491	66,980,965	502,028	665,135	162,324	665,113	162,139
Due diligence and transaction costs		(7,204,087)	(575,172)	(7,071,185)	(550,694)	(66,451)	(12,239)	(66,451)	(12,239)
Legal & other professional fees	3a	(94,853)	(108,105)	(45,004)	(32,801)	(24,925)	(37,652)	(24,924)	(37,652)
Management fees	11	(777,166)	(2,537,879)	(670,148)	(2,230,133)	(53,509)	(153,873)	(53,509)	(153,873)
Net movement in fair value	3b	-	21,680,429	-	21,680,429	-	-	-	-
Other expenses		(23,349)	(34)	(22,853)	(34)	(264)	-	(232)	-
Portfolio management costs		(9,646)	(66,144)	(9,646)	(63,124)	-	(1,510)	-	(1,510)
Loss on disposal of investment		(1,062,620)	-	-	-	(531,310)	-	(531,310)	-
Profit/(Loss) before income tax		59,139,492	19,219,586	59,162,129	19,305,671	(11,324)	(42,950)	(11,313)	(43,135)
Income tax expense		-	-	-	-	-	-	-	-
Profit/(Loss) after tax		59,139,492	19,219,586	59,162,129	19,305,671	(11,324)	(42,950)	(11,313)	(43,135)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income/(loss) attributable to security holders		59,139,492	19,219,586	59,162,129	19,305,671	(11,324)	(42,950)	(11,313)	(43,135)

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 JUNE 2018

	Note	Aggregated Crescent Capital Partners III		Crescent Capital Partners III LP		Crescent Capital Partners Trust IIIA		Crescent Capital Partners Trust IIIB	
		2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
CURRENT ASSETS									
Cash & cash equivalents	4	13,198,834	1,387,843	8,021,264	177,632	2,591,512	607,838	2,586,058	602,373
Trade & other receivables	5	505,659	4,093,194	505,659	264,237	-	1,914,479	-	1,914,478
TOTAL CURRENT ASSETS		13,704,493	5,481,037	8,526,923	441,869	2,591,512	2,522,317	2,586,058	2,516,851
NON-CURRENT ASSETS									
Investments in financial assets	6	-	127,666,031	-	123,420,955	-	2,122,538	-	2,122,538
TOTAL NON-CURRENT ASSETS		-	127,666,031	-	123,420,955	-	2,122,538	-	2,122,538
TOTAL ASSETS		13,704,493	133,147,068	8,526,923	123,862,824	2,591,512	4,644,855	2,586,058	4,639,389
CURRENT LIABILITIES									
Trade & other payables	7	13,704,493	6,403,470	8,526,923	6,262,846	2,591,512	70,312	2,586,058	70,312
TOTAL CURRENT LIABILITIES		13,704,493	6,403,470	8,526,923	6,262,846	2,591,512	70,312	2,586,058	70,312
TOTAL LIABILITIES		13,704,493	6,403,470	8,526,923	6,262,846	2,591,512	70,312	2,586,058	70,312
NET ASSETS		-	126,743,598	-	117,599,978	-	4,574,543	-	4,569,077
EQUITY									
Capital account	8	-	5,015,109	-	(4,214,596)	-	4,617,493	-	4,612,212
Current account	8	-	121,728,489	-	121,814,574	-	(42,950)	-	(43,135)
TOTAL EQUITY		-	126,743,598	-	117,599,978	-	4,574,543	-	4,569,077

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Aggregated Crescent Capital Partners III		Crescent Capital Partners III LP		Crescent Capital Partners Trust IIIA		Crescent Capital Partners Trust IIIB	
		2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES									
Dividend income		9,815,972	-	8,683,038	-	566,467	-	566,467	-
Directors fees received		200,750	258,500	200,750	258,500	-	-	-	-
Interest received		1,250,475	316,446	1,044,956	186	102,770	158,223	102,749	158,037
Other receipts/(payments)		1,022,876	181,515	1,000,000	142,703	11,438	19,406	11,438	19,406
Management fees paid		(2,623,540)	(1,482,693)	(2,422,556)	(1,238,565)	(100,492)	(122,064)	(100,492)	(122,064)
Payments to suppliers		(215,463)	(677,103)	(110,629)	(551,352)	(52,432)	(62,876)	(52,402)	(62,875)
Net cash flows from/(used in) operating activities	9	9,451,070	(1,403,335)	8,395,559	(1,388,528)	527,751	(7,311)	527,760	(7,496)
CASH FLOWS FROM INVESTING ACTIVITIES									
Payments for investments		-	(1,814,636)	-	-	-	(907,318)	-	(907,318)
Proceeds from investments		175,134,786	-	172,102,608	-	1,516,089	-	1,516,089	-
Net cash flows from/(used in) investing activities		175,134,786	(1,814,636)	172,102,608	-	1,516,089	(907,318)	1,516,089	(907,318)
CASH FLOWS FROM FINANCING ACTIVITIES									
(Repayments of)/proceeds from inter-company loans		(603,139)	583,416	(4,419,723)	1,483,416	1,908,292	(450,000)	1,908,292	(450,000)
Capital calls received		6,500	3,826,668	-	-	3,250	1,913,334	3,250	1,913,334
Distributions paid		(172,178,226)	-	(168,234,812)	-	(1,971,708)	-	(1,971,706)	-
Net cash flows (used in)/from financing activities		(172,774,865)	4,410,084	(172,654,535)	1,483,416	(60,166)	1,463,334	(60,164)	1,463,334
Net increase in cash held		11,810,991	1,192,113	7,843,632	94,888	1,983,674	548,705	1,983,685	548,520
Cash and cash equivalents at beginning of period		1,387,843	195,730	177,632	82,744	607,838	59,133	602,373	53,853
Cash and cash equivalents at end of period	4	13,198,834	1,387,843	8,021,264	177,632	2,591,512	607,838	2,586,058	602,373

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

Note	Attributable to security holders of Crescent Capital Partners III			Attributable to partners of Crescent Capital Partners III LP			Attributable to unitholders of Crescent Capital Partners Trust IIIA			Attributable to unitholders of Crescent Capital Partners Trust IIIB			
	Capital Account/ Issued Unit Capital \$	Current Account/ Undistributed Income \$	Total Equity \$	Capital Account \$	Current Account \$	Total Equity \$	Issued Unit Capital \$	Undistributed Income \$	Total Equity \$	Issued Unit Capital \$	Undistributed Income \$	Total Equity \$	
At 1 July 2016	1,181,941	102,508,903	103,690,844	(4,214,596)	102,508,903	98,294,307	2,700,909	-	2,700,909	2,695,628	-	2,695,628	
Profit/(loss) for the period	-	19,219,586	19,219,586	-	19,305,671	19,305,671	-	(42,950)	(42,950)	-	(43,135)	(43,135)	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	19,219,586	19,219,586	-	19,305,671	19,305,671	-	(42,950)	(42,950)	-	(43,135)	(43,135)	
Calls on committed capital	8	3,833,168	-	3,833,168	-	-	-	1,916,584	-	1,916,584	1,916,584	-	1,916,584
Distributions		-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2017	8	5,015,109	121,728,489	126,743,598	(4,214,596)	121,814,574	117,599,978	4,617,493	(42,950)	4,574,543	4,612,212	(43,135)	4,569,077
At 1 July 2017		5,015,109	121,728,489	126,743,598	(4,214,596)	121,814,574	117,599,978	4,617,493	(42,950)	4,574,543	4,612,212	(43,135)	4,569,077
Profit/(loss) for the period		-	59,139,492	59,139,492	-	59,162,129	59,162,129	-	(11,324)	(11,324)	-	(11,313)	(11,313)
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	59,139,492	59,139,492	-	59,162,129	59,162,129	-	(11,324)	(11,324)	-	(11,313)	(11,313)
Calls on committed capital	8	-	-	-	-	-	-	-	-	-	-	-	-
Distributions		(5,015,109)	(180,867,981)	(185,883,090)	4,214,596	(180,976,703)	(176,762,107)	(4,617,493)	54,274	(4,563,219)	(4,612,212)	54,448	(4,557,764)
At 30 June 2018	8	-	-	-	-	-	-	-	-	-	-	-	-

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 III for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 28 September 2018.

Crescent Capital Partners III LP (the “Partnership”) is a venture capital limited partnership, registered and domiciled in Australia.

Crescent Capital Partners Trust IIIA and Crescent Capital Partners Trust IIIB (the “Trusts”) are unit trusts, registered and domiciled in Australia.

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

(a) Basis of preparation

This special purpose financial report has been prepared for the purpose of reporting to the Limited Partners and Unitholders in accordance with the limited partnership agreement and trust deeds. The accounting policies used in the preparation of this financial report, as described below, are consistent with the previous years, and 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) Crescent Capital Partners Management Pty Ltd (the “Manager/Trustee”) has determined that the Partnership and Trusts are not reporting entities 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 Fund’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 (continued)

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

The Partnership has been established as an incorporated limited partnership and is registered under the Venture Capital Act 2002 as a Venture Capital Limited Partnership (VCLP). The Partnership is only permitted to make investments that constitute Eligible Venture Capital Investments as defined under Income Tax Assessment Act 1997. Accordingly, the Partnership is treated as a partnership for income tax purposes and, while it maintains its registration as a VCLP, will not be a tax-paying entity.

Under the Income Tax Assessment Act 1997 there is no liability for income tax for the Trusts provided that the taxable income of the Trusts 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 Fund 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 Fund'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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(f) Expense recognition

Expenses are recognised in the statement of comprehensive income when the Fund 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 Fund prior to the end of the financial year that are unpaid and arise when the Fund 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'.

Valuations are carried out at each quarter with movements in fair value being recognised through the statement of comprehensive income.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Fund 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/Trustee assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Manager/Trustee makes a formal estimate of the recoverable amount. Where the 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 will call capital from investors to provide funding to the Partnership or Trusts. 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 Fund 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 Fund) and interpretations.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	Aggregated		Crescent Capital		Crescent Capital		Crescent Capital	
	Crescent Capital Partners III	Crescent Capital Partners III LP	Crescent Capital Partners III LP	Crescent Capital Partners III LP	Crescent Capital Partners Trust IIIA	Crescent Capital Partners Trust IIIA	Crescent Capital Partners Trust IIIB	Crescent Capital Partners Trust IIIB
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
2. INCOME								
Directors fees	115,000	210,000	115,000	210,000	-	-	-	-
Dividend income	9,815,972	-	8,683,038	-	566,467	-	566,467	-
Interest income	411,045	616,491	213,731	292,028	98,668	162,324	98,646	162,139
Gain on disposal of investment	56,969,196	-	56,969,196	-	-	-	-	-
Other income	1,000,000	-	1,000,000	-	-	-	-	-
	68,311,213	826,491	66,980,965	502,028	665,135	162,324	665,113	162,139
3. PROFIT/ (LOSS) BEFORE INCOME TAX								
(a) Expenses include:								
Auditor's remuneration – amounts received or due and receivable by Ernst & Young for:								
audit services	21,000	38,500	8,000	11,550	6,500	13,475	6,500	13,475
(b) Significant revenue and expenses								
Changes in investment valuations:								
Steel-Line	-	4,821,429	-	4,821,429	-	-	-	-
GroundProbe	-	16,859,000	-	16,859,000	-	-	-	-
	-	21,680,429	-	21,680,429	-	-	-	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	Aggregated		Crescent Capital Partners III LP		Crescent Capital Partners Trust IIIA		Crescent Capital Partners Trust IIIB	
	Crescent Capital Partners III		2018	2017	2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$

4. CASH AND CASH EQUIVALENTS

Cash at bank	13,198,834	1,387,843	8,021,264	177,632	2,591,512	607,838	2,586,058	602,373
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Cash at the end of the financial year as shown in the statement of cash flows reconciles to the figures above.

5. TRADE & OTHER RECEIVABLES

CURRENT

Other receivables	505,659	4,018,944	505,659	189,987	-	1,914,479	-	1,914,478
Trade receivables	-	74,250	-	74,250	-	-	-	-
	505,659	4,093,194	505,659	264,237	-	1,914,479	-	1,914,478

At 30 June 2018, each of the Trusts were owed \$Nil (2017:\$1,908,292) from the Partnership.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

			Aggregated		Crescent Capital		Crescent Capital		Crescent Capital	
			Crescent Capital		Partners III LP		Partners Trust IIIA		Partners Trust IIIB	
			2018	2017	2018	2017	2018	2017	2018	2017
			\$	\$	\$	\$	\$	\$	\$	\$
6. INVESTMENTS IN FINANCIAL ASSETS										
Investments at fair value:										
<i>Ordinary shares</i>										
	<i> Holding</i>	<i> Principal Activity</i>								
Steel-Line	74%	Manufacturer of garage doors	-	-	-	-	-	-	-	-
GroundProbe	64%	Develop slope monitoring systems	-	71,159,000	-	71,159,000	-	-	-	-
			-	71,159,000	-	71,159,000	-	-	-	-
<i>Convertible loan notes:</i>										
Steel-Line			-	50,851,952	-	48,429,716	-	1,211,118	-	1,211,118
<i>Ordinary loan:</i>										
Steel-Line			-	5,655,079	-	3,832,239	-	911,420	-	911,420
Total investments:			-	127,666,031	-	123,420,955	-	2,122,538	-	2,122,538

On 16 January 2018, the Partnership sold its investment in GroundProbe for cash consideration of \$121,711,926.

On 1 March 2018, the Partnership and Trusts sold their investment in Steel-Line for cash consideration of \$53,422,860.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	Aggregated		Crescent Capital		Crescent Capital		Crescent Capital	
	Crescent Capital		Partners III LP		Partners Trust IIIA		Partners Trust IIIB	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
7. TRADE AND OTHER PAYABLES								
CURRENT								
Other related parties	-	585,908	-	585,908	-	-	-	-
Sundry payables and accrued expenses	-	5,817,562	-	5,676,938	-	70,312	-	70,312
Distributions payable	13,704,493	-	8,526,923	-	2,591,512	-	2,586,058	-
	13,704,493	6,403,470	8,526,923	6,262,846	2,591,512	70,312	2,586,058	70,312

At 30 June 2018, the Partnership owed \$Nil (2017: \$1,908,292) to each of the Trusts.

8. EQUITY

	400,000,000	400,000,000						
Committed Capital								
Capital account								
At the beginning of the reporting period	5,015,109	1,181,941	(4,214,596)	(4,214,596)	4,617,493	2,700,909	4,612,212	2,695,628
Contributed Capital: 0.63% 24 August 2016	-	3,833,168	-	-	-	1,916,584	-	1,916,584
Distributions	(5,015,109)	-	4,214,596	-	(4,617,493)	-	(4,612,212)	-
Capital account at reporting date	-	5,015,109	-	(4,214,596)	-	4,617,493	-	4,612,212
Current account/undistributed income								
At the beginning of the reporting period	121,728,489	102,508,903	121,814,574	102,508,903	(42,950)	-	(43,135)	-
Net (loss)/profit for the period	59,139,492	19,219,586	59,162,129	19,305,671	(11,324)	(42,950)	(11,313)	(43,135)
Distributions	(180,867,981)	-	(180,976,703)	-	54,274	-	54,448	-
At reporting date	-	121,728,489	-	121,814,574	-	(42,950)	-	(43,135)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

	Aggregated		Crescent Capital		Crescent Capital		Crescent Capital	
	Crescent Capital Partners III		Partners III LP		Partners Trust IIIA		Partners Trust IIIB	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
9. CASH FLOW INFORMATION								
(a) Reconciliation of cash flows from operating activities with profit after tax								
Profit/(loss) after income tax	59,139,492	19,219,586	59,162,129	19,305,671	(11,324)	(42,950)	(11,313)	(43,135)
Non-cash flows from due diligence and transaction costs	7,735,784	-	7,593,710	-	71,037	-	71,037	-
Non-cash flows								
net movement in fair value	-	(21,680,429)	-	(21,680,429)	-	-	-	-
(gain)/loss on disposal of investment	(55,906,576)	-	(56,969,196)	-	531,310	-	531,310	-
interest capitalised/accrued	839,429	(300,046)	831,225	(291,842)	4,102	(4,102)	4,102	(4,102)
Changes in assets and liabilities								
(increase)/decrease in receivables	(389,347)	43,272	(395,221)	26,978	2,938	8,147	2,936	8,147
(decrease)/increase in payables	(1,967,712)	1,314,282	(1,827,088)	1,251,094	(70,312)	31,594	(70,312)	31,594
Net cash from/(used in) operating activities	9,451,070	(1,403,335)	8,395,559	(1,388,528)	527,751	(7,311)	527,760	(7,496)

(b) Directors and Outside fees

The Fund is entitled to a proportion of other outside fees paid to the Manager which result from services provided to the Fund's investee companies. In accordance with the Partnership Agreement and Trust Deeds, these fees are rebated by way of set-off against the management fees payable by the Fund to the Manager/Trustee and are disclosed on this basis in the statement of cash flows.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

10. COMMITMENTS AND CONTINGENCIES

As at 30 June 2018 the Fund had no commitments or contingencies which could impact on the financial position of the Fund except as disclosed.

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 Manager's/Trustee's report.

	Aggregated		Crescent Capital Partners III LP		Crescent Capital Partners Trust IIIA		Crescent Capital Partners Trust IIIB	
	Crescent Capital Partners III		Crescent Capital Partners III LP		Crescent Capital Partners Trust IIIA		Crescent Capital Partners Trust IIIB	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Transactions with director related parties:								
Management fees (ex GST) paid/payable to the Manager/Trustee, Crescent Capital Partners Management Pty Limited, in accordance with the Limited Partnership Agreement and Trust Deeds.	758,211	2,475,980	653,803	2,175,740	52,204	150,120	52,204	150,120
The Fund is entitled to the directors' fees paid by its investee companies. During the period the Fund received the following director fees:								
Steel-Line	40,000	60,000	40,000	60,000	-	-	-	-
GroundProbe	75,000	150,000	75,000	150,000	-	-	-	-
	115,000	210,000	115,000	210,000	-	-	-	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

12. EVENTS SUBSEQUENT TO REPORTING DATE

On 6 August 2018, the Trusts paid a final distribution (declared 29 June 2018) being \$2,600,638 from Trust IIIA and \$2,595,182 from Trust IIIB.

On 30 August 2018, the Partnership paid a final distribution (declared 29 June 2018) being \$8,523,496.

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

13. SEGMENT REPORTING

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

14. EMPLOYEES

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

15. FUND DETAILS

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

Manager's/Trustee's Declaration

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

In the opinion of the directors:

(a) the Fund is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the Fund are in accordance with the Limited Partnership Agreement and Trust Deeds, and;

(i) present fairly the Fund's financial position as at 30 June 2018 and of its performance for the year 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 Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter Lyon-Mercado
Director



Michael Alscher
Director

Dated this 28th day of September 2018, Sydney.

Independent Auditor's Report to the Limited Partners and unitholders of Crescent Capital Partners III

Opinion

We have audited the financial report, being a special purpose financial report, of Crescent Capital Partners III (the "Fund") 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 for Crescent Capital Partners LP (the "Partnership") and Crescent Capital Partners Trust IIIA and Crescent Capital Partners Trust IIIB (together the "Trusts") and the report of the directors of Crescent Capital Partners Management Pty Limited (the "Manager's/Trustee's Report") being the "Manager" of the Partnership and the "Trustee" of the Trusts (together the "Manager/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 Limited Partnership and Trusts 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 Partnership and Trusts to meet the requirements of the Partnership Agreement and Trust Deeds. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the Fund, the Limited Partners and unitholders (together the "Recipients") 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 Manager and Trustee is responsible for the other information. The other information is the "Manager's/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 Manager and Trustee for the Financial Report

The Manager and Trustee at the discretion of the Limited Partnership and the Trusts is responsible for the preparation of the financial report in accordance with the financial reporting requirements of the Limited Partnership Agreement and Trust Deeds and for such internal control as the Manager and Trustee determines 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 Directors of Crescent Capital Partners Management Pty Limited (the "Directors") are responsible for assessing the Limited Partnership's and Trusts' abilities 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 Limited Partnership and Trusts 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 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 Manager and Trustee's 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 Fund'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 Fund to cease to continue as a going concern.



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.

A handwritten signature in black ink that reads 'Ernst & Young'. The signature is written in a cursive style with a horizontal line under the 'Young' part.

Ernst & Young
Sydney
28 September 2018