Crescent Capital Partners IV LP

(ILP0000069)

a component of Crescent Capital Partners IV

Financial Report

for the year ended 30 June 2018

Contents

Manager's Report

The directors of Crescent Capital Partners Management Pty Limited, the "Manager" of Crescent Capital Partners IV LP (the "Partnership"), present their report on the Partnership for the financial year ended 30 June 2018.

DIRECTORS

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

Executive	Non-executive
Michael Alscher	David Mortimer AO (retired 7 February 2018)
Timothy Martin (retired 31 January 2018)	
Nathanial Thomson	
Neville Buch	
Peter Lyon-Mercado	

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.

PRINCIPAL ACTIVITIES

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

FUND INFORMATION

The Partnership was registered on 15 June 2010 as 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 Partnership's constitution (Limited Partnership Deed). The capital committed from investors in the Partnership ("Limited Partners") is $274,783,000.

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 IVA; and
- Crescent Capital Partners Designated Trust IVB (collectively the "Designated Trusts")

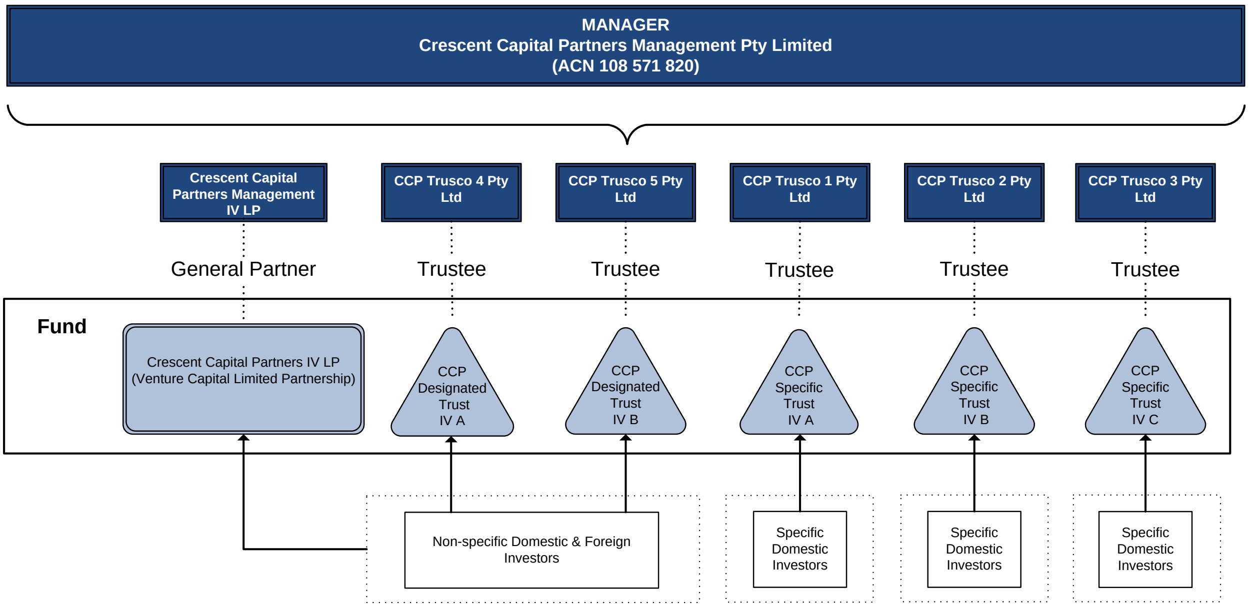
The Designated Trusts were established on 20 December 2010 and in aggregate have the same investors (or unitholders) as the Partnership.

The Fund also comprises the following entities:

- Crescent Capital Partners Specific Trust IVA, Crescent Capital Partners Specific Trust IVB, and Crescent Capital Partners Specific Trust IVC, all established on 20 December 2010 as managed investment trusts. The capital committed by unitholders of these trusts is $105,000,000, $50,000,000, and $60,000,000 respectively and collectively they are referred to as the "Specific Trusts".

The diagram overleaf sets out the structure of the Fund.

Manager's Report (cont'd)



Applications to the Fund closed on 14 April 2012 with total capital commitments from the Fund's limited partners/unitholders of $489,783,000.

The Investment Period of the Fund matured on 14 April 2017 (being the fifth anniversary of the Final Close of the Fund).

Crescent Capital Partners Management Pty Limited, the Manager 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.

REVIEW OF OPERATIONS

During the year $12,640,018 of committed capital was called into the Partnership to fund working capital needs and follow-on investments as set out in Note 6.

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

Crumpler Pty Ltd ("Crumpler")
Nude Holdco Pty Ltd ("Nude Holdco")
National Dental Care Pty Ltd ("National Dental Care")
NHD Holdco Pty Ltd ("NHD Holdco")
New Zealand Panels Group Ltd ("Prime Panels")
Southern Sun Clinics Pty Ltd ("Sun Doctors")

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

OPERATING RESULTS

The operating loss for the year amounted to $19,843,294 (2017: profit $2,431,523).

Manager's Report (cont'd)

DISTRIBUTIONS

During the year the Partnership paid no distributions (2017: $30,226,130).

MANAGEMENT FEES

During the year the Partnership paid management fees to the Manager of $1,783,052 (incl. irrecoverable GST) (2017: $1,243,916).

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

FUTURE DEVELOPMENTS

The Manager will continue to review exit and follow-on investment opportunities for the Partnership in accordance with the Limited Partnership Deed.

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

Peter Lyon-Mercado
Director

Michael Alscher
Director

Dated this 7th day of September 2018

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Income	**2**	2,203,795	4,365,116
Due diligence and transaction costs		4,258	(1,173,093)
Finance costs	**3a**	(418,489)	(65,756)
Legal & other professional fees		(84,473)	(236,942)
Management fees	**11**	(1,783,052)	(1,243,916)
Loss on disposal of investment		-	(1,445,862)
Net movement in fair value	**3b**	(19,736,570)	2,256,657
Other expenses		(6,620)	(5,626)
Portfolio management costs		(22,143)	(19,055)
(Loss)/profit before income tax		(19,843,294)	2,431,523
Income tax expense		-	-
(Loss)/profit after tax		(19,843,294)	2,431,523
Other comprehensive income		-	-
Total comprehensive (loss)/income attributable to Limited Partners		**(19,843,294)**	**2,431,523**

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 JUNE 2018

	Note	2018 $	2017 $
CURRENT ASSETS			
Cash & cash equivalents	**4**	1,816,742	409,823
Trade & other receivables	**5**	394,367	1,851,663
TOTAL CURRENT ASSETS		2,211,109	2,261,486
NON-CURRENT ASSETS			
Investments in financial assets	**6**	142,090,764	148,837,672
TOTAL NON-CURRENT ASSETS		142,090,764	148,837,672
TOTAL ASSETS		144,301,873	151,099,158
CURRENT LIABILITIES			
Trade & other payables	**7**	4,265,957	3,859,966
TOTAL CURRENT LIABILITIES		4,265,957	3,859,966
TOTAL LIABILITIES		4,265,957	3,859,966
NET ASSETS		140,035,916	147,239,192
EQUITY			
Capital account	**8**	140,035,916	147,239,192
TOTAL EQUITY		140,035,916	147,239,192

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividend income received		-	2,824,198
Interest received		10,836	14,434
Management fees paid		(1,913,519)	(1,314,009)
Payments to suppliers		(312,379)	(1,098,482)
Net cash flows (used in)/from operating activities	**9**	(2,215,062)	426,141
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(10,809,447)	(7,521,532)
Proceeds from sale of investments		1,731,242	28,829,287
Net cash flows (used in)/from investing activities		(9,078,205)	21,307,755
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from draw down on working capital facility		28,249,300	1,683,000
Repayments of working capital facility draw downs		(25,892,100)	-
Repayments from related party loans		(1,720,000)	(2,833,470)
Interest paid		(372,173)	(14,813)
Facility fees paid		(47,509)	(50,786)
Capital calls received		12,482,668	9,317,122
Distributions paid		-	(30,226,130)
Net cash flows from/(used in) financing activities		12,700,186	(22,125,077)
Net increase/(decrease) in cash held		1,406,919	(391,181)
Cash and cash equivalents at beginning of year		409,823	801,004
Cash and cash equivalents at end of year	**4**	1,816,742	409,823

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Attributable to partners of Crescent Capital Partners IV LP Capital Account $
At 1 July 2016		**165,691,177**
Profit for the period		2,431,523
Other comprehensive income		-
Total comprehensive income for the year		2,431,523
Calls on committed capital		9,342,622
Distributions		(30,226,130)
At 30 June 2017	**8**	**147,239,192**
At 1 July 2017		**147,239,192**
Loss for the period		(19,843,294)
Other comprehensive income		-
Total comprehensive loss for the year		(19,843,294)
Calls on committed capital		12,640,018
At 30 June 2018	**8**	**140,035,916**

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

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

(a) Basis of preparation

This special purpose financial report has been prepared for the purpose of reporting to the Limited Partners in accordance with the Limited Partnership 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) Crescent Capital Partners Management Pty Ltd (the “Manager”) has determined that the Partnership 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 authoritive pronoucements 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 Partnership'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

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.

(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 Partnership 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 Partnership'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 Partnership 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 Partnership 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, listed 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.

(k) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Partnership 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 carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 General Partner, will call capital from Limited Partners to provide funding to the Partnership. 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 Partnership 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 Partnership) 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 Partnership'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 Partnership does not apply hedge accounting and their investments are all held at fair value through profit or loss, these revisions will not impact the Partnership.

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 Partnership's main sources of revenue are dividends, distributions, interest income and gains on financial instruments measures 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 Partnership'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 $
2. INCOME		
Dividend income	-	2,824,198
Interest income	2,191,050	1,540,918
Gain on disposal of investment	12,745	-
	2,203,795	4,365,116
3. PROFIT/(LOSS) BEFORE INCOME TAX		
(a) Expenses include:		
Auditor's remuneration – amounts received or due and receivable by Ernst & Young for:		
audit services	16,700	16,300
Finance costs:		
working capital facility fees	47,509	50,786
working capital facility interest	370,980	14,970
	418,489	65,756
(b) Significant revenue and expenses		
Changes in investment valuations:		
NHD Holdco	(25,683,212)	(3,151,319)
Crumpler	(1,434,046)	(2,171,482)
Nude Holdco	-	11,849,668
Prime Panels	-	3,833,576
Sun Doctors	7,380,688	(8,103,786)
	(19,736,570)	2,256,657

4. CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash at bank	1,816,742	409,823

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

	2018 $	2017 $
CURRENT		
Other receivables	394,367	1,851,663

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

			2018 $	2017 $
6. INVESTMENTS IN FINANCIAL ASSETS				
Investments at fair value:				
Ordinary shares	*Holding*	*Principal Activity*		
Crumpler	56%	Branded leisure goods	-	-
Nude Holdco	51%	Retail cosmetics	29,810,121	29,810,121
National Dental Care	37%	Dental services	28,767,989	28,767,989
NHD Holdco	26%	Medical services	16,661,763	42,344,975
Sun Doctors	43%	Skin cancer clinics	9,335,602	1,954,913
Prime Panels	45%	Laminated panels	32,737,789	32,737,789
			117,313,264	135,615,787
Interest bearing securities		*Principal Activity*		
Nude Holdco		Retail cosmetics	9,103,751	-
Crumpler		Branded leisure goods	8,853,997	7,304,150
Sun Doctors		Skin cancer clinics	1,184,991	5,917,735
			19,142,739	13,221,885
Non-interest bearing securities		*Principal Activity*		
Sun Doctors		Skin cancer clinics	5,634,761	-
			5,634,761	-
			142,090,764	148,837,672

On 31 July 2017, 27 October 2017, 22 December 2017, and 28 February 2018, the Partnership provided short-term advances totalling $8,415,451 to Nude Holdco.

On 28 November 2017 and 23 February 2018, the Partnership made follow-on investments in Sun Doctors totalling $823,111.

On 3 August 2017, 20 October 2017, 26 February 2018, 23 March 2018, and 17 May 2018, the Partnership made follow-on investments in Crumpler totalling $1,570,884.

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

The valuation methodologies employed include the application of relevant earnings multiples derived from the earnings multiples of comparable listed entities and the application of these multiples to estimated future maintainable earnings. 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 $
7. TRADE AND OTHER PAYABLES		
CURRENT		
Sundry payables and accrued expenses	125,360	444,820
Inter-fund entity loan (See Note 11)	100,397	1,732,146
Working capital facility	4,040,200	1,683,000
	4,265,957	3,859,966

The Partnership has a working capital facilty which provides short-term interest-bearing funding to bridge the timing of capital calls. The facility has a term of 365 days and matures on 14 April 2019. The maximum limit of the facility is $13.2 million in aggregate across the Partnership and the Designated Trusts. The facility was partly drawn at year-end causing current liabilities to exceed current assets. Notwithstanding this deficit, the Partnership 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

	2018 $	2017 $
Capital account		
At the beginning of the reporting period	147,239,192	165,691,177
Capital contributions		
3.40% call 9 August 2016	-	9,342,622
4.60% call 28 May 2018	12,640,018	
Net (loss)/profit for the period	(19,843,294)	2,431,523
Distribution paid/payable	-	(30,226,130)
At reporting date	140,035,916	147,239,192
Committed capital		
At the beginning and end of the reporting period	274,783,000	274,783,000
Unfunded committed capital		
At the beginning of the reporting period	26,379,168	35,721,790
Less capital contributions	(12,640,018)	(9,342,622)
Less capital contributions to Designated Trusts	-	-
At reporting date	13,739,150	26,379,168

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

9. CASH FLOW INFORMATION

	2018 $	2017 $
(a) Reconciliation of cash flows from operating activities with profit after tax		
(Loss)/profit after income tax	(19,843,294)	2,431,523
Cash flows from financing activities: financing & interest costs	419,682	65,599
Non cash flows in profit/(loss)		
net movement in fair value	19,736,570	(2,256,657)
(gain)/loss on disposal of investment	(12,745)	1,445,862
accrued interest	(2,180,214)	(1,526,484)
Changes in assets and liabilities		
(increase)/decrease in receivables	(15,601)	6,459
(decrease)/increase in payables	(319,460)	259,839
Net cash (used in)/from operating activities	(2,215,062)	426,141

10. COMMITMENTS AND CONTINGENCIES

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

Carried Interest/Performance Fees

In accordance with the Limited Partnership Agreement, Crescent Capital Partners Management IV LP, the General Partner, is entitled to a carried interest equal to 20% of realised gains subject to Limited Partners 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 Fund's net assets were realised at 30 June 2018, then carried interest would be payable by the Partnership to the General Partner which is estimated to be $11.6 million (2017: $15.3 million).

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 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 Deed.	1,739,563	1,213,577

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

11. RELATED PARTY TRANSACTIONS (CONTINUED)

At 30 June 2018, the Partnership owed the following amounts included in payables:

$58,868 (2017: $977,143) Crescent Capital Partners Designated Trust IVA
$41,529 (2017: $755,003) Crescent Capital Partners Designated Trust IVB
$100,397

12. EVENTS SUBSEQUENT TO REPORTING DATE

The Manager 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 Partnership.

13. SEGMENT REPORTING

The Partnership operates in the business of private equity investment in Australia and New Zealand.

14. EMPLOYEES

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

15. PARTNERSHIP DETAILS

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

Manager's Declaration

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

In the opinion of the directors:

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

(b) the financial statements and notes of the Partnership is in accordance with the Limited Partnership Agreement, and;

(i) present fairly the Partnership'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 Partnership 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 7th day of September 2018, Sydney.

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Independent Auditor's Report to the Limited Partners of Crescent Capital Partners IV LP

Opinion

We have audited the financial report, being a special purpose financial report, of Crescent Capital Partners IV LP (the "Partnership") 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 Manager's directors' declaration.

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 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 to meet the requirements of the Limited Partnership Agreement. As a result the financial report may not be suitable for another purpose. Our report is intended solely for Crescent Capital Partners IV LP and the Limited Partners 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 manager'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.

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Responsibilities of the Manager's Directors for the Financial Report

The Manager's directors at the discretion of General Partner are responsible for the preparation of the financial report in accordance with the financial reporting requirements of the Limited Partnership Agreement and for such internal control as the Manager's 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 Manager's directors are responsible for assessing the Partnership'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 Manager's directors either intend to liquidate the Partnership 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 Partnership's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Partnership.

Conclude on the appropriateness of the Manager'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 Limited Partnership'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 Partnership to cease to continue as a going concern.

We communicate with the Manager'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.

Ernst & Young

Ernst & Young
Sydney
7 September 2018