



25 August 2014

Australian Stock Exchange Centre  
Level 6  
20 Bridge Street  
Sydney NSW 2000  
Australia

Dear Sir/Madam

**Intueri Education Group Limited half year results announcement  
(for the six months ended 30 June 2014)**

Please find attached the financial information required by ASX Listing Rule 4.2A together with a copy of Intueri's half year results presentation and financial statements for the six months ended 30 June 2014.

Attached:

1. Media Announcement in relation to the half year results
2. Interim Group Financial Statements for the six months ended 30 June 2014, including the auditors' review report
3. Half year results presentation
4. ASX Appendix 4D
5. NZX Appendix 1

Yours sincerely

A handwritten signature in blue ink, appearing to read "Rodney Marvin", is written over a horizontal line.

**Rodney Marvin**  
Chief Financial Officer  
Intueri Education Group

## **NZX/ASX RELEASE**

25 August 2014

### **Intueri Education Group announces 2014 Interim Results**

- **Statutory profit after tax of NZ\$1.6 million for the six months ended 30 June 2014, up from NZ\$0.5 million for the prior comparable period ended 30 June 2013**
- **Pro forma revenue of NZ\$36.2 million and EBITA of NZ\$10.5 million tracking ahead of expectations, above the top end of the IPO guidance range by 2.3% and 3.9% respectively**
- **International and Online segments continue to grow strongly, ahead of expectations**
- **New Zealand Domestic segment impacted by softer than anticipated rebound in Christchurch and a later than expected mid-year uplift in domestic revenue**
- **Integration of acquired businesses is progressing well**
- **The company maintains its FY2014 pro forma financial forecasts as outlined in the IPO prospectus**

### **Financial Performance**

Intueri Education Group's (Intueri) financial results for the six months to 30 June 2014 indicate that it is on track to achieve the FY2014 statutory and pro forma financial forecasts outlined in the IPO prospectus dated 6 May 2014.

Unaudited statutory profit after tax (IFRS basis) for the six months ended 30 June 2014 was NZ\$1.6 million, compared with NZ\$0.5 million for the six months ended 30 June 2013, an increase of 227%. Revenue growth was 71% which reflects the acquisitions of a 50% shareholding in Online Courses Australia Group (OCA) and 100% of Quantum Education (Quantum) during the period. On a statutory basis, OCA has been included from 1 April 2014 while Quantum was included from 23 May 2014.

On a pro forma basis for the six months ended 30 June 2014, Intueri was ahead of expectations with revenues of NZ\$36.2 million and EBITA of NZ\$10.5 million, both above the top end of the IPO guidance range by 2.3% and 3.9% respectively. Net profit after taxation attributable to Intueri shareholders was NZ\$3.1 million and NZ\$6.4 million when adjusted for acquired amortisation costs. The pro forma results assume the combination of Intueri Education, OCA and Quantum were owned throughout 2013 and 2014 in order to show the performance of the combined business on a comparable basis.

The net assets of Intueri as at 30 June 2014 were NZ\$85.2 million. Intueri remains in a negative working capital position and net debt reduced from the IPO debt level of NZ\$17.5 million to NZ\$15.4 million.

### **Operational Performance**

Pro forma revenue for the six months ended 30 June 2014 was NZ\$36.2 million with the International and Online segments performing ahead of expectations. Intueri experienced strong revenue growth in its OCA business and is tracking ahead of its international revenue growth forecasts. New Zealand Domestic segment has been impacted by a softer than anticipated rebound in Christchurch and a later than expected mid-year uplift in domestic revenue.

Pro forma EBITA was NZ\$10.5 million, 3.9% above the top end of the IPO guidance range. This was driven by the growth in the Online and International segments. The integration of the Quantum and OCA businesses is also progressing well.

Mr Rob Facer, Chief Executive Officer, commented: "We are pleased with Intueri's progress to date since achieving the milestones of publicly listing the Group and completing the acquisitions of OCA and Quantum. Trading has been broadly in line with our expectations, and we are currently focussed on implementing the strategic initiatives required to deliver our growth targets. These include the establishment of our shared services functions for Group Marketing, Finance & IT, Human Resources and Academic & Compliance activities."

### **Outlook for FY2014**

Intueri reaffirms the FY2014 pro forma forecasts as outlined in the prospectus. "While trading was slightly softer in the New Zealand Domestic market, the fundamentals of the business in this important market are sound, and we are also encouraged with the strong progress made in our Online and International segments with the positive momentum flowing into the second half.

Intueri is well progressed with its integration plans and the full benefits of these will be realised in the 2015 financial year. Our focus is on strengthening existing operations and realising the benefits from our integration program. Acquisitions and organic growth opportunities that make a positive contribution to earnings are also being reviewed and we will update the market as appropriate." Mr Facer said.

Ends

For queries, please contact:  
Rob Facer, CEO +64 (0) 27 675 3538  
[Rob.Facer@intueri.co.nz](mailto:Rob.Facer@intueri.co.nz)

### ***About Intueri:***

The Intueri Education Group (IQE) is a publicly listed vocational education group on both the New Zealand and Australian stock exchanges. Our internationally recognised schools specialise in providing industry relevant training across a number of exciting and diverse industries where there is strong demand for skilled people. We work closely with those industries to ensure our graduates find employment in the field they are most passionate about. These fields include Design and Arts, Beauty and Spa Therapy, Culinary Design and Hospitality Management, Business and Computing, Hotel & Tourism Management, Professional Counselling, Hairdressing, Make-Up Artistry and Commercial Diver Training.



# Intueri Education Group

Interim results presentation for the 6 months ended 30 June 2014

25 August 2014

# Important Notice



## Disclaimer

The information in this presentation has been prepared by Intueri Education Group Limited ("Intueri") with due care and attention. However, neither Intueri nor any of its directors, employees, shareholders nor any other person shall have any liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

This presentation may contain projections or forward looking statements regarding a variety of items. Such projections or forward looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, uncertainties and assumptions. There is no assurance that results contemplated in any projections and forward looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about Intueri.

Forward looking statements are subject to any material adverse events, significant one-off expenses, non-cash fair value movements or other unforeseeable circumstances, including the risks described in the Investment Statement dated 23 May 2014 and the Prospectus dated 6 May 2014.

A number of non-GAAP financial measures are used in this presentation. You should not consider any of these in isolation from, or as a substitute for, the information provided in the audited consolidated financial statements for the 9 month period ended 30 June 2013 available on the Companies Office website and the 6 month interim period ended 31 December 2013 included in the Prospectus.

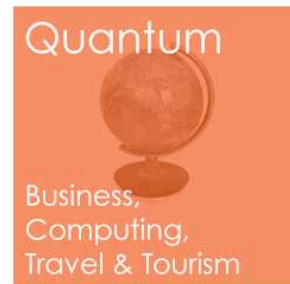
The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice.



# Intueri Education Group



Intueri is a New Zealand headquartered group of private training establishments (PTEs) directly delivering tertiary education to a diversified cohort of domestic, international and online students



- Intueri provides domestic and international students with a diverse vocational education offering from **26 campuses** around New Zealand and an **online campus** in Australia
- 7 colleges
- ~10,000 student enrolments
- 325 staff



# Our Customers



## Domestic Students

Delivers tertiary education to domestic New Zealand students

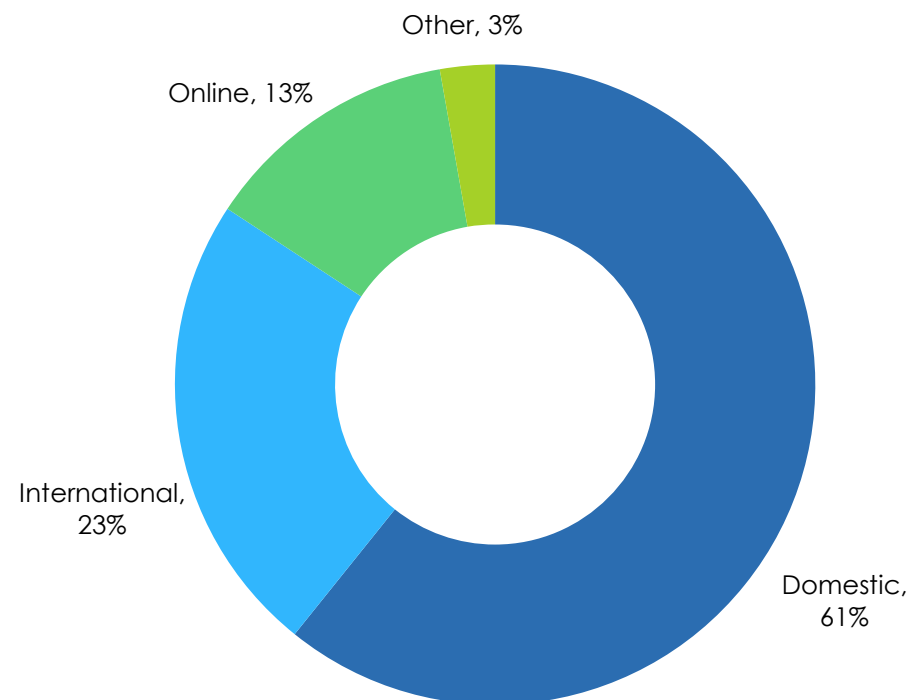
## International Students

Delivers tertiary education to international students in New Zealand

## Online Students

Delivers tertiary online education to domestic students in Australia

## 1H 2014 Pro Forma revenue breakdown



# Interim results highlights



## Intueri is tracking ahead of prospectus guidance<sup>1</sup> and its integration program is progressing well

- 1H FY2014 IFRS NPAT (after acquired amortisation) for the period was NZ\$1.6m, up 227% from NZ\$0.5m in the prior comparable period, driven by revenue growth of 71%
- 1H FY2014 pro forma financial performance was ahead of guidance<sup>1</sup>
  - Revenue of **NZ\$36.2m** was **2.3%** ahead of the top end of the pro forma guidance range<sup>2</sup>
  - EBITA of **NZ\$10.5m** was **3.9%** ahead of the top end of the pro forma guidance range<sup>3</sup>
- International and Online segments continue to grow strongly, ahead of expectations
- Domestic segment impacted by softer than anticipated rebound in Christchurch and a later than expected uplift in revenue
- Integration of Quantum and Online Courses Australia businesses is progressing well
- A number of acquisition opportunities are being assessed and we will update the market as appropriate
- **The Company maintains its FY2014 pro forma financial forecasts as outlined in the Prospectus**

1. H1 FY2014 Pro Forma revenue and EBITA expected numbers are based on the range of splits provided in the Prospectus. See points 2 and 3 for exact revenue and EBITA splits.

2. The H1 FY2014 Pro Forma revenue guidance split outlined in the Prospectus was 42-46% of the total FY2014 Pro Forma revenue forecast.

3. The H1 FY2014 Pro Forma EBITA guidance split outlined in the Prospectus was 36-40% of the total FY2014 Pro Forma EBITA forecast. No guidance was provided for EBITDA and NPATA.

Note: Numbers may not compute exactly due to rounding in this presentation.





# Financial Performance

# 1H FY2014 Pro Forma Financial Performance



Intueri 1H FY2014 Pro Forma EBITA is tracking 3.9% ahead of the prospectus guidance range<sup>2,4</sup>

(NZ\$m)	FY2014 H1 Pro Forma Actual <sup>1</sup>	FY2014 H1 Pro Forma Top of Guidance <sup>2</sup>	% change vs Guidance	FY2014 Pro Forma
Revenue <sup>3</sup>	36.2	35.4	2.3%	76.9
EBITDA	11.6	n/a	n/a	27.5
<b>EBITA<sup>4</sup></b>	<b>10.5</b>	<b>10.2</b>	<b>3.9%</b>	<b>25.4</b>
<b>% margin</b>	<b>29.0%</b>	<b>28.7%</b>		<b>33.0%</b>
NPATA	6.4	n/a	n/a	16.8
NPATA EPS (cents)	6.4	n/a	n/a	16.8

1. The appendix includes a reconciliation of the 1H FY2014 pro forma revenue and NPAT to the 1H FY2014 statutory revenue and NPAT provided in the Prospectus.

2. H1 FY2014 Pro Forma revenue and EBITDA numbers are based on the range of splits provided in the Prospectus. See points 3 and 4 for exact revenue and EBITA splits. No guidance was provided for EBITDA and NPATA.

3. H1 FY2014 Pro Forma revenue guidance split outlined in the Prospectus was 42-46% of the total FY2014 Pro Forma revenue forecast.

4. H1 FY2014 Pro Forma EBITA guidance split outlined in the Prospectus was 36-40% of the total FY2014 Pro Forma EBITA forecast.

# Segment Revenue Performance

Intueri 1H FY2014 Pro Forma Total Revenue is tracking 2.3% ahead of the prospectus guidance range<sup>1</sup>

(NZ\$m)	FY2014 H1 Pro Forma Actual	FY2014 Pro Forma	1H %	Highlights
Domestic	\$22.0m	\$49.2m	44.7%	<ul style="list-style-type: none"> <li>Domestic segment impacted by softer rebound in Christchurch and later than expected uplift in mid year revenue</li> <li>All PTEs have received confirmation of minimum funding levels for 2015 in line with 2014</li> </ul>
International	\$8.5m	\$18.6m	45.7%	<ul style="list-style-type: none"> <li>Growth is above expectations driven by strong industry tailwinds with NZ student visa approvals up 16% on 1H 2013</li> <li>Positive momentum flowing into the H2</li> </ul>
Online	\$4.6m	\$7.3m	63.0%	<ul style="list-style-type: none"> <li>Significant growth above expectations being experienced through VET FEE HELP programs</li> <li>New programs scheduled to go 'on-scope' within the second half to fuel continued out-performance</li> </ul>
Other Revenue	\$1.0m	\$1.8m	55.6%	<ul style="list-style-type: none"> <li>Tracking in line with expectations</li> </ul>
<b>Total Revenue</b>	<b>\$36.2m</b>	<b>\$76.9m</b>	<b>47.1%</b>	

1. H1 FY2014 Pro Forma revenue expected numbers are based on the range of splits provided in the Prospectus. H1 FY2014 Pro Forma revenue guidance split outlined in the Prospectus was 42-46% of the total FY2014 Pro Forma revenue forecast.

# Detailed Profit & Loss

Profit & Loss Statement (NZ\$m)	1H FY2014 Pro Forma <sup>2</sup>	FY2014 Forecast <sup>3</sup>	FY2014 Pro Forma <sup>2</sup>
Domestic Students	22.0	39.0	49.2
International Students	8.5	18.2	18.6
Online and Australian Students	4.7	6.2	7.3
Other income	1.0	1.7	1.8
<b>Total Revenue</b>	<b>36.2</b>	<b>65.1</b>	<b>76.9</b>
Cost of Sales	5.7	11.1	12.2
Personnel expenses	11.3	19.2	22.7
Occupancy expenses	3.4	6.4	7.2
Marketing expenses	1.7	2.1	3.0
Admin expenses	2.7	4.2	4.4
<b>EBITDA</b>	<b>11.4</b>	<b>22.2</b>	<b>27.5</b>
<b>EBITA</b>	<b>10.5</b>	<b>20.4</b>	<b>25.4</b>
Acquired intangible amortisation	(4.7)	(7.1)	(9.3)
<b>EBIT</b>	<b>5.8</b>	<b>13.3</b>	<b>16.1</b>
Net interest expense	(0.6)	(1.0)	(1.0)
<b>NPBT</b>	<b>5.2</b>	<b>12.3</b>	<b>15.1</b>
Tax	(1.5)	(3.9)	(4.6)
NPAT attributable to non-controlling interests	0.6	0.4	0.4
<b>NPAT attributable to Intueri shareholders</b>	<b>3.1</b>	<b>7.9</b>	<b>10.1</b>
<b>NPATA</b>	<b>6.4</b>	<b>13.0</b>	<b>16.8</b>

1. FY2014 prospective financial information is presented on both a Pro Forma and a Forecast basis. Numbers may not compute exactly due to rounding.

2. The FY2014 Pro Forma prospective financial information assumes Quantum Education Group Limited and Online Courses Australia Limited were acquired on 1 January 2014.

3. The Forecast for the year ending 31 December 2014 is shown on an actual statutory basis to reflect the basis on which Intueri will report its results for that financial year.

# Statutory Basis Balance Sheet and Cash Flow



## Capital light business model with a negative working capital profile

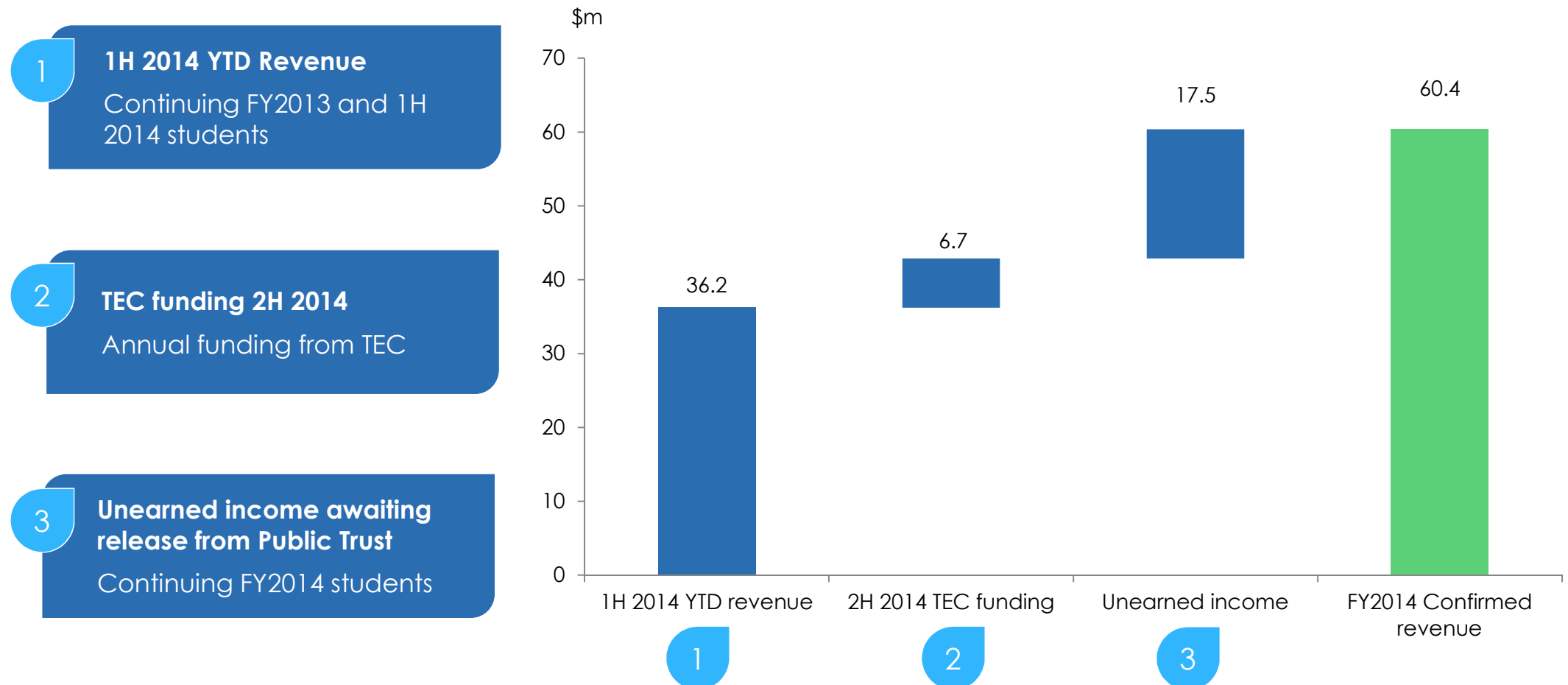
Balance Sheet (NZ\$m)	1H FY2014 Actual	FY2014 Forecast
Accrued income	21.7	30.4
Cash and cash equivalents	3.5	12.3
Accounts Receivable	2.7	1.8
Other current assets	2.8	2.2
Intangibles	53.6	49.2
Goodwill	52.2	48.0
Fixed assets	11.4	12.1
<b>Total Assets</b>	<b>148.0</b>	<b>156.0</b>
Borrowings – current	3.9	3.1
Unearned Income	20.5	30.3
Other current liabilities	8.6	5.8
Borrowings – non current	15.0	13.8
Other long term liabilities	14.7	13.6
<b>Total Liabilities</b>	<b>62.8</b>	<b>66.6</b>
Net debt	15.4	4.6
Working capital <sup>1</sup>	(3.4)	(1.8)

Statement of Cash Flows (NZ\$m)	1H FY2014 Actual	FY2014 Forecast
Student and government receipts	17.8	71.8
Other income	1.0	1.8
<b>Operating cash inflows</b>	<b>18.8</b>	<b>73.6</b>
<b>Operating cash outflows</b>	<b>(15.6)</b>	<b>(56.4)</b>
<b>Operational cash inflow</b>	<b>3.2</b>	<b>17.2</b>
<b>Net cash from investing</b>	<b>(58.3)</b>	<b>(65.0)</b>
Capital Raised	58.2	62.0
Repayment of Borrowings	(1.3)	(3.3)
Interest payments	(0.7)	(1.0)
Payment of dividend	0.0	0.0
<b>Net cash from financing</b>	<b>56.2</b>	<b>57.7</b>
Net increase/(decrease) in cash	(1.1)	9.8
<b>Cash at the end of the period</b>	<b>3.5</b>	<b>12.3</b>

1. Net working capital calculated as working capital assets less total creditors (excludes cash).

# Revenue Visibility

Almost 80% of FY2014 Pro Forma revenue (\$60.4 million) was secured as at 30 June 2014







# Strategy and Outlook

# Industry Developments

## International student visa approvals for NZ

- 2014 international student visa approvals for New Zealand were up 16% over the same period in 2013<sup>1</sup>
- PTE's represented the majority of that increase and outperformed other tertiary providers

## TEC 2015 funding indications

- All Intueri NZ PTE's have received written confirmation that their 2015 TEC baseline funding will be at least the same as that confirmed for 2014
- TEC are yet to confirm the outcome of 2015 Level 1 & Level 2 funding applications

## VET FEE HELP

- Uplift to baseline VET FEE HELP funding driving strong cash generation
- New courses set to come 'on-scope' to drive continued strong revenue growth in H2

## Regulatory environment

- A new combined TEC / NZQA financial viability process for PTE's has been introduced
- Limited impact on Intueri and the change will increase barriers to entry for new entrants
- There is an increasing acceptance of the need for further consolidation in the New Zealand PTE sector

1. For the seven months to July 31 2014.

# Strategy & Outlook

## Integration activities

- Integration of Quantum Education and Online Courses Australia is progressing well
- The establishment of shared services functions for Group Marketing, Human Resources, Finance & IT and Academic & Compliance functions is well progressed

## Acquisition opportunities

- A number of acquisition opportunities are being assessed and we will update the market as appropriate

## Outlook

- The Company maintains its FY2014 pro forma financial forecasts as outlined in the Prospectus



Appendix

# Pro forma to statutory reconciliation

Reconciliation to Statutory Revenue (NZ\$m)	1H FY2014 Actual	Less: OCA pre acquisition	Less: Quantum pre acquisition	1H 2014 Statutory
Domestic	22.0	--	(9.4)	12.6
International	8.5	--	(0.2)	8.3
Online	4.7	(2.0)	--	2.7
Other	1.0	--	(0.2)	0.8
<b>Total Revenue</b>	<b>36.2</b>	<b>(2.0)</b>	<b>(9.8)</b>	<b>24.4</b>

Reconciliation to Statutory NPATA (NZ\$m)	1H FY2014
<b>1H 2014 Pro Forma NPATA</b>	<b>6.4</b>
Less:	
OCA pre acquisition	(0.3)
Quantum pre acquisition	(2.1)
Pro Forma tax	(0.6)
<b>1H 2014 Statutory NPATA</b>	<b>3.5</b>



# Statutory Basis Detailed Profit & Loss



Profit & Loss Statement (NZ\$m)	1H FY2014 Actual <sup>1</sup>	1H FY2013 Actual <sup>1</sup>
Domestic Students	12.6	6.8
International Students	8.3	5.9
Online and Australian Students	2.7	0.0
Other income	0.8	1.6
<b>Total Revenue</b>	<b>24.4</b>	<b>14.3</b>
Cost of Sales	4.9	3.8
Personnel expenses	7.5	4.3
Occupancy expenses	2.7	1.7
Marketing expenses	0.9	0.3
Admin expenses	1.7	1.7
<b>EBITDA</b>	<b>6.6</b>	<b>2.6</b>
Depreciation and amortisation	(3.2)	(1.8)
<b>EBIT</b>	<b>3.4</b>	<b>0.8</b>
Net interest expense	(0.6)	(0.4)
<b>NPBT</b>	<b>2.8</b>	<b>0.5</b>
Tax	(0.9)	(0.0)
NPAT attributable to non-controlling interests	0.3	0.0
<b>NPAT attributable to Intueri shareholders</b>	<b>1.6</b>	<b>0.5</b>

1. The Profits & Losses for the periods 1H FY2014 and 1H FY2013 are on an actual statutory basis as reported in the Statement of Comprehensive Income in the Intueri Education Group Limited Condensed Interim Consolidated Financial Statements for the six months ended 30 June 2014.



# **Intueri Education Group Limited and its controlled entities**

## **Condensed Interim Consolidated Financial Statements**

**for the six months ended 30 June 2014**

# **Intueri Education Group Limited and its controlled entities**

## **Table of Contents**

Directors Declaration.....	1
Company Directory.....	2
Independent Review Report .....	3
Condensed Interim Consolidated Statement of Comprehensive Income .....	4
Condensed Interim Consolidated Statement of Changes in Equity.....	5
Condensed Interim Consolidated Statement of Financial Position.....	6
Condensed Interim Consolidated Statement of Cash Flows .....	7
Notes to the Condensed Interim Consolidated Financial Statements .....	8-18

# Intueri Education Group Limited and its controlled entities

## Directors' Declaration

---

In the opinion of the Directors of Intueri Education Group Limited (the "Company"), the condensed interim consolidated financial statements and notes, on pages 4 to 18:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the Condensed Interim Consolidated Financial Position of the Company as at 30 June 2014 and the results of operations for the six months ended on that date;
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the Condensed Interim Consolidated Financial Position of the Company and facilitate compliance of the financial statements with IAS 34 Interim Financial Reporting.

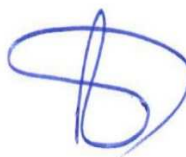
The Directors consider that they have taken adequate steps to safeguard the assets of the Company and its controlled entities, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Board of Directors are pleased to present the condensed interim consolidated financial statements of Intueri Education Group Limited and its controlled entities for six months ended 30 June 2014 and the independent review report thereon.

Approved for and on behalf of the Board of Directors



.....  
Chris Kelly  
Chairman  
Date: 22 August 2014



.....  
Rob Facer  
Director  
Date: 22 August 2014

# **Intueri Education Group Limited and its controlled entities**

## **COMPANY DIRECTORY**

Registered Office	100 Symonds Street, Grafton, Auckland 1010, New Zealand
Directors	Christopher Morton Kelly (Appointed: 10 April 2014) Robert Charles Facer (Appointed: 10 April 2014) Craig Douglas McIntosh (Appointed: 10 April 2014) James Alexander Charles Turner (Appointed: 10 April 2014) Russell John Woodard (Appointed: 10 April 2014) Glen William Dobbie (Ceased: 10 April 2014, appointed Alternative Director for Craig McIntosh: 1 July 2014) Kevin Tser Fah Chin (Ceased: 10 April 2014) David Malcolm Keefe (Ceased: 10 April 2014) John Colinton Moore (Ceased: 10 April 2014) Kien Khan Kwan (Ceased: 10 April 2014)
Company No:	4013538
Auditor	BDO Auckland 120 Albert Street, Auckland
Bankers	ANZ
Solicitors	Minter Ellison Chapman Tripp
Date of Formation	17 September 2012
Nature of Business	Investment in private training establishments

# Intueri Education Group Limited and its controlled entities

## INDEPENDENT REVIEW REPORT



BDO AUCKLAND

### INDEPENDENT REVIEW REPORT TO THE SHAREHOLDERS OF INTUERI EDUCATION GROUP LIMITED

#### Report on the Condensed Interim Consolidated Financial Statements

We have reviewed the accompanying condensed interim consolidated financial statements of Intueri Education Group Limited and its controlled entities ("the Group") which comprise the condensed interim consolidated statement of financial position as at 30 June 2014, and the condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six month period ended on that date, and a summary of significant accounting policies and other explanatory information.

#### Directors' Responsibility for the Condensed Interim Consolidated Financial Statements

The directors of the Group are responsible for the preparation and fair presentation of the condensed interim consolidated financial statements in accordance with New Zealand generally accepted accounting practice and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

#### Our Responsibility

Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with New Zealand Generally Accepted Accounting Practice. As the auditor of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the condensed interim consolidated financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on those financial statements.

Our firm also provided other services to the Group in relation to assurance and taxation services and have acted as the investigating accountant in respect of the Company's initial public offer. Other than these matters and the audit, we have no relationship with or interests in the Group.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these condensed interim consolidated financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 June 2014, and of its financial performance and its cash flows for the period ended on that date, in accordance with New Zealand Generally Accepted Accounting Practice.

*BDO Auckland*

BDO Auckland  
22 August 2014  
Auckland  
New Zealand

# Intueri Education Group Limited and its controlled entities

## Condensed Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014 (unaudited)

	Note	Group For six months ended 30 June 2014	Group For six months ended 30 June 2013
Domestic revenue		12,590,896	6,790,358
International revenue		8,305,004	5,871,981
Online revenue		2,689,674	-
Other income	5	791,570	1,596,535
<b>Total revenue</b>		<b>24,377,144</b>	<b>14,258,874</b>
Cost of materials and commissions		(4,890,250)	(3,819,161)
Employee expenses		(7,497,607)	(4,298,868)
Rent expenses		(2,724,258)	(1,732,334)
Marketing expenses		(912,090)	(300,362)
Insurance costs		(96,084)	(51,429)
IT and communication costs		(318,620)	(192,341)
Travel costs		(299,118)	(174,612)
Depreciation and amortisation expenses		(3,225,133)	(1,797,898)
Other expenses		(1,024,909)	(1,052,604)
<b>Operating profit before net finance costs</b>		<b>3,389,075</b>	<b>839,265</b>
Finance income		8,345	45,666
Finance expense		(640,232)	(434,421)
<b>Net finance cost</b>		<b>(631,887)</b>	<b>(388,755)</b>
<b>Profit / (loss) before income tax</b>		<b>2,757,188</b>	<b>450,510</b>
Income tax (expense)/benefit		(861,499)	40,975
<b>Profit for the period</b>		<b>1,895,689</b>	<b>491,485</b>
Other comprehensive income:			
Exchange gain arising on translation of foreign operations		77,676	-
Other comprehensive income for the period, net of tax		77,676	-
<b>Total comprehensive income for the period</b>		<b>1,973,365</b>	<b>491,485</b>
<b>Profit / (loss) for the period attributable to:</b>			
Non-controlling interest		289,910	-
Owners of the parent		1,605,779	491,485
		<b>1,895,689</b>	<b>491,485</b>
<b>Total comprehensive income for the period attributable to:</b>			
Non-controlling interest		328,748	-
Owners of the parent		1,644,617	491,485
		<b>1,973,365</b>	<b>491,485</b>
<b>Earnings per share attributable to the ordinary equity holders of the parent</b>			
Basic and diluted (cents)	7	4.21	4.67

The above statements should be read in conjunction with the notes to and forming part of the condensed interim consolidated financial statements



# Intueri Education Group Limited and its controlled entities

## Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 (unaudited)

Group	Note	Share capital	Retained earnings	Foreign currency translation Reserve	Total equity attributable to owners of parent	Non-controlling interest	Total Equity
<b>Balance as at 1 January 2014</b>		<b>20,601,514</b>	<b>685,761</b>	<b>-</b>	<b>21,287,275</b>	<b>-</b>	<b>21,287,275</b>
<b>Comprehensive income for the period</b>							
Profit for the period		-	1,605,779	-	1,605,779	289,910	1,895,689
Other comprehensive income		-	-	38,838	38,838	38,838	77,676
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>1,605,779</b>	<b>38,838</b>	<b>1,644,617</b>	<b>328,748</b>	<b>1,973,365</b>
<b>Transactions with owners</b>							
Issue of shares		58,177,123	-	-	58,177,123	-	58,177,123
Non-controlling interest arising on business combination		-	-	-	-	3,797,981	3,797,981
<b>Total transactions with owners</b>		<b>58,177,123</b>	<b>-</b>	<b>-</b>	<b>58,177,123</b>	<b>3,797,981</b>	<b>61,975,104</b>
<b>Balance as at 30 June 2014</b>		<b>78,778,637</b>	<b>2,291,540</b>	<b>38,838</b>	<b>81,109,015</b>	<b>4,126,729</b>	<b>85,235,744</b>
<b>Balance as at 1 January 2013</b>		<b>4,002,368</b>	<b>-</b>	<b>-</b>	<b>4,002,368</b>	<b>-</b>	<b>4,002,368</b>
<b>Comprehensive income for the period</b>							
Profit for the period		-	491,485	-	491,485	-	491,485
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>491,485</b>	<b>-</b>	<b>491,485</b>	<b>-</b>	<b>491,485</b>
<b>Transactions with owners</b>							
Issue of shares		16,599,146	-	-	16,599,146	-	16,599,146
<b>Total transactions with owners</b>		<b>16,599,146</b>	<b>-</b>	<b>-</b>	<b>16,599,146</b>	<b>-</b>	<b>16,599,146</b>
<b>Balance as at 30 June 2013</b>		<b>20,601,514</b>	<b>491,485</b>	<b>-</b>	<b>21,092,999</b>	<b>-</b>	<b>21,092,999</b>

The above statements should be read in conjunction with the notes to and forming part of the condensed interim consolidated financial statements

# Intueri Education Group Limited and its controlled entities

## Condensed Interim Consolidated Statement of Financial Position

For the six months ended 30 June 2014 (unaudited)

	Note	Group 30 June 2014	Group 31 Dec 2013	Group 30 June 2013
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		3,540,740	2,515,980	4,495,411
Inventories		111,546	-	-
Trade and other receivables	8	24,421,264	11,741,407	12,077,619
Other current assets	9	2,704,838	3,284,643	3,067,673
<b>Total current assets</b>		<b>30,778,388</b>	<b>17,542,030</b>	<b>19,640,703</b>
<b>Non-current assets</b>				
Property, plant & equipment	10	11,351,315	7,963,667	6,934,604
Intangible assets	11	105,833,741	38,308,985	40,346,704
Deferred tax asset		-	22,196	149,868
<b>Total non-current assets</b>		<b>117,185,056</b>	<b>46,294,848</b>	<b>47,431,176</b>
<b>Total assets</b>		<b>147,963,444</b>	<b>63,836,878</b>	<b>67,071,879</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables	12	27,783,428	17,092,130	18,636,186
Income tax payable		687,177	(62,783)	641,557
Interest bearing loans	13	3,896,851	3,150,000	2,362,500
Employee benefits		608,321	513,884	336,704
<b>Total current liabilities</b>		<b>32,975,777</b>	<b>20,693,231</b>	<b>21,976,947</b>
<b>Non-current liabilities</b>				
Interest bearing loans	13	15,050,369	17,102,500	18,677,500
Employee benefits		41,309	-	-
Deferred tax liability	14	14,660,245	4,753,872	5,324,433
<b>Total non-current liabilities</b>		<b>29,751,923</b>	<b>21,856,372</b>	<b>24,001,933</b>
<b>Total liabilities</b>		<b>62,727,700</b>	<b>42,549,603</b>	<b>45,978,880</b>
<b>Equity</b>				
Share capital	15	78,778,637	20,601,514	20,601,514
Translation reserve		38,838	-	-
Retained earnings		2,291,540	685,761	491,485
<b>Equity attributable to owners of the parent</b>		<b>81,109,015</b>	<b>21,287,275</b>	<b>21,092,999</b>
Non-controlling interest		4,126,729	-	-
<b>Total equity</b>		<b>85,235,744</b>	<b>21,287,275</b>	<b>21,092,999</b>
<b>Total equity and liabilities</b>		<b>147,963,444</b>	<b>63,836,878</b>	<b>67,071,879</b>

Approved for and on behalf of the board of directors



**Chairman**

Date: 22 August 2014



**Director**

The above statements should be read in conjunction with the notes to and forming part of the condensed interim consolidated financial statements

# Intueri Education Group Limited and its controlled entities

## Condensed Interim Consolidated Statement of Cash Flows

For the six months ended 30 June 2014 (unaudited)

	Note	Group For six months ended 30 June 2014	Group For six months ended 30 June 2013
<b>Cash flows from operating activities</b>			
Receipts from customers		18,804,394	16,217,868
Payments to suppliers		(14,944,996)	(13,853,058)
Income tax paid		(666,221)	(531,736)
Interest received		8,345	45,666
<b>Net cash inflow / (outflow) from operating activities</b>		<b>3,201,522</b>	<b>1,878,740</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment and intangibles		(2,029,926)	(83,276)
Sale of property, plant and equipment		-	67,568
Purchase of subsidiaries/businesses (net of cash acquired)		(56,311,454)	(38,574,714)
<b>Net cash outflow from investing activities</b>		<b>(58,341,380)</b>	<b>(38,590,422)</b>
<b>Cash flows from financing activities</b>			
Issue of shares		58,177,123	16,599,146
(Repayment)/proceeds of borrowings		(1,305,280)	21,040,000
Interest paid		(707,225)	(434,421)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>56,164,618</b>	<b>37,204,725</b>
<b>Cash increase / (decrease) in cash and cash equivalents</b>		<b>1,024,760</b>	<b>493,043</b>
Cash and cash equivalents at the beginning of the period		2,515,980	4,002,368
<b>Cash and cash equivalents at the end of the period</b>		<b>3,540,740</b>	<b>4,495,411</b>

The above statements should be read in conjunction with the notes to and forming part of the condensed interim consolidated financial statements

# **Intueri Education Group Limited and its controlled entities**

## **Notes to the Condensed Interim Consolidated Financial Statements**

---

### **For six months ended 30 June 2014 (unaudited)**

#### **1. Reporting entity**

Intueri Education Group Ltd (the "Company") is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993, and a reporting entity for the purposes of the Financial Reporting Act 1993.

The Company and its controlled entities comprise the Intueri Education Group (the "Group"). The condensed interim consolidated financial statements have been presented for the Group, in accordance with the Financial Reporting Act 1993.

The condensed interim consolidated financial statements for the Group are presented for the six months ended 30 June 2014.

The Company's principal activity is investment in private training establishments and the Group's principal activity is the provision of private training tuition.

#### **2. Basis of preparation**

The preparation of condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Statements, and requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

The Group has applied the same accounting policies and methods of computation in its condensed interim financial statements as in its financial statements for period ended 31 December 2013.

These financial statements do not include all the information and disclosures required for a complete set of NZ IFRS financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2013. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements as at and for the year ended 30 June 2013.

During the period the Group changed its balance date from 30 June to 31 December. The new balance date aligns with the sector, and with government funding periods, and is therefore considered to be more appropriate.

#### **3. Use of estimates and judgements**

The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those applied to the annual financial statements as at and for the year ended 30 June 2013.

#### **4. Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. As part of its growth strategy and in line with investment criteria the Company has acquired control of the following entities:

# Intueri Education Group Limited and its controlled entities

## Notes to the Condensed Interim Consolidated Financial Statements

### For six months ended 30 June 2014 (unaudited)

Online Courses Australia Group Pty Limited and its controlled entities based in Australia. 50% ownership was acquired on 31 March 2014, however the Company is deemed to exercise control through a casting vote mechanism.

Quantum Education comprising Quantum Education Group Limited and its controlled entities, Quantum Corporate Training Limited, and the business assets of Learntree Limited, all based in New Zealand. 100% ownership was acquired on 22 May 2014. The business assets of Learntree were acquired by Intueri Materials Limited which was incorporated on 13 February 2014, a company wholly owned by Intueri Education Group Limited. Intueri Materials Limited has subsequently changed its name to Intueri Services Limited.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed for all the acquisitions at their respective acquisition dates:

	OCA Group	Quantum Education Group	Quantum Corporate Training	Intueri Services	Total
Total Consideration Payable	4,264,400	35,751,275	2,000	18,690,208	58,707,883
Cash and cash equivalents	241,604	2,109,016	45,808	-	2,396,428
Inventories	-	-	-	101,616	101,616
Other current assets	816,647	7,587,427	674	-	8,404,748
Goodwill acquired	5,538,512	-	-	-	5,538,512
Identifiable intangible assets	2,575,169	18,872,640	-	17,547,347	38,995,156
Property, plant and equipment	174,302	1,513,496	-	544,083	2,231,881
Trade creditors	(223,337)	(7,867,147)	-	-	(8,090,484)
Other creditors	(1,184,442)	(687,244)	(35,686)	(14,636)	(1,922,008)
Deferred tax liability	(342,493)	(5,227,501)	-	(4,913,257)	(10,483,251)
Net Assets Acquired	7,595,962	16,300,687	10,796	13,265,153	37,172,598
Non-Controlling Interest	(3,797,981)	-	-	-	(3,797,981)
Goodwill/(bargain purchase) arising on acquisition	466,419	19,450,588	(8,796)	5,425,055	25,333,266
Total goodwill	6,004,931	19,450,588	-	5,425,055	30,880,574
Total intangibles	8,580,100	38,323,228	-	22,972,402	69,875,730

### 5. Other Income

	Group For six months ended 30 June 2014	Group For six months ended 30 June 2013
Insurance claim	-	798,013
Ancillary goods and services to course delivery	791,570	798,522
	<b>791,570</b>	<b>1,596,535</b>

# Intueri Education Group Limited and its controlled entities

## Notes to the Condensed Interim Consolidated Financial Statements

For six months ended 30 June 2014 (unaudited)

### 6. Segment Information

In accordance with NZ IFRS 8 Operating Segments, the Company has determined that it satisfies the criteria to allow the reporting of one operating segment at 30 June 2014. This is based on the information received by the Board of Directors to make resource allocation decisions, and on the basis that each of Intueri's business channels has significantly similar economic characteristics and similar services are provided. Intueri sole operating segment is education services in New Zealand and Australia.

### 7. Earnings per share

	Group 2014	Group 2013
Basic earnings per share attributable to the ordinary equity holders of the Company (cents)	4.21	4.67
Diluted earnings per share attributable to the ordinary equity holders of the Company (cents)	4.21	4.67
<i>Numerator</i>		
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	1,607,870	491,485
<i>Denominator</i>		
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share (numbers)	38,148,141	10,528,445
Weighted average number of ordinary shares used as a denominator in calculating diluted earnings per share (numbers)	38,148,141	10,528,445

### 8. Trade and other receivables

	Group 30 June 2014	Group 31 Dec 2013	Group 30 June 2013
Trade receivables	2,700,825	51,969	48,416
Funds held in Public Trust	21,720,439	11,689,438	12,029,203
	<b>24,421,264</b>	<b>11,741,407</b>	<b>12,077,619</b>

Funds held in Public Trust represent the unexpired portion of fees paid in advance by students that the Group will receive over the duration of the course.

### 9. Other current assets

	Group 30 June 2014	Group 31 Dec 2013	Group 30 June 2013
Prepayments	452,644	277,323	134,003
Interest receivable	77,183	-	63,183
Retention in trust <sup>(a)</sup>	598,000	2,800,000	2,800,000
Receivable from vendor <sup>(b)</sup>	977,142	-	-
Other receivables	599,869	207,320	70,487
	<b>2,704,838</b>	<b>3,284,643</b>	<b>3,067,673</b>

(a) Retention in trust relates to amounts held in trust by vendors' solicitors towards the acquisition of The Global Education Group Limited and New Zealand School of Outdoor Studies Limited.

(b) Receivable from vendor represents an adjustment to the consideration paid for Quantum Education Group Limited



# Intueri Education Group Limited and its controlled entities

## Notes to the Condensed Interim Consolidated Financial Statements

For six months ended 30 June 2014 (unaudited)

### 10. Property, plant & equipment

Group	Land	Buildings	Leasehold improvements	Plant & equipment	Computer equipment	Office equipment	Furniture & fixtures	Motor vehicles	Total
<b>Cost</b>									
Opening balance	-	-	-	-	-	-	-	-	-
Acquired through business combinations	-	-	8,890,981	2,937,568	464,050	828,767	1,252,480	246,630	14,620,476
Additions	-	-	19,650	33,918	10,010	1,507	7,329	-	72,414
Disposals	-	-	-	-	-	-	-	(58,755)	(58,755)
<b>As at 30 June 2013</b>	<b>-</b>	<b>-</b>	<b>8,910,631</b>	<b>2,971,486</b>	<b>474,060</b>	<b>830,274</b>	<b>1,259,809</b>	<b>187,875</b>	<b>14,634,135</b>
As at 1 July 2013	-	-	8,910,631	2,971,486	474,060	830,274	1,259,809	187,875	14,634,135
Additions	-	-	117,389	1,023,171	220,898	13,521	38,356	4,778	1,418,113
Disposals	-	-	-	-	-	-	-	(104,152)	(104,152)
<b>As at 31 Dec 2013</b>	<b>-</b>	<b>-</b>	<b>9,028,020</b>	<b>3,994,657</b>	<b>694,958</b>	<b>843,795</b>	<b>1,298,165</b>	<b>88,501</b>	<b>15,948,096</b>
As at 1 January 2014	-	-	9,028,020	3,994,657	694,958	843,795	1,298,165	88,501	15,948,096
Acquired through business combinations	175,000	455,454	1,152,241	637,215	2,031,254	356,051	555,285	901,845	6,264,345
Exchange differences	-	-	-	1,103	-	37	-	1,210	2,350
Additions	-	-	171,338	1,221,905	284,489	6,094	39,692	70,703	1,794,221
Disposals	-	-	-	-	(136,713)	(2,782)	-	(2,850)	(142,345)
<b>As at 30 June 2014</b>	<b>175,000</b>	<b>455,454</b>	<b>10,351,599</b>	<b>5,854,880</b>	<b>2,873,988</b>	<b>1,203,195</b>	<b>1,893,142</b>	<b>1,059,409</b>	<b>23,866,667</b>

# Intueri Education Group Limited and its controlled entities

## Notes to the Condensed Interim Consolidated Financial Statements

For six months ended 30 June 2014 (unaudited)

### 10. Property, plant & equipment (continued)

Group	Land	Buildings	Leasehold improvements	Plant & equipment	Computer equipment	Office equipment	Furniture & fixtures	Motor vehicles	Total
<b>Accumulated depreciation</b>									
Opening balance	-	-	-	-	-	-	-	-	-
Acquired through business combinations	-	-	4,364,034	1,048,700	437,291	541,959	787,211	194,951	7,374,146
Depreciation for the period	-	-	245,526	79,461	5,260	18,199	31,808	3,886	384,140
Depreciation reversal for the period	-	-	-	-	-	-	-	(58,755)	(58,755)
<b>As at 30 June 2013</b>	<b>-</b>	<b>-</b>	<b>4,609,560</b>	<b>1,128,161</b>	<b>442,551</b>	<b>560,158</b>	<b>819,019</b>	<b>140,082</b>	<b>7,699,531</b>
As at 1 July 2013	-	-	4,609,560	1,128,161	442,551	560,158	819,019	140,082	7,699,531
Depreciation for the period	-	-	199,793	87,708	26,840	17,053	27,653	2,135	361,182
Depreciation reversal for the period	-	-	-	-	-	-	-	(76,285)	(76,285)
<b>As at 31 Dec 2013</b>	<b>-</b>	<b>-</b>	<b>4,809,353</b>	<b>1,215,869</b>	<b>469,391</b>	<b>577,211</b>	<b>846,672</b>	<b>65,932</b>	<b>7,984,428</b>
As at 1 January 2014	-	-	4,809,353	1,215,869	469,391	577,211	846,672	65,932	7,984,428
Acquired through business combinations	-	44,636	658,482	465,946	1,704,929	251,421	354,866	552,186	4,032,466
Exchange differences	-	-	-	121	-	12	-	445	578
Depreciation for the period	-	-	222,947	150,526	69,087	25,607	42,916	20,713	531,796
Depreciation reversal for the period	-	-	-	-	(30,957)	(2,484)	-	(475)	(33,916)
<b>As at 30 June 2014</b>	<b>-</b>	<b>44,636</b>	<b>5,690,782</b>	<b>1,832,462</b>	<b>2,212,450</b>	<b>851,767</b>	<b>1,244,454</b>	<b>638,801</b>	<b>12,515,352</b>
<b>Net book value</b>									
As at 30 June 2013	-	-	4,301,071	1,843,325	31,509	270,116	440,790	47,793	6,934,604
As at 31 Dec 2013	-	-	4,218,667	2,778,787	225,567	266,583	451,493	22,569	7,963,667
As at 30 June 2014	<b>175,000</b>	<b>410,819</b>	<b>4,660,817</b>	<b>4,022,418</b>	<b>661,538</b>	<b>351,428</b>	<b>648,688</b>	<b>420,608</b>	<b>11,351,315</b>

### Security

As at 30 June 2014 property, plant and equipment are subject to a first mortgage to secure the ANZ term debt.

# Intueri Education Group Limited and its controlled entities

## Notes to the Condensed Interim Consolidated Financial Statements

For six months ended 30 June 2014 (unaudited)

### 11. Intangible assets

Group	Goodwill	Agents relationships	Course materials	Brand names	Non-compete	Customer contract	Intellectual property	Course development	Software development and licences	Other intangibles	Total
<b>Cost</b>											
Opening balance	-	-	-	-	-	-	-	-	-	-	-
Acquired through business combinations	21,230,873	5,208,103	7,217,197	4,651,880	3,511,164	-	-	-	-	-	41,819,217
<b>As at 30 June 2013</b>	<b>21,230,873</b>	<b>5,208,103</b>	<b>7,217,197</b>	<b>4,651,880</b>	<b>3,511,164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,819,217</b>
As at 1 July 2013	21,230,873	5,208,103	7,217,197	4,651,880	3,511,164	-	-	-	-	-	41,819,217
Additions	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 Dec 2013</b>	<b>21,230,873</b>	<b>5,208,103</b>	<b>7,217,197</b>	<b>4,651,880</b>	<b>3,511,164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,819,217</b>
As at 1 January 2014	21,230,873	5,208,103	7,217,197	4,651,880	3,511,164	-	-	-	-	-	41,819,217
Acquired through business combinations	30,880,574	371,408	12,532,955	3,947,970	5,544,887	6,769,284	3,180,000	484,092	6,362,480	-	70,073,650
Exchange difference	55,791	3,799	2,927	3,127	5,670	-	-	4,953	7,892	-	84,159
Additions	-	-	-	-	-	-	-	111,635	73,844	74,107	259,586
<b>As at 30 June 2014</b>	<b>52,167,238</b>	<b>5,583,310</b>	<b>19,753,079</b>	<b>8,602,977</b>	<b>9,061,721</b>	<b>6,769,284</b>	<b>3,180,000</b>	<b>600,680</b>	<b>6,444,216</b>	<b>74,107</b>	<b>112,236,612</b>

# Intueri Education Group Limited and its controlled entities

## Notes to the Condensed Interim Consolidated Financial Statements

For six months ended 30 June 2014 (unaudited)

### 11. Intangible assets (continued)

Group	Goodwill	Agents relationships	Course materials	Brand names	Non-compete	Customer contract	Intellectual property	Course development	Software development and licences	Other intangibles	Total
<b>Accumulated amortisation and impairment</b>											
Opening balance	-	-	-	-	-	-	-	-	-	-	-
Amortisation for the period	-	576,781	516,559	-	379,173	-	-	-	-	-	1,472,513
<b>As at 30 June 2013</b>	<b>-</b>	<b>576,781</b>	<b>516,559</b>	<b>-</b>	<b>379,173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,472,513</b>
As at 1 July 2013	-	576,781	516,559	-	379,173	-	-	-	-	-	1,472,513
Amortisation for the period	-	780,468	717,569	-	539,682	-	-	-	-	-	2,037,719
Impairment	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 Dec 2013</b>	<b>-</b>	<b>1,357,249</b>	<b>1,234,128</b>	<b>-</b>	<b>918,855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,510,232</b>
As at 1 January 2014	-	1,357,249	1,234,128	-	918,855	-	-	-	-	-	3,510,232
Acquired through business combinations	-	-	-	-	-	-	-	183,710	14,209	-	197,919
Exchange difference	-	(99)	(77)	-	(247)	-	-	1,865	(59)	-	1,383
Amortisation for the period	-	792,829	906,672	-	688,500	72,329	67,956	34,673	128,337	2,041	2,693,337
Impairment	-	-	-	-	-	-	-	-	-	-	-
<b>As at 30 Jun 2014</b>	<b>-</b>	<b>2,149,979</b>	<b>2,140,723</b>	<b>-</b>	<b>1,607,108</b>	<b>72,329</b>	<b>67,956</b>	<b>220,248</b>	<b>142,487</b>	<b>2,041</b>	<b>6,402,871</b>
<b>Net book value</b>											
As at 30 June 2013	21,230,873	4,631,322	6,700,638	4,651,880	3,131,991	-	-	-	-	-	40,346,704
As at 31 Dec 2013	21,230,873	3,850,854	5,983,069	4,651,880	2,592,309	-	-	-	-	-	38,308,985
As at 30 June 2014	<b>52,167,238</b>	<b>3,433,331</b>	<b>17,612,356</b>	<b>8,602,977</b>	<b>7,454,613</b>	<b>6,696,955</b>	<b>3,112,044</b>	<b>380,432</b>	<b>6,301,729</b>	<b>72,066</b>	<b>105,833,741</b>

# Intueri Education Group Limited and its controlled entities

## Notes to the Condensed Interim Consolidated Financial Statements

### For six months ended 30 June 2014 (unaudited)

The goodwill has been stated at gross carrying value. Goodwill represents the consideration paid for acquisition of various entities in excess of the fair value of their respective net assets and identified intangible assets. There was no impairment of goodwill during the 6 months ended 30 June 2014.

Brand names have been estimated to have an infinite life due to the following:

- The colleges acquired have been in existence for a period ranging from 12 years to 21 years and have historically displayed a strong brand name and presence in the market; and
- Intueri intends to continue using individual brand names for the purpose of marketing

The fair value of agent relationships and non-compete agreements were calculated using the excess earnings method. Whereas the relief from royalty method was utilised in calculating the fair value of course materials and brand names.

The following were the key assumptions in estimating the fair value of intangible assets:

- Discount rate in the range of 9% to 10%
- Contributory asset charges (after tax) in the range of 0.5% to 2.0%
- Royalty stream in the range of 5% to 7%
- Non-compete period based on the relevant agreements
- EBITDA growth rate in the range of 3% to 5% in the next 5 years
- Terminal EBITDA growth rate of 3%

### 12. Trade and other payables

	Group 30 June 2014	Group 31 Dec 2013	Group 30 June 2013
Trade creditors	4,837,653	1,473,362	1,085,780
Other payables	1,881,858	1,317,032	1,790,631
Income received in advance <sup>(a)</sup>	20,465,917	11,262,606	11,940,782
Retention payable <sup>(b)</sup>	598,000	2,800,000	2,800,000
TEC clawback <sup>(c)</sup>	-	239,130	239,130
Due to vendors of subsidiaries	-	-	779,863
	<b>27,783,428</b>	<b>17,092,130</b>	<b>18,636,186</b>

(a) Income received in advance relates to amounts in Public Trust account (refer note 7). These amounts will be recognised as revenue over the duration of the courses.

(b) Retention payable relates to amounts held in trust by vendors solicitors towards the acquisition of The Global Education Group Limited and New Zealand School of Outdoor Studies Limited (refer note 6). Retention amount (subject to any claims) is payable to the vendors at the end of the retention period.

(c) Relates to a probable TEC clawback liability for Elite International for the year ending 31 December 2012.

# Intueri Education Group Limited and its controlled entities

## Notes to the Condensed Interim Consolidated Financial Statements

For six months ended 30 June 2014 (unaudited)

### 13. Interest bearing loans

	Group 30 June 2014	Group 31 Dec 2013	Group 30 June 2013
Current - bank	3,734,131	3,150,000	2,362,500
Current – finance leases	162,720	-	-
Non-current – bank	15,000,000	17,102,500	18,677,500
Non-current – finance leases	50,369	-	-
	<b>18,947,220</b>	<b>20,252,500</b>	<b>21,040,000</b>

On 6 June 2014 a new facility agreement was signed with ANZ. The facility consists of two elements, a short term advances facility of \$20m (reviewed annually on 30 June) to assist with working capital and acquisitions, and a \$20m 3 year term debt facility to refinance existing loans. Both facilities are interest only, and the amounts above represent the drawdown on each at the reporting date. The loans are secured by a fixed and floating charge over the assets of Intueri Education Group Limited and its subsidiaries. The term debt has a floating interest rate of 5.11% as at 30 June 2014, and the short term facility has a floating interest rate of 4.76% at the same date.

### 14. Deferred tax liability

	Group 30 June 2014	Group 31 Dec 2013	Group 30 June 2013
Opening balance	4,753,872	5,324,433	-
Current period movement	9,906,373	(570,561)	5,324,433
	<b>14,660,245</b>	<b>4,753,872</b>	<b>5,324,433</b>

Deferred tax liabilities are mainly attributable to identified intangible assets. The increase in deferred tax liability of \$9,906,373 substantially relates to tax recognised on identified intangible assets acquired in business combinations.

# Intueri Education Group Limited and its controlled entities

## Notes to the Condensed Interim Consolidated Financial Statements

For six months ended 30 June 2014 (unaudited)

### 15. Share capital

	Group 30 June 2014	Group 31 Dec 2013	Group 30 June 2013
Ordinary shares	78,778,637	20,601,514	20,601,514

At 30 June 2014, share capital comprised 100,000,000 authorised and issued ordinary shares. All issued shares are fully paid and have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets on winding up.

### 16. Contingent liabilities

Investigations are on-going by WorkSafe New Zealand and the Coroner in relation to a student fatality on 28 April 2014 at Intueri's NZSCDT school. Potential outcomes of these investigations are detailed in the Company's Prospectus dated 6 May 2014 and no liability is currently provided for.

There are no other significant contingent liabilities.

### 17. Related parties

#### a. Parent and ultimate controlling entity

Up until 23 May 2014 the immediate parent of Intueri Education Group Limited was Intueri Education Group Pty Limited, an Australian privately owned entity. The ultimate controlling party up to 23 May 2014 was Arowana International Limited, an Australian domiciled entity listed on the Australian Securities Exchange. Subsequent to 23 May 2014, Arowana International Limited retained 24.9% of the shares issued by the Company, and is therefore considered a related party.

#### b. Intueri Materials Limited was incorporated on 13 February 2014. It has changed its name subsequent to the reporting date to Intueri Services Limited.

#### c. Identity of related parties with whom material transactions have occurred:

# Intueri Education Group Limited and its controlled entities

## Notes to the Condensed Interim Consolidated Financial Statements

For six months ended 30 June 2014 (unaudited)

Related party name	Country of incorporation /residence	Relationship	Activities	Amount charged from entity in period	Amount charged to entity in period	Amount owing to entity at period end	Amount owing from entity at period end	Terms
Arowana International Limited	Australia	Previous Ultimate Holding Company	Expense reimbursement; funds received and advanced provided prior to IPO	\$2,704,278	\$1,409,874	\$1,392,518	\$1,828,535	Commercial terms administered through Accounts Receivable and Payable
Edintel Pty Limited	Australia	Company owned by Russell Woodard	Directors fees and expenses	\$76,545	-	-	-	Commercial terms administered through Accounts Receivable and Payable
Inisfree Holdings Pty Limited	Australia	Company owned by Malcolm Keefe	Consultancy services provided prior to IPO	\$40,496	-	-	-	Commercial terms administered through Accounts Receivable and Payable
JT Associates Limited	NZ	Company owned by James Turner	Consultancy services and director fees	\$45,250	-	-	-	Commercial terms administered through Accounts Receivable and Payable
Chris Kelly	NZ	Chairman	Directors fees and expenses	\$130,000	-	-	-	Commercial terms administered through Accounts Receivable and Payroll
Hyams Beach Real Estate Pty Limited	Australia	Company owned by Craig McIntosh	Directors fees and expenses	\$26,507	-	-	-	Commercial terms administered through Accounts Receivable and Payable

The amounts outstanding are unsecured, and repayable on demand. No guarantees have been given or received. Amounts owing between the NZ Group and its former Australian parent and fellow company are commercial transactions administered through Accounts Receivable and Payable sub-ledgers.

### 18. Events post reporting date

There are no events post reporting date.



Intueri Education Group Limited	
Results for announcement to the market	
Reporting Period	six months to 30 June 2014
Previous Reporting Period	six months to 30 June 2013

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$NZ 24,377	71%
Profit (loss) from ordinary activities after tax attributable to security holder	\$NZ 1,606	227%
Net profit (loss) attributable to security holders	\$NZ 1,606	227%
Net Tangible Assets per security (NZ cents per share)	\$NZ (20.60)	78%

Interim/Final Dividend	Amount per security	Imputed amount per security
No dividends were declared	Not Applicable	Not Applicable

Record Date	Not Applicable
Dividend Payment Date	Not Applicable

Comments:	<p>This has been a transformational period for Intueri. The company acquired a 50% shareholding in Online Courses Australia Group Pty Limited and its controlled entities on 31 March 2014 (three months trading contributing \$NZ 289,910 net profit after tax reflected in the interim results). The company also acquired the New Zealand-based education provider Quantum Education Group Limited and its controlled entities on completion of the IPO (one month trading contributing \$NZ 591,627 net profit after tax which is reflected in the interim results). The company listed on 23 May 2014.</p> <p>For commentary on the interim results, please refer to the interim results announcement. Appendix 4D should be read in conjunction with the condensed interim consolidated financial statements for the six months ended 30 June 2014.</p>
-----------	---

Intueri Education Group Limited	
Results for announcement to the market	
Reporting Period	six months to 30 June 2014
Previous Reporting Period	six months to 30 June 2013

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$NZ 24,377	71%
Profit (loss) from ordinary activities after tax attributable to security holder	\$NZ 1,606	227%
Net profit (loss) attributable to security holders	\$NZ 1,606	227%
Net Tangible Assets per security (NZ cents per share)	\$NZ (20.60)	78%

Interim/Final Dividend	Amount per security	Imputed amount per security
No dividends were declared	Not Applicable	Not Applicable

Record Date	Not Applicable
Dividend Payment Date	Not Applicable

Comments:	<p>This has been a transformational period for Intueri. The company acquired a 50% shareholding in Online Courses Australia Group Pty Limited and its controlled entities on 31 March 2014 (three months trading contributing \$NZ 289,910 net profit after tax reflected in the interim results). The company also acquired the New Zealand-based education provider Quantum Education Group Limited and its controlled entities on completion of the IPO (one month trading contributing \$NZ 591,627 net profit after tax which is reflected in the interim results). The company listed on 23 May 2014.</p> <p>For commentary on the interim results, please refer to the interim results announcement. Appendix 1 should be read in conjunction with the condensed interim consolidated financial statements for the six months ended 30 June 2014.</p>
-----------	--