CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
30 JUNE 2017 AND 30 JUNE 2016

VGI PARTNERS LIMITED
(formerly VGI Partners Pty Limited)
ACN 129 188 450

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The Directors of VGI Partners Limited (formerly VGI Partners Pty Ltd) (the "Company") present their Directors' Report together with the Consolidated Financial Statements for the financial year ended 30 June 2017 and 30 June 2016. The Consolidated Financial Statements represent the Company and its consolidated entities ("VGI Partners" or the "Group").

The names of the directors of the Company during or since the end of the financial period are:

	Date Appointed
Robert M P Luciano	15/01/2008
Douglas H Tynan	11/09/2011
David F Jones	11/11/2014
Robert J Poiner	16/03/2016

Principal activities

The Group continues to trade as a provider of investment management services.

Review of operations

The Company was founded in early 2008 and manages clients' investment portfolios and investment funds by building concentrated long-short portfolios. The total comprehensive income after tax for the year ended 30 June 2017 was $9,553,000 (30 June 2016: $9,442,000).

Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year.

Subsequent events

A fully franked dividend was declared on 30 June 2017 for the year and paid subsequent to year end as noted on page 2.

On 19 July 2017, the Company entered into an Investment Management Agreement with VGI Partners Global Investments Limited (ACN 619 660 721). VGI Partners Global Investments Limited was incorporated on 9 June 2017 and listed on the ASX on 28 September 2017 with a subscription amount of $550,000,000 under the supplementary prospectus dated 8 September 2017. The Investment Management Agreement's five year term was extended to 10 years in accordance with ASX approval dated 20 September 2017.

On 26 February 2019, the Company changed its financial year end close date from 30 June to 31 December, in order to achieve the benefits of balancing its financial reporting requirements for its investment portfolio under management (predominantly June year ends) and its own corporate financial reporting.

The Company became a public company on 9 May 2019 pursuant to the Corporations Act 2001.

There have not been any other matters or circumstance occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Dividends

Fully franked dividends of $6,900,000 (2016: $9,000,000) were declared for the year, of which $1,500,000 was paid during the year and the remaining $5,400,000 paid subsequent to year end, on or around 2 August 2017.

Key management personnel equity holdings

There were no options or shares under option granted to key management personnel during the financial year.

Indemnification of officers and auditors

During the financial year, the Group paid a premium in respect to key person insurance for the directors' and professional indemnity insurance for the directors' and officers' of the Group. An officer means a person (including any company secretary) who makes or participates in decisions that affect the whole or substantial part of the business or is concerned in or takes part in the management of the business. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

During or since the end of the financial year the Group has not indemnified or made a relevant agreement to indemnify an auditor of the Group against a liability incurred as such an auditor. In addition, the Group has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

Auditor's Independence Declaration

The Auditor's Independence Declaration is included after this report.

Signed in accordance with a resolution of directors.

Robert M P Luciano
Director
Sydney, 22 May 2019

On behalf of the Board

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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The Directors
VGI Partners Limited
39 Phillip Street
Sydney NSW 2000

22 May 2019

Dear Directors

Auditor's Independence Declaration to VGI Partners Limited

I am pleased to provide the following declaration of independence to the directors of VGI Partners Limited.

As lead audit partner for the audit of the financial report of VGI Partners Limited for the year ended 30 June 2017 and 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan

Declan O'Callaghan
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Directors of VGI Partners Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VGI Partners Limited (the "Company") and its subsidiaries (the "Group"), which comprise the Consolidated Statements of Financial Position as at 30 June 2017 and 30 June 2016, the Consolidated Statements of Profit or Loss and Other Comprehensive Income, the Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Group's financial position as at 30 June 2017 and 30 June 2016, and its financial performance and its cash flows for the years then ended in accordance with Australian Accounting Standards and Interpretations, which comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 Statements* section of our report. We are independent of the Group 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 statements 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.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 Group's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 statements 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan

Declan O'Callaghan
Partner
Chartered Accountants
Sydney, 22 May 2019

VGI PARTNERS LIMITED

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

The directors declare that:

(i) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(ii) in the directors' opinion, the attached Consolidated Financial Statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in note 2 to the Consolidated Financial Statements; and

(iii) in the directors' opinion, the attached Consolidated Financial Statements and notes thereto are in compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors.

Robert M P Luciano
Director
Sydney, 22 May 2019

On behalf of the Board

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
Revenue			
Management fees	3	13,106	9,613
Performance fees	3	10,879	12,703
Net foreign exchange gain/(loss)		(228)	147
Interest income		26	64
Total revenue		**23,783**	**22,527**
Expenses			
Personnel costs		5,524	5,065
Research and marketing expenses		2,188	1,280
Occupancy expenses		501	426
Communications and IT expenses		205	339
Other expenses		1,616	1,795
Donations		181	208
Total expenses		**10,215**	**9,113**
Profit before income tax		**13,568**	**13,414**
Income tax expense	5	(4,015)	(3,972)
Profit for the year		**9,553**	**9,442**
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		**9,553**	**9,442**
Profit attributable to:			
Owners of the Company		**9,553**	**9,442**
Earnings per share:			
Basic and diluted (cents per share)	22	7.06	6.98

The above statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

	Notes	As at 30 June 2017 $000's	As at 30 June 2016 $000's
Current assets			
Cash and cash equivalents	13	5,580	2,762
Trade and other receivables	7	10,495	12,500
Total current assets		**16,075**	**15,262**
Non-current assets			
Property, plant and equipment	8	404	416
Deferred tax asset	5	370	334
Other assets	6	196	180
Total non-current assets		**970**	**930**
Total assets		**17,045**	**16,192**
Current liabilities			
Trade and other payables	9	1,694	1,123
Income tax payable	5	1,746	2,439
Employee entitlements	10	1,303	1,803
Dividends payable	12	5,400	6,500
Total current liabilities		**10,143**	**11,865**
Non-current liabilities			
Employee entitlements	10	198	276
Total non-current liabilities		**198**	**276**
Total liabilities		**10,341**	**12,141**
Net assets		**6,704**	**4,051**
Equity			
Share Capital	11	929	929
Retained earnings		5,775	3,122
Total shareholders' equity		**6,704**	**4,051**

The above statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated	Note	Share Capital	Retained Earnings	Total Equity
		$000's	$000's	$000's
Balance at 1 July 2015		929	2,680	3,609
Profit for the period		-	9,442	9,442
Dividends paid or payable	12	-	(9,000)	(9,000)
Balance at 30 June 2016		**929**	**3,122**	**4,051**
Balance at 1 July 2016		929	3,122	4,051
Profit for the period		-	9,553	9,553
Dividends paid or payable	12	-	(6,900)	(6,900)
Balance at 30 June 2017		**929**	**5,775**	**6,704**

The above statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
Cash flows from operating activities			
Receipts from customers		26,107	23,819
Interest received		26	64
Payments to suppliers and employees		(10,391)	(8,114)
Income taxes paid		(4,745)	(4,617)
Net cash generated by operating activities	13	**10,997**	**11,152**
Cash flows from investing activities			
Payments to acquire property, plant and equipment	8	(63)	(162)
Net cash used in investing activities		**(63)**	**(162)**
Cash flows from financing activities			
Dividends paid to shareholders		(8,000)	(12,000)
Net cash used in financing activities		**(8,000)**	**(12,000)**
Net cash increase/(decrease) in cash and cash equivalents		2,934	(1,010)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(116)	(10)
Cash and cash equivalents at the beginning of the year		2,762	3,782
Cash and cash equivalents at the end of the year	13	**5,580**	**2,762**

The above statement of cash flows is to be read in conjunction with the accompanying notes.

1 General information

The Company is incorporated in Australia. Its registered office and principal place of business is 39 Phillip Street, Sydney NSW 2000.

The principal activity of the Group is investment management.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this Consolidated Financial Statements and that of the previous financial year are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

This Consolidated Financial Statements is a general purpose financial statements which has been prepared in accordance with Australian Accounting Standards and Interpretations, and complies with other requirements of the law. The Consolidated Financial Statements comprises the Consolidated Financial Statements of the Group and accompanying notes. For the purposes of preparing the Consolidated Financial Statements, the Company is a for-profit entity.

All amounts are presented in Australian dollars.

The Consolidated Financial Statements were authorised for issue by Directors on 22 May 2019.

First time adoption of Australian Accounting Standards

As this is the first year these financial statements are general purpose, AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied. There has been no impact on previously reported financial position, financial performance and cash flows due to adoption of AASB 1 and other standards, previously not applied.

Compliance with International Financial Reporting Standards

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the Consolidated Financial Statements and notes of the Group comply with International Financial Reporting Standards.

Historic cost convention

The Consolidated Financial Statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair value at the end of the reporting period. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in Australian Accounting Standard Board ("AASB") 136: 'Impairment of Assets'.

2 Summary of significant accounting policies (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

* Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
* Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
* Level 3 inputs are unobservable inputs for the asset or liability.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Consolidated Financial Statements requires the use of judgment, estimates and assumptions. Should different assumptions or estimates be applied, the resulting values may change, impacting the net assets and income of the Group. These estimates and assumptions are reviewed on an ongoing basis. The nature of the significant estimates and judgments made are noted below.

(i) Employee entitlements

Employee total remuneration typically includes an annual bonus which is determined based on the performance of the staff member and the performance of the Group and the investment portfolios it manages over the 12 month period ending 30 June, as well as consideration of market levels of remuneration and staff retention.

2.1 Basis of consolidation

The Consolidated Financial Statements incorporate the Consolidated Financial Statements of the Company and entities controlled by the Company. Control is achieved when the Company:

* has power over the investee;
* is exposed to, or has rights, to variable returns from its involvement with the investee; and
* has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

* the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

* potential voting rights held by the Company, other vote holders or other parties;
* rights arising from other contractual arrangements; and
* any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2.1 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the Consolidated Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2 Significant accounting policies

a Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and is recognised if it meets the criteria below. Amounts disclosed as revenue are net of rebates.

* Management fees: recognised as they are earned based on the applicable investment management agreements.

* Performance fees: recognised as income at the end of the relevant period to which the performance fee relates, when the Group's entitlement to the fee becomes certain.

* Interest income: recognised as it accrues, taking into account the effective yield of the financial asset.

b Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

c Foreign currency transactions

The Consolidated Financial Statements of the Group are presented in the currency of the primary economic environment in which the Group operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of the Group are expressed in Australian dollars ('$'), which is the functional currency of the Group and the presentation currency for the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognised in the profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

d Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, bonus, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

e Taxation

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted for each jurisdiction by the end of the reporting date and expected to apply when the temporary difference reverse.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

f Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Property, plant and equipment is depreciated so as to write off the cost of each asset over its expected economic life. Additions during the year are depreciated on a pro-rata basis from the date of acquisition.

The depreciation rates used are in accordance with the Australian Taxation Office effective life tables. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

g Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

* where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
* for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

h Earnings per share

Basic earnings per share is calculated by dividing the Group's profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the Group's profit after income tax adjusted by profit attributable to all the dilutive potential ordinary shares by the weighted average number of ordinary shares and potential ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

i Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

j Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

k Investments

Investments in subsidiaries in the separate accounts of the parent are recorded at cost.

l Trade payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition.

2.3 Application of new and revised Accounting Standards

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and which became mandatory for the current financial year.

The adoption of the standards and amendments for the year ended 30 June 2017 did not result in any changes to the amounts or disclosures in the current or prior year.

Standards and Interpretations in issue not yet adopted

The Group has not early adopted any new standards, amendments to standards and interpretations that are not yet effective. The Group has assessed the impact of these new standards and interpretations and with the exception of those mentioned below, none of the other standards and interpretations materially impact the Group.

<u>AASB 15 Revenue from Contracts with Customers (effective for annual reporting periods beginning on or after 1 Jan 2018)</u>

AASB 15 supersedes AASB 118 Revenue and AASB 111 Construction Contracts. Although AASB 15 is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates as revenue is recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts, which replaces the existing notion of risks and rewards.

Except for an agreement between VGI Partners Global Investments and VGI Partners Ltd, under AASB 15, the Group's recognition of management fees was not impacted as the fees are based on net assets under management at the end of the month/quarter and any uncertainty related to the fees is resolved at the end of the same month/quarter. Therefore, management fee revenues will continue to be recognised when the service is provided, which corresponds directly with the value of performance delivered by the Group to its clients. The Group will adopt AASB 15 once it becomes effective under a modified retrospective approach.

Given the Group's material performance fee agreements can have a broad range of outcomes and market volatility remains a key factor of uncertainty, performance fee revenue will not be recognised until the uncertainty is resolved. To assess uncertainty and therefore the potential reversal of performance fee revenue recognised, additional factors will now be considered to determine if a portion of the Group's performance fee revenue should be recognised prior to the end of the performance fee measurement period. Under AASB 15, performance fee revenue will most likely continue to be recognised once crystallised. The Group's revenue recognition of interest income and foreign exchange gains/(losses) was unaffected as these items are excluded from the scope of AASB15.

<u>AASB 9: Financial Instruments (AASB 9) (effective for annual reporting periods beginning on or after 1 Jan 2018)</u>
The Standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presenting in OCI. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which cash the lifetime ECL method is adopted. The standard introduces additional new disclosures.

2.3 Application of new and revised Accounting Standards (continued)

The Group will adopt this standard for the financial half year ending 31 December 2018 and the impact of its adoption is expected to be minimal on the Group.

AASB 16: Leases (effective for annual reporting periods beginning on or after 1 Jan 2019) (AASB 16)

AASB 16 supersedes AASB 117 Leases. AASB 16 provides a new lessee accounting model which requires lessees to recognise the right-to-use assets, and liabilities to make lease payments, for leases with a term of more than 12 months unless the underlying asset is of low value and short term. Expenses in respect of leases include amortisation of the right-of-use asset and interest expense in respect of the lease liability.

The Group will adopt AASB 16 from 1 January 2019. It is expected to result in most of the Group's leases (except short-term and low-value leases) being recognised on the Consolidated Statement of Financial Position. As at 30 June 2017, the Group had non-cancellable operating lease commitments of $634,654. The Group has not yet determined to what extent these commitments will result in the recognition of a 'right-to-use' asset and a 'liability for future payments' and how this will affect the Group's profit or loss and classification of cash flows.

The Group expects to apply the modified retrospective approach on transition and reflect any impacts on transition to the new standard on a cumulative basis as an adjustment to the opening balance of retained earnings at 1 January 2019, the adoption date. For practical expediency lease contracts identified and ongoing as at 1 January 2019 and which are accounted for as leases under AASB 117 will continue to be accounted for as lease contacts under AASB 16. The Group will not restate comparatives in accordance with the transitional provisions of AASB 16.

	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
3 Management and performance fees		
Management fees	13,106	9,613
Performance fees	10,879	12,703

Management fee revenue is recognised in the profit or loss over the period the service is provided. Management fees are based on a percentage of the portfolio value of the fund or mandate and calculated in accordance with Investment Management Agreement or Constitution.

Performance fees may be earned from funds and mandates. The Group's entitlement to a performance fee for any given performance period is dependent on outperforming certain hurdles. These hurdles may be index relative (including in some cases a fixed percentage above an index), absolute return, both absolute return and index relative, or total shareholder return.

Performance fees are generally subject to either a high-water mark arrangement or a deficit clause, which ensures that fees are not earned more than once on the same performance. Some mandate performance fees are subject to a cap on the performance fee amount earned in each performance fee measurement period, with any amount in excess of the cap carried forward to the next calculation measurement period. There are no carried forward performance fees at 30 June 2017. The Group's entitlement to future performance fees from VGI funds and mandates is dependent on the unit price of the portfolio exceeding the high-water mark. The high-water mark is the unit price at the end of the most recent calculation period for which the Group was entitled to a performance fee, less any intervening income and capital distributions.

The calculation period for the majority of the Group's funds and mandates is 12 months to 30 June.

4 Segment information

4.1 Services from which reportable segments derive their revenues

The Group operates in a single reportable segment, being the provision of investment management services.

4.2 Geographical information

The Group is primarily domiciled in Australia, with one subsidiary domiciled in the USA. The Group derived majority of its management and performance fees from Australian Unlisted funds.

		Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
5	**Income taxes relating to continuing operations**		
5.1	**Income tax recognised in profit or loss**		
	Profit before tax from continuing operations	13,568	13,414
	Prima facie tax at the Australian tax rate of 30%	4,070	4,024
	Entertainment and entertainment gifts	8	4
	Impact of foreign tax rate	(63)	(56)
		4,015	**3,972**
	Represented by:		
	Current tax	4,054	4,203
	Deferred tax	(39)	(231)
	Income tax expense recognised in profit or loss	**4,015**	**3,972**
5.2	**Current tax assets and liabilities**		
	Current tax liabilities		
	Income tax payable	**1,746**	**2,439**
5.3	**Deferred tax balances**		
	Deferred tax assets		
	Accruals and provisions	205	175
	Deductible capital expenditure	144	154
	Unrealised foreign exchange translation	21	4
		370	**334**
6	**Other assets**		
	Security deposits - property lease and credit cards	196	180
		196	**180**
7	**Trade and other receivables**		
	Trade receivables and accruals	10,394	12,398
	Prepayments	98	98
	Interest receivable	3	4
		10,495	**12,500**

Fees receivable disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because the amounts are still considered recoverable.

Age of receivables

	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
0-60 days	10,394	12,398
60-90 days	-	-
Total	**10,394**	**12,398**

	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
8 Property, plant and equipment		
Cost or valuation		
Office equipment		
At cost	341	321
Accumulated depreciation	(200)	(170)
Closing Value	141	151
Furniture and fixtures		
At cost	364	320
Accumulated depreciation	(131)	(94)
Closing Value	233	226
Leasehold improvements		
At cost	100	98
Accumulated depreciation	(70)	(59)
Closing Value	30	39
Total property, plant & equipment	**404**	**416**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are as follows:

	2017	2016
Office equipment		
Carrying amount at start of year	152	175
Additions	16	42
Depreciation	(27)	(66)
Carrying amount at end of year	141	151
Furniture and fixtures		
Carrying amount at start of year	226	136
Additions	44	95
Depreciation	(37)	(5)
Carrying amount at end of year	233	226
Leasehold improvements		
Carrying amount at start of year	39	25
Additions	3	25
Depreciation	(12)	(11)
Carrying amount at end of year	30	39
Total property, plant & equipment	**404**	**416**

		Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
9	**Trade and other payables**		
	Trade payables	91	90
	Other creditors and accruals	902	257
	GST payable (net)	701	775
		1,694	**1,122**
10	**Employee entitlements**		
	Employee benefits current	1,303	1,803
	Employee benefits non-current	198	276
		1,501	**2,079**

Employee benefits represents annual leave, long service leave and bonus entitlements accrued.

		2017	2016
11	**Share Capital**		
	Founder shares	208	208
	Class A shares	721	721
		929	**929**

	Number of shares	Number of shares
Founder shares	1,000,000	1,000,000
Class A shares	352,890	352,890
Total shares on issue	**1,352,890**	**1,352,890**

There were no issue of new shares or other movements during the year ended 30 June 2016 and 30 June 2017.

The Founder Shares have dividend and voting rights. The "A" Class shares have dividend rights but no voting rights.

12 Dividends

a) Ordinary dividends paid or declared during the period

	2017	2016
Fully franked dividends at 30% declared during the year:		
- $1.85 per share declared on 15 December 2015 and paid on 15 January 2016		2,500
- $5.80 per share declared on 22 June 2016 and paid on 21 July 2016		6,500
- $1.11 per share declared on 17 January 2017 and paid on 18 January 2017	1,500	
- $3.99 per share declared on 30 June 2017 and paid on 2 August 2017	5,400	
	6,900	**9,000**

	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's

12 Dividends (continued)

b) Franking account balances

	2017 $000's	2016 $000's
Total franking credits available for subsequent periods based on a corporate tax rate of 30% (June 2016: 30%)	3,294	1,978

13 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2017 $000's	2016 $000's
Cash and bank balances	5,580	2,762
	5,580	**2,762**

Reconciliation of profit for the period to net cash flows from operating activities

	2017 $000's	2016 $000's
Profit/(loss) for the year	9,553	9,442
Depreciation of property, plant and equipment	76	82
	9,629	9,524
Movements in working capital:		
(Increase)/decrease in trade and other receivables	2,120	1,172
(Increase)/decrease in other assets	(16)	6
Increase/(decrease) in trade and other payables	572	(97)
Increase/(decrease) in taxes	(729)	(645)
Increase/(decrease) in employee entitlements	(579)	1,192
Net cash generated by operating activities	**10,997**	**11,152**

Financing and investing activities

As a result of the cashflows used in financing activities and dividends declared for the year ended 30 June 2017, the dividend payable amount decreased from $6,500,000 to $5,400,000.

14 Operating leases

14.1 Leasing arrangements

The Group has entered into leases with respect to its offices in Sydney and New York.

14.2 Payments recognised as an expense

	2017 $000's	2016 $000's
Minimum lease payments	**501**	**426**

14.3 Non-cancellable operating lease commitments

	2017 $000's	2016 $000's
Current	267	208
2 to 5 years	367	370
> 5 years	-	-
	634	**578**

	Year Ended 30 June 2017 $	Year Ended 30 June 2016 $
15 Remuneration of auditors		
Audit of funds and separate mandates managed by the Group, and audit of its Australian Financial Services Licence.	134,000	125,000
Audit services (Cayman Master/Feeder Fund)	55,000	50,000
Other services (Tax and advisory services)	36,000	42,000
	225,000	**217,000**

The auditor of the Group is Deloitte Touche Tohmatsu.

The Group is responsible for the audit costs for VGI Partners Master Fund (for which VGI Partners Limited is Trustee and investment manager) a Cayman Master/Feeder fund and a number of separate managed accounts.

16 Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the company and the Group is set out below:

	2017 $	2016 $
Short-term employee benefits	2,379,110	2,180,176
Post-employment benefits	329,358	530,709
	2,708,468	**2,710,885**

The Directors and senior executives considered Key Management Personnel of the Group during the year and up to the date of these financial statements:

Robert M P Luciano	Director
Douglas H Tynan	Director
David F Jones	Director
Robert J Poiner	Director
Adam M Philippe	Chief Operating Officer
Ursula E Kay	Chief Financial Officer (Resigned 7/12/2018)
Ian J Cameron	Chief Financial Officer (Appointed 7/12/2018)

	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's

17 Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2017 the parent entity of the group was VGI Partners Limited.

	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
Result of the parent entity		
Profit/(loss) for the period	9,346	9,254
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	**9,346**	**9,254**
Financial position of parent entity at year end		
Current assets	15,771	14,533
Total assets	16,606	15,383
Current liabilities	10,144	11,565
Total liabilities	10,342	11,565
Total equity of the parent entity comprising of:		
Share capital	929	929
Retained earnings	5,335	2,889
Total equity	**6,264**	**3,818**

Parent entity contingencies

The parent entity had no commitments or contingencies at year end other than those already disclosed in the Consolidated Financial Statements.

Parent entity guarantees in respect of the debts of its subsidiaries

There are no guarantees currently in place in relation to the debts of the parent entity's subsidiaries.

18 Capital and Risk Management

The Group is subject to liquidity risk, price risk, foreign currency risk, interest rate risk, credit risk and translation risk and how these risks could affect the Group's future financial performance is discussed below.

18.1 Capital management

The Group manages its capital with the aim of ensuring that entities in the Group will be able to continue as a going concern while maximising the return to shareholders. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of only equity (comprising share capital and retained earnings). The Group has no debt.

The Company is subject to regulatory financial requirements by virtue of holding an Australian Financial Services Licence ("AFSL"). During the year ended 30 June 2017, the Company satisfied the liquidity requirements under its AFSL.

18.2 Financial risk management

The Board of the Company periodically reviews the financial instruments and their associated financial risk and the potential impact on the Group.

18.3 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, and indirectly through price risk of its managed portfolios/funds and the consequent impact on its management and performance fees.

There has been no change to the nature of market risks the Group is exposed to, or the manner in which these risks are managed and measured.

18.4 Foreign currency risk management

The financial balances of the Group's foreign operations are prepared in their local currency, United States dollar. For the purposes of preparing the Group's Consolidated Financial Statements, the foreign operation's financial statements are translated into Australian dollars using applicable foreign exchange rates for the reporting period. A translation risk exists on translating the financial statements of the Group's foreign operations. As a result, volatility in foreign exchange rates can impact the Group's net assets, profit or loss and other comprehensive income.

As at 30 June 2017, the USD value subject to foreign currency risk was $183,540 (2016: $65,240).

The Group does not hedge foreign currency risk.

18 Capital and Risk Management (continued)

18.5 Interest rate risk management

As the Group has no borrowings, the Group is only exposed to interest rate risk in relation to the interest income earned on cash at bank.

The Group's exposure to interest rates on the value of financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

<u>Interest rate sensitivity analysis</u>

A 1% increase or decrease in interest rates represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% lower and all other variables were held constant, the Group's profit for the year ended 30 June 2017 would decrease by $55,805 (2016: decrease by $27,620). The decrease is solely attributable to the Group's exposure to interest rates on its cash at bank balances.

The Group's sensitivity to interest rates has increased during the current year due to the increase in cash at bank.

18.6 Credit risk management

Credit risk management is the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group, most importantly its obligation to pay invoiced fees. The credit worthiness of clients is taken into account when accepting client assignments.

As at 30 June 2017 the Group does not have a significant credit risk exposure to any single counterparty.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

18.7 Liquidity risk management

The Group has no external borrowings and therefore its liquidity risk is limited to its ability to pay its future overhead expenses. The Group's policy is to maintain liquid assets sufficient to cover, at a minimum, 9 months worth of future overhead expenses assuming no management revenue is received in that period.

<u>Liquidity and interest rate tables</u>

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. There is no interest payable on these financial liabilities so only principal cash flows have been disclosed.

	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
Within one year	1,694	1,122
1 year to 5 years	-	-
5+ years	-	-
Total	**1,694**	**1,122**

19 Related party transactions

19.1 Ultimate Parent Entity

VGI Partners Limited is the ultimate parent entity.

19.2 Subsidiaries

Interest in subsidiaries are set out in Note 20.

19.3 Related party transactions

The following reflects the transactions with related parties for the year ended 30 June 2017 and the balances outstanding as at 30 June 2017:

	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
Management and Performance Fees received/receivable from Unlisted Vehicles	11,400	10,703
Net expenses paid/payable on behalf of Unlisted Vehicles	(386)	(304)

Holdings of units by related parties in Unlisted Vehicles

At 30 June 2017, the value of key management personnel and/or their related parties holdings in unlisted vehicles was $23,855,735 (2016: $18,683,490).

(a) Companies controlled by Directors:

All companies within the group are controlled by the directors of VGI Partners Limited.

(b) Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

(c) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

(d) Subsidiary companies

Transactions between the Parent Entity and its subsidiaries and between subsidiaries are eliminated on consolidation and are not disclosed in this note.

20 Subsidiaries

Name of subsidiary	Place of incorporation	As at 30 June 2017 Percentage owned	As at 30 June 2016 Percentage owned
Vichingo Global Investments Pty Limited	Australia	100%	100%
Vichingo Global Investors Pty limited	Australia	100%	100%
Investments No.39 Pty Limited	Australia	100%	100%
Produce Markets Queensland Pty Ltd	Australia	0%	100%
VGI Partners Global Investments Limited	Australia	100%	0%
VGI Partners, Inc.	USA	100%	100%
VPPP 1A	Australia	100%	100%
VPPP 1B	Australia	100%	100%
VPPP 1C	Australia	100%	100%

21 Unconsolidated Structured Entities

VGI manages several investment funds and holds an interest in these unconsolidated structured entities through the receipt of management and performance fees. The unconsolidated structured entities constitutes of individually managed accounts, wholesale investment schemes in the form of unlisted trusts, offshore domiciled companies and Listed Investment Company.

These unconsolidated structured entities invest in a range of asset classes. The unconsolidated structured entities have various investment objectives and policies and are subject to the terms and conditions of their respective offering documentation. However, all unconsolidated structured entities invest capital from investors in a portfolio of assets in order to provide a return to those investors from capital appreciation of those assets, income from those assets, or both. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold. The unconsolidated structured entities are financed through equity capital provided by investors.

Maximum Exposure to loss

VGI's maximum exposure to loss associated with its interest in these uncontrolled structured entities is limited to the carrying amount due from related parties of $10,394,000 (2016 June: $12,398,000). This has since been received.

22 Earnings per share

	Year Ended 30 June 2017 $000's	Year Ended 30 June 2016 $000's
Profit after income tax used in calculation of basic earnings per share	9,553	9,442
Basic and diluted earnings per share	7.06	6.98
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted earnings per share	1,352,890	1,352,890

The weighted average number of shares used as the denominator in calculating basic earnings per share is based on the average number of shares from 30 June 2016 to 30 June 2017.

23 Subsequent events note

A fully franked dividend was declared on 30 June 2017 for the year and paid subsequent to year end as noted in Note 12 above.

On 19 July 2017, VGI Partners entered into an Investment Management Agreement with VGI Partners Global Investments Limited (ACN 619 660 721). VGI Partners Global Investments Limited was incorporated on 9 June 2017 and listed on the ASX on 28 September 2017 with a subscription amount of $550,000,000 under the supplementary prospectus dated 8 September 2017. The Investment Management Agreement's five year term was extended to 10 years in accordance with ASX approval dated 20 September 2017.

On 26 February 2019, the Company changed it's financial year end close date from 30 June to 31 December, in order to achieve the benefits of balancing its financial reporting requirements for its investment portfolio under management (predominantly June year ends) and its own corporate financial reporting.

The Company became a public company on 9 May 2019 pursuant to the Corporations Act 2001.

There have not been any other matters or circumstance occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.