

30 January 2015

ASX Announcement: Appendix 4C

Australian Careers Network Limited (ASX:ACO) is pleased to lodge its Appendix 4C for the quarter ending 31 December 2014.

The Company held cash reserves of \$8.295 million at the end of December. Cash outflows relating to operating activities were \$2.788 million for the quarter and \$4.002 million YTD. Cash from Operating Activities for the period has been impacted by:

- Significant cash outgoings in respect of the incidental costs associated with the acquisition of businesses (legal and financial due diligence costs) together with the costs of the corporate restructure effected on 30 September but paid in the current quarter.
- The cash-flow reflects the full impact of the company's sponsorship and marketing deals which require upfront cash payments at the beginning of the respective soccer and basketball seasons however the benefits that flow from such arrangements will accrue over the full financial year.
- Student enrolments are tracking in line with the prospectus forecast however receipts from customers have been slower than anticipated largely due to differences in timing of course delivery and claims processing for student funding. Increased resourcing in the Compliance and Regulatory Team should see a significant improvement in claims processing in the second half of FY2015.

Corporate restructure and non-cash investing activities

As disclosed in the Australian Careers Network Limited prospectus the ACN group was formed on 30 September 2014. The corporate restructure involved a number of non-cash investing activities as set out below:

- Prior to the IPO, a 100% owned subsidiary of Australian Careers Network Limited ('ACN'), Community Training Initiatives Pty Ltd ('CTI') undertook a reorganisation with the effect that ACN was established as CTI's parent entity. The restructure occurred on 30 September 2014 where five entities were rolled up under the newly established company, Australian Careers Network Limited. Those companies were:
 - Community Training Initiatives Pty Ltd
 - Community Employment Initiatives Pty Ltd
 - Consider This Training Pty Ltd
 - CLI Training Pty Ltd
 - Community Initiatives Group Pty Ltd

- Included as part of the restructure were seven entities wholly owned by Community Initiatives Group Pty Ltd having previously been acquired from other vendors. Those companies were:
 - Smart Connection Company Pty Ltd
 - Pan Bird Pty Ltd ('Heron Assess')
 - Thoan Pty Ltd ('Australian Management Academy')
 - Centre of Vocational Education Pty Ltd
 - LOKA Pty Ltd
 - International Training College Pty Ltd
 - Health Education and Recruitment Services Pty Ltd ('Haley College')
- This transaction has had a material effect on consolidated assets and liabilities at the date of the restructure, however did not impact cash flows for the period.

Under AASB3 "Business Combinations" the required acquisition accounting identified Community Training Initiatives Pty Ltd as the acquirer. Accordingly cash from operating activities generated by the acquired companies have only impacted the Group cash flows from 1 October 2014 i.e. the "current quarter" of the Appendix 4C Quarterly Report. Cash-flows prior to that period represent cash-flows of Community Training Initiatives Pty Ltd only.

- A summary of the assets rolled into ACN on as part of the restructure is as follows:

Total Assets	\$38.399 million
Total Liabilities	\$5.248 million
Net Assets	\$33.151 million

An Appendix 4C accompanies this announcement.

For and on behalf of the Board of Australian Careers Network Limited.



Ivan Brown
Managing Director

For queries, please contact Australian Careers Network Limited on 03 8331 7890 or info@australiancareersnetwork.com.au

Australian Careers Network Group (ASX: ACO) is a full service vocational education and training provider encompassing student marketing and recruitment, direct and subcontracted education and training delivery (registered and non-registered), the issuing of registered qualifications, tracking, processing and reporting functions under the Australian Skills Quality Authority (ASQA) and the Victorian Registration and Qualifications Authority (VRQA).

Its primary services include workplace training and classroom based accredited certificates and diplomas, heavy equipment licensing, simulative and flexible learning, industry-experienced training and assessment and partnering with job seeking agencies to provide employment pathways to students seeking employment upon completion of a qualification.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

AUSTRALIAN CAREERS NETWORK LIMITED

ABN

98 168 592 434

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	7,107	7,735
1.2	Payments for (a) staff costs	(2,701)	(3,944)
	(b) advertising and	(1,476)	(1,945)
	marketing		
	(c) research and		
	development	(4,072)	(4,201)
	(d) leased assets		
	(e) other working capital		
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	4	4
1.5	Interest and other costs of finance paid	(27)	(28)
1.6	Income taxes paid		
1.7	Acquisition and Restructuring Costs	(1,623)	(1,623)
	Net operating cash flows	(2,788)	(4,002)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,788)	(4,002)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5) – net of cash acquired	(3,644)	(3,644)
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(443)	(915)
(e) other non-current assets	(54)	(54)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments	22	22
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (earn out in respect of Smart Connection Company Pty Ltd acquisition)	(135)	(135)
Net investing cash flows	(4,254)	(4,726)
1.14 Total operating and investing cash flows	(7,042)	(8,728)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	15,000	15,000
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		135
1.18 Repayment of borrowings	(31)	(31)
1.19 Dividends paid		
1.20 Cost of raising funds	(890)	(890)
Net financing cash flows	14,079	14,214
Net increase (decrease) in cash held	7,037	5,486
1.21 Cash at beginning of quarter/year to date	1,258	2,809
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	8,295	8,295

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'ooo
1.24	Aggregate amount of payments to the parties included in item 1.2	(81)
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Payment in respect of directors fees.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Refer to explanatory notes attached.

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'ooo	Amount used \$A'ooo
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	8,295	1,258
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		8,295	1,258

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	Training Experts Australia Pty Ltd Training Synergies Pty Ltd	
5.2	Place of incorporation or registration	New South Wales	
5.3	Consideration for acquisition or disposal	\$4,000,000 plus \$500,000 of potential earn out over 2 years subject to achievement of specific EBITDA hurdles.	
5.4	Total net assets	\$1,471,000* *Subject to finalisation of completion accounts and determination of final vendor dividend.	
5.5	Nature of business	Registered Training Organisation	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

+ See chapter 19 for defined terms.

Sign here:



Date: 30/01/15

(Director/Company secretary)

Print name: DAVID GREEN

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.