NZX / ASX Release

31 March 2015

Intueri Education Group FY 2014 Annual Report and Section 209 Notice

Intueri Education Group Limited (IQE) today files its FY 2014 Annual Report. The Annual Report will be mailed to those investors who have elected to receive a hard copy, or it may also be downloaded from the IQE website; www.intueri.co.nz

Within the Annual Report, in the CEO report contained on pages 6-8, Intueri has provided an update on Q1 2015, however the update does not contain information of a material nature.

Please find attached the information required by NZX Limited and ASX Limited Listing rules:

1. FY 2014 Annual Report
2. s209 notification
3. ASX Appendix 4G

Contact

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About Intueri:
The Intueri Education Group is New Zealand's largest vocational education group specialising in providing industry relevant training across a number of exciting and diverse industries where there is steady demand for skilled people. We work closely with those industries to ensure our graduates find employment in the field they are most passionate about.

INTUERI
EDUCATION GROUP

ANNUAL REPORT 2014

OUR VALUES

Always do the right thing

All of us together

Embrace our differences

Focus on the learner

Pursue growth

Love what you do

CONTENTS

CHAIRMAN'S REPORT

Chris Kelly

CHAIRMAN OF THE BOARD

I am pleased to be reporting on a year of encouraging overall progress and achievements, in this, our first annual report to shareholders as a listed company in New Zealand and Australia.

During the year to 31 December 2014, in what has been an intensive period of transition to a dual-listed company status, we achieved a number of strategic milestones by bringing together a group of vocational schools, making additional acquisitions, all whilst delivering financial results which grew significantly over those of the 2013 financial year.

Statutory and pro forma revenue was in line with our forecasts outlined in the Initial Public Offering (IPO) prospectus dated 6 May 2014, although statutory and pro forma[1] profit for the period was lower. We are continuing our focus on quality of provision and compliance, putting in place the key foundations that will drive shareholder value in future years.

[1] For a reconciliation of pro forma information to statutory please see page 79

Strength in complementary student demographics

We are focussed on providing vocational education that will help to drive domestic productivity, by ensuring that our courses are targeted to high demand and growth sectors with outcomes focussed on student success and upskilling the workforce. New Zealand's tertiary education sector represents an attractive investment proposition with a stable regulatory environment.

Our International and Online segments continue to perform strongly and ahead of expectations, offsetting the generally softer Domestic segment that was impacted by a slower rebound in Christchurch, Dive School issues and a strong New Zealand economy.

Following listing we have continued to grow the business through targeted acquisitions that will supplement our existing course offerings whilst increasing our reach into attractive industry sectors and additional locations. Our recent acquisitions are currently being integrated and will benefit from the synergies available from being part of the Intueri Group.

Quality and Compliance

We have made some conscious decisions around how we organise ourselves and have invested in our business accordingly. Of critical importance is our increased investment and focus on quality and compliance. We have established an Academic & Quality Assurance support function and we are proud that all our New Zealand schools are now NZQA External Evaluation and Review (EER) Category 1 or 2. We established our group shared service functions, building a scalable platform to drive future growth and facilitate additional acquisitions. Additional resources have also been invested in driving ongoing growth in our Australian Operations.

We continue to maintain regular and constructive contact with the local regulators in Australia and New Zealand, and welcome developments to continue to raise the standards of provision of education in both of the countries in which we operate.

Dividend in line with prospectus forecast

We are pleased to have declared our first dividend as a listed company in line with our prospectus forecast covering the seven months of trading since our IPO in May. The Board has declared a dividend of 7.7 cents per share, fully imputed for New Zealand investors, together with a supplementary dividend of 1.359 cents per share for non-resident investors whose holdings in Intueri are less than 10%. This payment represented 73% of the 2014 Net Profit After Tax before Amortisation (NPATA), slightly above the prospectus dividend forecast where the average dividend pay-out ratio was 60% to 70% of NPATA. NPATA is a non-GAAP measure, but has been chosen by Intueri in respect of its dividend policy as it most closely reflects after tax cash flows. NPATA represents net profit after tax adjusted for the tax-effected amortisation of acquisition related intangibles (see page 79).

Intueri is a capital light business model with a negative working capital profile and it is conservatively geared. Net debt at 31 December 2014 was $11.4 million and it increased by $15.0 million in January 2015 for the OCA Group consolidation transaction. Bank covenant ratios provide further headroom from existing debt levels. While producing strong revenue, profit growth and high net cash inflows from operations, the capital structure reflects the low working capital and capital expenditure requirements of the business. This provides the flexibility to pursue bolt on acquisition opportunities without needing to adjust dividend policy.

Governance and management

The Board's focus in the 2014 financial year has been wide-ranging including supporting CEO Rob Facer and his executive team through the IPO process; installing group-wide policies and procedures to ensure they meet the high standards required for a public company; integrating the newly acquired businesses within the wider group and; establishing the strategic direction of the Intueri Group. Operationally, our key priorities continue to be a focus on quality and compliance across the businesses and we are closely monitoring the Dive School's WorkSafe process and the investigation into record keeping prior to Intueri maintaining the records.

The business is in an enviable position and we remain focussed on delivering excellent outcomes for all of our stakeholders: our students, our staff and our shareholders. We will continue to grow through a combination of strategic acquisition opportunities and via organic growth.

I want to thank my fellow directors and our team of highly skilled and motivated employees for their contribution to the Company. I am particularly proud to acknowledge the dedication of Intueri's people during a year of unprecedented change.

Finally, on behalf of my fellow directors I thank you for your investment in Intueri and look forward to your continued support and meeting you at our Annual Shareholders Meeting on May 21st.

CEO'S REPORT

Rob Facer

CHIEF EXECUTIVE OFFICER

This has been an exciting and transformational year for Intueri. Along with transitioning the organisation to become a dual NZX ASX listed company, we delivered profitable business growth and executed on strategic acquisitions that broadened the range of programmes and the types of provision that we can offer.

In 2014 we invested to fuel future growth in our Australian operations, invested to further develop our shared services platform to underpin future capability and growth, and relentlessly focussed on quality and compliance to ensure great outcomes for our learners.

Operational Review

Intueri successfully completed three acquisitions during the year, Online Courses Australia Group (OCA) (50% initially acquired in March 2014), Quantum Education Group (Quantum) and Academy Group NZ (Academy), bolstering both course offering and types of provision. The acquisition of the remaining 50% shareholding of OCA Group in January 2015 was particularly pleasing given the performance of OCA in 2014. A further acquisition was announced in early 2015, the Information Technology Training Institute (ITTI), increasing our exposure and coverage of the rapidly growing IT training sector. The rationale to drive further consolidation of the sector remains sound, and we have a number of additional potential acquisition discussions underway.

With our focus on quality and compliance we were pleased with the outcome of the NZQA EER for our Elite School that resulted in a classification upgrade to Category 2 from Category 3. All Intueri schools are now either Category 1 or 2. Our newly established group shared service functions; including Finance & IT, Academic & Quality Assurance, Marketing and Human Resources are being embedded into the Group and have the focus on building our capacity and capability for supporting further organisational growth.

An independent investigation relating to the period before Intueri maintained the records at the Dive School is underway.

Financial Performance

Our IPO prospectus also disclosed forecasts prepared on a pro forma basis. Intueri's financial results for the 12 months to 31 December 2014 delivered strong growth on FY 2013 and exceeded FY 2014 statutory and pro forma revenue forecasts outlined in the (IPO) prospectus dated 6 May 2014. FY 2014 Statutory Earnings Before Interest, Tax and Amortisation on acquired intangibles (EBITA) of $17.9 million was considerably ahead of the $2.5 million EBITA in the prior comparable period. Pro forma EBITA of $24.1 million was 5.1% below prospectus, impacted by revenue mix and higher operating costs however EBITA margins were maintained at above 30% (see page 79).

Statutory Result

On a statutory basis, revenue growth from FY 2013 to FY 2014 was 290% which reflected the comparative period being six months, combined with the acquisitions of a 50% shareholding in OCA and 100% of Quantum during the period. OCA was included from 1 April 2014, while Quantum was included from 23 May 2014. Academy Group was not included in the Group earnings for 2014 as it was acquired on 23 December 2014, however its acquisition balance sheet was included within the 31 December 2014 Group balance sheet.

Statutory profit after tax (IFRS basis) for the 12 months ended 31 December 2014 was $5.0 million, up from $0.0 million for the six months ended 31 December 2013. The FY 2014 result included a $1.3 million charge relating to a goodwill impairment at the Design & Arts College (D&A) taken to reflect a slower than anticipated recovery post the Christchurch earthquake. In addition, a $0.2 million cost relating to the charges laid by WorkSafe against the Dive School was included in the result. This process is ongoing, with a court hearing scheduled for 14 April 2015.

Net assets as at 31 December 2014 were $87.7 million. Net debt reduced from the IPO debt level of $17.7 million to $11.4 million.

Pro Forma Result

The pro forma results assume the combination of Intueri, OCA and Quantum were owned from 2011 in order to show the performance of the combined business on a comparable basis across a number of years. On a pro forma basis for the 12 months ended 31 December 2014, revenues were $77.5 million, 16.5% higher than FY 2013 and 0.8% above pro forma guidance. The Australian Online and the New Zealand International segments performed strongly, however the New Zealand Domestic segment was softer than anticipated and was impacted by a slower than anticipated enrolment rebound in Christchurch, Dive School related issues and a strong New Zealand employment environment.

Whilst operating costs were above pro forma guidance, we are deploying additional resources to drive ongoing growth in our Australian operations, investing in enhanced quality and compliance capabilities to ensure sustainable quality focussed outcomes, and establishing a group shared services platform. As a result, pro forma EBITA of $24.1 million, whilst up 12.4% on FY 2013, was 5.1% behind pro forma guidance. Pro forma net profit after taxation was $8.5 million. (See page 80).

Sector developments

The New Zealand regulatory environment remains very stable. We continue to see the Tertiary Education Commission focussing funding towards programmes that offer higher levels of relevance for learners and an increased return on investment for Government. This is closely aligned to Intueri's strategy of providing high-quality vocational focussed education that will drive New Zealand's workforce productivity. The New Zealand Qualifications Authority continues to work on streamlining the qualifications framework via the Targeted Review of Qualifications process (TRoQ), and carry out quality and compliance focussed investigations of both public and private institutions.

New Zealand continues to grow in importance as a safe, affordable destination for international students seeking a quality education, with the total number of student visa approvals rising 18% from 2013 to 2014.

Close to 100,000 international students are currently studying in New Zealand, with education being the fifth largest export earner for the country and contributing some $2.85 billion to GDP.

In Australia, the Federal Government is introducing a range of reforms to improve the quality of vocational education and training (VET), and the Victorian Government has also initiated a review of the State's VET system.

Outlook for FY 2015

Given the recently announced acquisitions, and the outperformance of the Australian Online and New Zealand International segments, Intueri expects to exceed the FY 2015 EBITA guidance outlined in the prospectus, with EBITA forecast to be in the range of $30-$33 million.

While trading was softer than anticipated in the New Zealand Domestic market, the fundamentals of the business in this important sector remain sound, and we are also encouraged by the ongoing momentum and strong progress being made in our Australian Online and New Zealand International segments.

In early 2015 we are already well positioned on a number of initiatives, including;

- Increasing enquiries and enrolments through targeted lead generation and marketing automation programmes
- Optimising people outcomes via group wide recruitment efficiencies and a front-of-mind approach to our employer of choice objectives
- Positioning our schools to best capitalise on the post TRoQ (Targeted Review of Qualifications) environment by prioritising our newly formed academic and compliance function
- Expansionary investment in increasing capacity at NSIA to allow for growing roll numbers off the back of supportive Government policy settings
- Investment in marketing and personnel at OCA Group in a controlled and sustainable manner to capitalise on an evolving regulatory environment

As the year progresses, our focus will also be on;

- Ensuring a strong safety culture becomes ingrained throughout the organisation
- Embedding a true student outcome-oriented philosophy at every level of operation
- Placing a premium on new media delivery technologies to engage and support the wider student cohort

With some 59 areas of study culminating in many hundreds of potential qualifications for our students to aspire to, we are proud to be delivering high quality vocational education to our New Zealand Domestic, New Zealand International and Australian Online students.

I would like to thank the Board and my fellow staff for their tremendous support and dedication over the 2014 year, and I very much look forward to all that is ahead for our organisation in 2015 and beyond.


NSIA
NSIA


ELITE

BOARD OF DIRECTORS

Chris Kelly

Independent Chairman

Chris has strong ties to the education sector and is the current Chancellor of Massey University in New Zealand.

Chris has significant governance and executive experience and currently serves as the Chair of Kahne Animal Health and Beef + Lamb New Zealand Genetics as well as director for the Crown Irrigation Investment Company and Primary ITO. Chris served as the Chief Executive at Landcorp Farming Limited.

Rob Facer

Chief Executive Officer

Rob was formerly the Group General Manager for Intueri Education Group.

He previously held non-executive director positions at both Employment Focus Limited and Craigpine Timber Limited.

Prior to his role at Intueri, Rob was CEO at the Professional Bar and Restaurant School as well as the CEO at ABC Development Learning Centres (NZ) Limited.

Rob has held a number of senior executive roles in agribusiness in New Zealand and Australia.

James Turner

Independent Director

James is an education consultant with significant regulatory experience. He has his own consulting firm, JT Associates.

James was a Principal Advisor/Group Manager for TEC from 2004 to 2011. From 1995 to 2004, James held a number of senior posts at the Department for Education and Skills in the UK.

James is the current Chair of the Thorndon School Board of Trustees, holding the role since 2009, and was a Board Member for Triathlon New Zealand.

Glen Dobbie

Non - Executive Director

Glen was formerly the Group Commercial Director at Arowana & Co where he was primarily responsible for the operations of ASX listed, Arowana International Limited.

With extensive experience in “hands on” strategic and operational management, Glen has served as a senior executive in various private equity investee companies.

He is an experienced director having held a number of directorships across a range of sectors including Education.

Russell Woodard

Non - Executive Director

Russell has operated his own consultancy firm, Edintel, since 2009. His consultancy experience includes a period as a sales and marketing advisor to Intueri.

Russell has previously held a number of senior education marketing roles within the PTE sector. From 2005 to 2008, Russell served as Group Marketing Director to Think Education Group. He was the Strategic Marketing Director at Navitas.

EXECUTIVE TEAM

This has been an exciting and transformational year for Intueri. We delivered profitable business growth and delivered on strategic acquisitions broadening the range of programmes and the types of provision. We focussed on quality and compliance and will continue to do so going forward.

Rod Marvin

Chief Financial Officer

Rod has more than 20 years experience as a senior finance executive in New Zealand, Australia and the UK within the education, consumer goods, manufacturing, forestry, tourism and the entertainment sectors. Prior to joining Intueri Rod was Finance Director - Asia Pacific for Rayonier Forest Resources, and held senior finance roles at SKYCITY and Unilever. Rod has a Bachelor of Commerce (Accounting & Marketing) and is a qualified Chartered Accountant and Fellow Certified Practicing Accountant.

Andy Walker

GM Organisational Capability

Andy has 25 years experience in the public and private education sectors. He has spent 11 years in Secondary Principal roles, seven years as the GM and then CEO of the NZ College of Early Childhood Education and two years as the GM - Leadership and Organisational Capability of ABC Learning Centres NZ. He is presently Chair of the governance group leading the NZQA Targeted Review of Early Childhood Education Qualifications and Canterbury Branch President of the NZ Educational Administration & Leadership Society. Andy has a Diploma of Teaching (Secondary) and a Bachelor of Science in Mathematics.

Liane Clarke

GM Marketing & Communications

Liane has been in the marketing and communications space for 20 years after enjoying a successful career in journalism and broadcasting. She has led marketing and sales functions across a broad range of organisations including Tourism and Early Childhood Education and has filled both Acting CEO and Acting GM roles as well as working in the private consultancy space. Most recently Liane was the NZ Marketing Manager for Rentokil Initial. Liane has a Bachelor of Business with marketing focus, a Bachelor of Applied Science in Communication, a Graduate Diploma in Strategic Management and an NZIM Diploma in Management.

Leigh Olsen

GM Human Resources

Leigh has been in HR management and recruitment for almost 20 years across a diverse range of industries both in New Zealand and in London. Prior to her role at Intueri, Leigh was a divisional HR Manager at Fisher & Paykel Healthcare and HR Manager at Elders NZ. When in London, Leigh worked at the Kuwait Investment Office, the London Stock Exchange and Sumitomo Bank. Leigh's areas of expertise are employee engagement and organisational management development. Leigh has an Advanced Diploma in HR Management and a Masters Degree in Human Resources and Organisational Development.

Michele La Riviere

Group Finance Director

Michele brings more than 20 years experience as a chartered accountant in the commercial sector in both publicly and privately held businesses in the UK and New Zealand. Michele has previously worked in the PTE sector in New Zealand as both a Chief Financial Officer and a General Manager and in other industries as a Financial Director and Acting CEO. As well as being a qualified Chartered Accountant, Michele has a Bachelor of Science(Hons) in Physics.

Cheryl Brookes

Managing Director OCA

Cheryl is the co-founder and Managing Director of OCA. She joined the business in 2009 as Sales and Marketing Manager for Conwal & Associates. Cheryl has a decade of experience running successful online businesses. Prior to being involved in OCA, Cheryl owned a successful online retail business and also worked in sales at a digital marketing agency for pay per click and search engine optimisation services. Cheryl has a Bachelor of Business in Marketing.

INTUERI AT A GLANCE

Intueri Education is a New Zealand headquartered group of private training establishments delivering vocational education to students in New Zealand, Australia and from around the world.

We provide industry-appropriate courses and qualifications across a number of exciting and diverse industries and we work closely with those industries to ensure our training remains relevant and employment-outcome focussed.

We firmly believe that quality must be the driver in the vocational training sector; quality of people, quality of process, quality of delivery and quality of outcomes.

Our brand promise is that an Intueri graduate has the knowledge, the real world skills and the professional and personal qualities to make a difference.

Our programmes and courses cover a diverse range of industries including Design & Arts, Beauty and Spa Therapy, Culinary Design, Hospitality Management, Business & Computing, Hotel & Tourism Management, Professional Counselling, Hairdressing, Makeup Artistry, Commercial Diver Training, Pharmacy, Floristry, Construction & Engineering, Aged Care and Journalism.

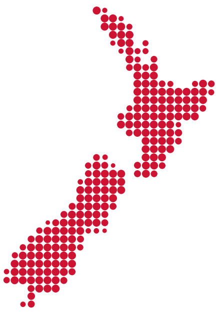
Our learning environments extend from traditional classroom-based settings through to blended and exclusively online delivery and include a heavy component of real-world training in industry and within industry-specific facilities attached to our Schools.

LEARNERS FROM **49** COUNTRIES

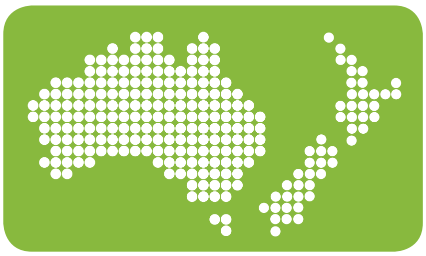
9 SCHOOLS

503 TUTORS AND SUPPORT STAFF

- NSIA - The Professional Hospitality Academy
- Elite International School of Beauty and Spa Therapies
- Design & Arts College of New Zealand
- Cut Above Academy
- NZ School of Commercial Diver Training
- Quantum Education Group
- Online Courses Australia
- Academy Group NZ
- Information Technology Training Group



32 CAMPUSES ACROSS NZ



59 AREAS OF STUDY IN NZ & AUSTRALIA

12,000 LEARNERS

KEY EVENTS 2014

M
March – 50% OF OCA ACQUIRED

A

M
May – IQE IPO NZX & ASX
May – QUANTUM ACQUIRED

J

J
July – EXECUTIVE TEAM STRUCTURE FORMALISED

A
August – INAUGURAL HALF YEAR RESULTS PRESENTED

S
September – ACADEMIC AND QUALITY ASSURANCE FUNCTION FORMED

O

N

D
December – ACADEMY GROUP NZ ACQUIRED

2015

J
January – OCA OWNERSHIP CONSOLIDATED TO 100%

F
February – ITTI SPA EXECUTED

SPOTLIGHT ON

SOFIA

Name: Sofia Bue-Pedersen
Age: 27
Diploma in Production Design & Sculpting Level 5

Cut Above graduate Sofia Bue is truly making her mark on the creative industry.

Her love for the creative arts started a long time ago. She spent four summers working at Legoland in Denmark, painting children's faces. She arrived in NZ on a working holiday visa in 2009 which was extended when she gained entry into the Cut Above programme.

In 2011 she entered the New Zealand Body Art awards and won the "Best Emerging Artist" category.

"I entered with zero expectations, so was over the moon when I won. It is the achievement that I remember the most as it was such a massive turning point."

"Cut Above created a good platform to practice in and the tutors were so good at helping me to go beyond the basics. They shared their experiences of the industry which helped prepare me for the reality."

2012 saw another entry into the Body Art awards. This time Sofia competed in SFX Fantasy and came out on top with the "Supreme Award" and a job offer from Oscar award winner Richard Taylor of WETA workshops.

"WETA is exciting and it's challenging. I have learnt so much from being there and it's incredibly inspiring to be around so many talented people. In a lot of ways it exceeds my expectations and there are plenty of opportunities to upskill."

Sofia has recently come back to Cut Above as a guest artist working with students in the same programme she once studied. Looking ahead, she would love to own her own gallery and open workshop to exhibit art and sculpture and allow people to witness the creative process first hand.

"I love NZ and consider it home. I do want to travel more, see some of the US and Europe to reconnect with the industry over there ... but I will always be back!"

Sofia's words of wisdom?

"This industry is hard work but if you love it, don't hold back. Use Cut Above as a platform to try the things that you want to learn and build a portfolio. Believe in yourself, get noticed and take charge of your own education."

Sofia's Achievements

- NZ Body Art Awards 2011 – Best Emerging Talent
- NZ Body Art Awards 2012 – SFX Fantasy and Supreme Award
- World Body Painting Awards 2013 – SFX Makeup Award
- Through WETA has worked on; Chappie, The Hobbits 2 & 3, Amazing Spiderman 2 and Thunderbirds.

SPOTLIGHT ON
TREVOR

Name: Trevor Katipa
Age: 38
Advanced Computing & Business & Financial Literacy Level 3
Student Liaison Officer – Quantum Manurewa

Trevor Katipa's story started just like many of the students he now works with.

As a self-acknowledged trouble maker growing up, Trevor is quite frank about what his thoughts on the importance of education were during his formative years.

"School was really hard for me, I didn't enjoy it at all, if someone had suggested I would be going back to school in my 30's I probably would have given them a hiding!"

"My whakaaro (thinking) changed when I had my son Tainui. I thought 'I have to get my act together and be responsible.'"

Now 12 years old, Tainui represents an incredibly positive influence in his Dad's life. "Boy, it was a real struggle being a single parent, a stay-at-home Dad, I was doing some general labouring and things to bring some money in, providing for my son was, and always will be, my main priority."

Trevor was walking through Manurewa one day and something drew him to the Quantum centre.

"I was definitely at a crossroads, going through the motions in other areas of my life ... I thought 'what's the worst that could happen if I just have a look?' I went in to the centre and everyone was just so welcoming, I was greeted warmly and with respect and that really impressed me."

Post graduation Trevor was offered a role that had been talked about for a while but the right candidate had not presented themselves.

"I was blown away. It was hard to believe at first, I took the Job Description home and showed it to my son and explained what I would be doing. We were both pretty stoked about it."

As Student Liaison Officer, Trevor looks after the wellbeing of students at the Manurewa centre. They talk about any concerns or struggles they have, and their respect for him is a testament to how successful he is in a role where he continues to go from strength to strength.

"My message to these students is 'Education is important, it's as crucial as it gets' ... it's easier for me to engage with them from a platform of shared experience and common understanding. It's not so much that I'm a Maori, it's that I look just like them with the tattoos and all. I'm relatable ... I can look them in the eye and say 'I'm just like you, so if I can do it, you can do it.'"

As a member of the Maori/Pasifika Advisory Group, his knowledge and experience within this community are often utilised in Intueri's ongoing commitment to improve delivery to this under-represented demographic.

"I love this job, the chance to share my passion and the opportunity to get paid for being me. "

As for the future, Trevor wants to continue helping to better the community and lives of the students in his care. His story started just like most of theirs, after all.

What are his final thoughts for students?

"Be the best you can be, despite all the obstacles, act with diligence, persevere and live up to the aspirations of your tipuna (ancestors), and most of all ... **follow your dreams**."

INTERNATIONAL STRATEGY

Head of International Recruitment Jeff Shepherd (pictured) leads an experienced team recruiting from Greater China (including China Mainland, Hong Kong & Taiwan), Korea, Japan and Southeast Asia, and the Indian Subcontinent, Pacific Islands and Australia.

Key to the 2015 international recruitment plan is growth. "And key to growth is agility, guaranteeing we are able to adapt quickly and effectively to in-market changes. It is also essential that resources are focussed on areas that present the best opportunities for growth."

A new Business Development Manager role within the team is charged with identifying potential sector stakeholders as well as strengthening existing relationships to add to the value proposition of Intueri schools as a study destination.

"There will be an element of risk-taking through a change in approach in our international strategy this coming year, I am confident that these risks will pay off in the short and long term for both shareholders and students."

Jeff came on board with Intueri in November and brings a wealth of international business experience having worked for many years in senior roles for New Zealand Trade and Enterprise including appointments as New Zealand Trade Commissioner to Korea, Malaysia and Japan and, most recently, Shanghai, China. He has also lived and worked in Vietnam and been involved in business development in a number of other Asian markets including Taiwan, Indonesia, the Philippines, Thailand and India.

With a proven track record of delivering successful outcomes for New Zealand exporters and a developed network of key contacts across both Government and industry, Jeff has also established close working relationships with education agents, institutions and partners with his most recent work as an international strategy consultant within the PTE sector in New Zealand.

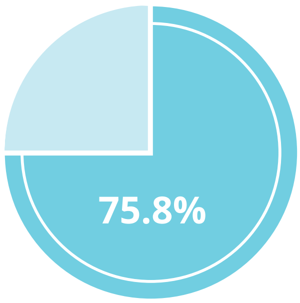
MY SAY SURVEY

It can be a challenging exercise to align organisational culture across a Group where there are a number of previously disparate parts being integrated into a whole. A crucial barometer has been to look to our people for feedback on what was working and what needed more attention in terms of how staff had coped with a period of rapid change.

Over a period of several weeks, staff anonymously answered questions on leadership, team, self, learning & development and values. Results were collated per regional division and presented back to our people shortly afterward. The response has been overwhelmingly positive in terms of the transparency of the process as well as the initiatives that have already been rolled out in response to staff feedback.

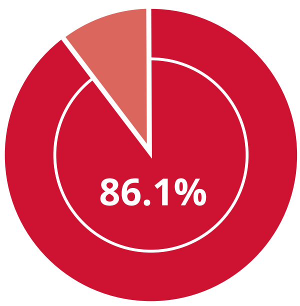
The 'My Say' survey will continue to be run annually to ensure what our people are feeling remains top of mind.

> "It is exciting to work in a company that is constantly growing and developing and to interact with other business units and learn and take advantage of their expertise and knowledge"
>
> INTUERI TUTOR

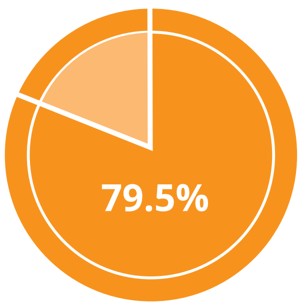


75.8% of staff responded

80.4% take an active interest in what happens in the organisation



86.1% knew how their work contributed to the success of Intueri



79.5% believe in what Intueri is trying to accomplish

FINANCIAL STATEMENTS

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DIRECTORS' DECLARATION

FOR THE YEAR ENDED
31 DECEMBER 2014

In the opinion of the Directors of Intueri Education Group Limited (the "Company"), the financial statements and notes, on pages 24 to 67:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the consolidated and separate Financial Position of the Company and Group as at 31 December 2014 and the results of operations for the 12 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 consolidated and separate Financial Position of the Company and Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

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 financial statements of Intueri Education Group Limited and its controlled entities for the year ended 31 December 2014 and the independent auditor's report thereon.

Approved for and on behalf of the Board of Directors.

Chris Kelly Chairman
31st March 2015

Rob Facer Chief Executive
31st March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 (restated) $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Domestic revenue	5	34,531	9,093	-	-
International revenue	5	19,007	7,059	-	-
Online revenue	5	10,118	-	-	-
Other revenue	5	1,979	687	3,445	1,663
Total revenue		**65,635**	**16,839**	**3,445**	**1,663**
Cost of materials		(5,319)	(1,479)	-	-
Agents fees		(6,357)	(1,708)	-	-
Employee expenses	6	(19,694)	(5,656)	(2,254)	(367)
Occupancy expenses	6	(6,243)	(2,354)	-	-
Marketing expenses		(2,642)	(420)	(274)	(109)
Insurance costs		(242)	(79)	(54)	-
IT and communication costs		(821)	(223)	(35)	(7)
Travel costs		(693)	(338)	(283)	(198)
Depreciation and amortisation expenses	6	(8,888)	(2,399)	(13)	(1)
Impairment loss	6	(1,294)	-	(1,294)	-
Other expenses		(4,282)	(1,721)	(1,453)	(1,287)
Operating profit before net finance costs		**9,160**	**462**	**(2,215)**	**(306)**
Finance income	7	51	31	41	19
Finance expense	7	(1,125)	(642)	(1,057)	(633)
Net finance cost		**(1,074)**	**(611)**	**(1,016)**	**(614)**
Profit / (loss) before income tax		**8,086**	**(149)**	**(3,231)**	**(920)**
Income tax (expense) / benefit	8	(3,083)	164	21	13
Profit for the period		**5,003**	**15**	**(3,210)**	**(907)**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange loss arising on translation of foreign operations		(294)	-	-	-
Other comprehensive income for the period, net of tax		(294)	-	-	-
Total comprehensive income for the period		**4,709**	**15**	**(3,210)**	**(907)**
Profit / (loss) for the period attributable to:					
Non-controlling interest		982	-	-	-
Owners of the parent		4,021	15	(3,210)	(907)
		5,003	**15**	**(3,210)**	**(907)**
Total comprehensive income for the period attributable to:					
Non-controlling interest		835	-	-	-
Owners of the parent		3,874	15	(3,210)	(907)
		4,709	**15**	**(3,210)**	**(907)**
Earnings per share attributable to the ordinary equity holders of the parent					
Basic and diluted (cents)	11	7.11	0.15		

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

GROUP	Note	Share capital $000	Retained earnings (restated) $000	Foreign currency translation reserve $000	Total equity attributable to owners of parent $000	Non-controlling interest $000	Total Equity $000
Balance as at 1 January 2014		**20,602**	**417**	**-**	**21,019**	**-**	**21,019**
Comprehensive income for the period							
Profit for the period		-	4,021	-	4,021	982	5,003
Other comprehensive income		-	-	(147)	(147)	(147)	(294)
Total comprehensive income for the period		**-**	**4,021**	**(147)**	**3,874**	**835**	**4,709**
Transactions with owners							
Issue of shares	23	58,177	-	-	58,177	-	58,177
Non-controlling interest arising on business combination		-	-	-	-	3,798	3,798
Total transactions with owners		**58,177**	**-**	**-**	**58,177**	**3,798**	**61,975**
Balance as at 31 December 2014		**78,779**	**4,438**	**(147)**	**83,070**	**4,633**	**87,703**
Balance as at 1 July 2013 (as reported)		**20,602**	**491**	**-**	**21,093**	**-**	**21,093**
Adjustment (prior period)	31	**-**	**(89)**	**-**	**(89)**	**-**	**(89)**
Balance as at 1 July 2013 (restated)	31	**20,602**	**402**	**-**	**21,004**	**-**	**21,004**
Comprehensive income for the period							
Profit for the period (restated)	31	-	15	-	15	-	15
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period (restated)		**-**	**15**	**-**	**15**	**-**	**15**
Transactions with owners							
Issue of shares		-	-	-	-	-	-
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 31 December 2013 (restated)		**20,602**	**417**	**-**	**21,019**	**-**	**21,019**

The accompanying notes form part of these consolidated financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED

31 DECEMBER 2014

PARENT	Note	Share capital $000	Retained earnings $000	Total Equity $000
Balance as at 1 January 2014		**20,602**	**(1,073)**	**19,529**
Comprehensive income for the period				
Loss for the period		-	(3,210)	(3,210)
Other comprehensive income		-	-	-
Total comprehensive income for the period		**-**	**(3,210)**	**(3,210)**
Transactions with owners				
Issue of shares	23	58,177	-	58,177
Total transactions with owners		**58,177**	**-**	**58,177**
Balance as at 31 December 2014		**78,779**	**(4,283)**	**74,496**
Balance as at 1 July 2013		**20,602**	**(166)**	**20,436**
Comprehensive income for the period				
Loss for the period		-	(907)	(907)
Other comprehensive income		-	-	-
Total comprehensive income for the period		**-**	**(907)**	**(907)**
Transactions with owners				
Issue of shares		-	-	-
Total transactions with owners		**-**	**-**	**-**
Balance as at 31 December 2013		**20,602**	**(1,073)**	**19,529**

CONSOLIDATED

STATEMENT OF FINANCIAL POSITION

AS AT

31 DECEMBER 2014

GROUP	Note	31 December 2014 $000	31 December 2013 (restated) $000	30 June 2013 (restated) $000
Assets				
Current assets				
Cash and cash equivalents	12	7,755	2,516	4,495
Inventories		165	-	-
Trade and other receivables	13	28,239	14,654	12,077
Other current assets	14	1,179	372	3,068
Total current assets		**37,338**	**17,542**	**19,640**
Non-current assets				
Property, plant & equipment	15	11,574	7,964	6,935
Intangible assets and goodwill	16	105,233	38,827	40,865
Deferred tax assets	18	477	328	386
Total non-current assets		**117,284**	**47,119**	**48,186**
Total assets		**154,622**	**64,661**	**67,826**
LIABILITIES				
Current liabilities				
Trade and other payables	19	5,342	5,898	7,220
Other current liabilities	20	23,477	12,287	12,260
Income tax payable		2,650	(63)	642
Interest bearing liabilities	21	15,068	3,150	2,363
Employee benefits	22	1,183	514	335
Total current liabilities		**47,720**	**21,786**	**22,820**
Non-current liabilities				
Interest bearing liabilities	21	4,092	17,102	18,678
Employee benefits	22	45	-	-
Deferred consideration payable	4	1,000	-	-
Deferred tax liabilities	18	14,062	4,754	5,324
Total non-current liabilities		**19,199**	**21,856**	**24,002**
Total liabilities		**66,919**	**43,642**	**46,822**
Equity				
Share capital	23	78,779	20,602	20,602
Translation reserve		(147)	-	-
Retained earnings		4,438	417	402
Equity attributable to owners of the parent		**83,070**	**21,019**	**21,004**
Non-controlling interest	29	4,633	-	-
Total equity		**87,703**	**21,019**	**21,004**
Total equity and liabilities		**154,622**	**64,661**	**67,826**

The accompanying notes form part of these consolidated financial statements

STATEMENT OF FINANCIAL POSITION

AS AT

31 DECEMBER 2014

PARENT	Note	31 December 2014 $000	31 December 2013 $000
Assets			
Current assets			
Cash and cash equivalents	12	2,364	875
Trade and other receivables	13	20,021	6,090
Other current assets	14	179	46
Total current assets		**22,564**	**7,011**
Non-current assets			
Property, plant & equipment	15	43	13
Intangible assets and goodwill	16	61	-
Investment in subsidiaries	17	85,240	40,517
Deferred tax asset	18	50	13
Total non-current assets		**85,394**	**40,543**
Total assets		**107,958**	**47,554**
LIABILITIES			
Current liabilities			
Trade and other payables	19	13,057	7,373
Other current liabilities	20	278	312
Income tax payable		(9)	(14)
Interest bearing liabilities	21	15,007	3,150
Employee benefits	22	115	102
Total current liabilities		**28,448**	**10,923**
Non-current liabilities			
Interest bearing liabilities	21	4,014	17,102
Deferred consideration payable	4	1,000	-
Total non-current liabilities		**5,014**	**17,102**
Total liabilities		**33,462**	**28,025**
Equity			
Share capital	23	78,779	20,602
Retained earnings		(4,283)	(1,073)
Total equity		**74,496**	**19,529**
Total equity and liabilities		**107,958**	**47,554**

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED
31 DECEMBER 2014

	Note	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 (restated) $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Cash flows from operating activities					
Receipts from customers		58,671	19,023	3,035	215
Payments to suppliers and employees		(44,258)	(15,945)	(5,107)	(2,394)
Income tax received/(paid)		(2,509)	(2,268)	(9)	231
Interest received		51	31	41	19
Net cash inflow/(outflow) from operating activities	24	**11,955**	**841**	**(2,040)**	**(1,929)**
Cash flows from investing activities					
Purchase of property, plant & equipment and intangibles		(2,675)	(1,495)	(103)	(14)
Sale of property, plant and equipment		23	104	-	-
Payment for investment in subsidiaries		-	-	(45,018)	-
Loans to related parties		-	-	(15,419)	(294)
Purchase of subsidiaries/businesses (net of cash acquired)		(59,715)	-	-	-
Net cash outflow from investing activities		**(62,367)**	**(1,391)**	**(60,540)**	**(308)**
Cash flows from financing activities					
Issue of shares	23	58,177	-	58,177	-
Proceeds from borrowings		22,894	-	22,734	-
Repayment of borrowings		(23,987)	(788)	(23,966)	(788)
Loans from related parties		-	-	8,198	2,440
Interest paid		(1,141)	(642)	(1,074)	(633)
Net cash inflow/(outflow) from financing activities		**55,943**	**(1,430)**	**64,069**	**1,019**
Net increase/(decrease) in cash and cash equivalents		**5,531**	**(1,980)**	**1,489**	**(1,218)**
Cash and cash equivalents at the beginning of the period		2,516	4,496	875	2,093
Exchange gains/(losses) on cash and cash equivalents		(292)	-	-	-
Cash and cash equivalents at the end of the period	12	**7,755**	**2,516**	**2,364**	**875**

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Reporting entity

Intueri Education Group Limited (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 parent is party to listing agreements with NZX Limited (NZX) and ASX Limited (ASX), with its ordinary shares quoted on the NZX Main Board and ASX.

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

The consolidated financial statements for the Group are presented for the twelve months ended 31 December 2014. The comparative period is the six months ended 31 December 2013. As a result, these amounts are not entirely comparable.

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

2 Basis of preparation

2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The financial statements also comply with International Financial Reporting Standards ('IFRS').

2.2. Basis of measurement

The financial statements are prepared on the historical cost basis. There are no material items in the financial statements that are not measured on historical cost basis. However, as per note 3.11 assets recognised as a result of business combinations are initially measured at fair value.

2.3. Presentation currency

These financial statements are presented in New Zealand dollars, which is the Group's functional and presentation currency, rounded to the nearest thousand ($000).

2.4. Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The significant estimates and assumptions affecting the value of amounts in these consolidated financial statements, and those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Carrying value of intangible assets

Impairment reviews are performed annually, or more frequently if events or changes in circumstances indicate impairment, to assess the carrying value of intangible assets based on value in use. These reviews include making assumptions in relation to future performance and growth as well as determining the period of expected benefits and appropriate discount rates. For more information on intangible assets refer to note 16.

Fair value of intangible assets acquired

Business combinations are initially accounted for on a provisional basis. The determination of the fair value of intangible assets identified as part of acquisitions during the period involves the estimation of appropriate royalty rates, excess earnings attributable to the asset, notional capital charges for the use of assets required to generate excess earnings, and appropriate discount rates. Fair value adjustments on the finalisation of the business combination are retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported. For more information on intangible assets see note 3.11.

Revenue recognition

The Group uses the stage of completion method in relation to revenue recognition for course contracts, underpinned by management's judgement of when the economic benefits associated with this are probable to flow. The stage of completion is measured by reference to the costs incurred to date compared to the estimated total costs to service the contract. Significant assumptions are required to estimate the total costs and the stages of the contract they are incurred in, the progression of the students and costs incurred to date and attrition or withdrawal rates during the various stages of progression. In making these estimates, management has relied on past experience of actual costs incurred in the various phases of progression in a student life cycle and withdrawal rates. For more information on revenue recognition refer to note 3.3.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities.

3.1. Basis of consolidation

3.1.1. Business combination

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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consideration paid for the acquisition of a subsidiary is the fair values of the assets purchased, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration paid includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised as a bargain purchase in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the date of acquisition; any gains or losses arising from such re-measurement are recognised in profit or loss.

3.1.2. Subsidiaries

Investments in subsidiaries held by the Company are accounted for at cost less any impairment in the separate financial statements of the Company.

Subsidiaries are entities controlled, directly or indirectly, by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3.1.3. Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.4. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical costs are translated using the exchange rate at the date of the transaction.

The results and balance sheets of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates
- all resulting exchange differences are recognised as a separate component of equity

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.3. Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Provision of course services to students

Revenue from the provision of course services to students via a contract is recognised under the percentage of completion method. The stage of completion is measured by reference to the costs incurred to date compared to the estimated total costs to service the contract.

If circumstances arise that may change the estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues and are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Government grants

Government grants are recognised on a systematic basis in profit or loss as Domestic revenue over the duration of the course to which they relate. Any difference between the grant received and the entitlement to funding is provided for in profit and loss at the time of the shortfall arising.

3.4. Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- temporary differences arising on the initial recognition of goodwill; and
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.5. Property, plant & equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Depreciation

Depreciation is charged based on the cost of an asset less its residual value. Depreciation is charged to profit or loss over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over a shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The following depreciation rates ranges have been used:

Land	Infinite life
Buildings	4% straight line
Plant and equipment	12.5%-50% diminishing value
Office equipment	15%-60% diminishing value
Furniture & fittings	15%-50% diminishing value
Leasehold improvements	4%-36% diminishing value
Motor Vehicles	27%-32% diminishing value
Computer Equipment	15%-60% diminishing value

The depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.

3.6. Intangible Assets

Intangible assets that are acquired by the Group and have finite and indefinite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives have been amortised over their estimated useful lives.

Goodwill

Goodwill represents amounts arising on acquisition of a business and is the difference between the aggregate of the fair value of consideration transferred, fair value of non-controlling interest, and the fair value of any previously held interest, less the fair value of net identifiable assets acquired.

Subsequent measurement of goodwill

Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is reviewed at each reporting date to determine whether there is any objective evidence of impairment. Refer to note 16 for more information.

Agent relationships and customer contracts

Agent relationships and customer contracts acquired in a business combination are amortised on a straight line basis over the period of their expected benefit.

Course materials

Costs either acquired in a business combination, or costs relating to developing curriculum and other materials for specific courses that will contribute to future period financial benefits through revenue generation, are capitalised and amortised over their expected useful lives. The expenditure capitalised includes the cost of materials or services, and direct payroll and related costs that are directly attributable to the asset.

IT software

Costs either acquired in a business combination, costs incurred in acquiring software and licences, or costs relating to developing products or systems that will contribute to future period financial benefits through revenue generation, are capitalised and amortised over their expected useful lives. The expenditure capitalised includes the cost of materials or services, and direct payroll and related costs that are directly attributable to the asset.

Brand names

Brand names acquired in a business combination are considered to have an infinite life based on the long standing nature of the acquired brand and its importance in the market in which it operates. Brand names are not amortised but are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

Non-compete

Non-compete, or restraint of trade, are intangible assets acquired in a business combination, and are amortised over the period of their expected benefit, being the period of restraint.

Intellectual property

Significant costs associated with intellectual property acquired in a business combination are amortised over the period of their expected benefit.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets include trademarks and design services, and are amortised over their expected useful lives.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Except for goodwill and intangible assets that have indefinite lives or are not yet available for use, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The following amortisation rates ranges have been used:

Agent relationships	3 – 5 years
Course materials	5 - 10 years
Customer contract	10 years
IT software	3 years
Non-compete (restraint of trade)	3 – 5 years
Brand names	Indefinite life
Intellectual property	5 years
Other intangibles	4 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.7. Leased assets

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.8. Financial Instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities categories.

3.8.1. Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets classified as loans and receivables are with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loans to subsidiaries and other related parties.

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term deposits with original maturities of three months or less and bank overdrafts.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivable balances are reviewed on an ongoing basis.

3.8.2. Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are initially recognised at fair value, net of any transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Borrowings are classified under current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.9. Impairment

3.9.1. Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.9.2. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.11. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Land, buildings, property, plant and equipment

The fair value of land, buildings, property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of land, buildings, plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of agent relationships and non-compete agreements recognised as a result of a business combination were calculated using the excess earnings method. The relief from royalty method was utilised in calculating the fair value of course materials and brand names. IT software was calculated using the with or without method. Intellectual property was calculated on an actual cost method.

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

- Discount rate in the range of 9% to 13.4%
- Contributory asset charges (after tax) in the range of 0.5% to 9.5%
- Royalty stream in the range of 5% to 15%
- 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%

3.12. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within one year of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

The Group contributes to defined contribution superannuation plans. All payments are recognised as employee benefit expense when due. There are no other employee benefits to be recognised.

3.13. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

3.14. Expenses

3.14.1. 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. Lease incentives received are recognised in the profit or loss over the lease term as an integral part of the total lease expense.

3.14.2 Finance income and expenses

Finance income comprises interest income, dividend income, and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payments is established.

Finance expenses comprise interest expense on borrowings, foreign currency losses and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

3.15. Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for trade receivables and trade payables that are stated inclusive of GST.

3.16. Adoption status of new relevant financial reporting standards and interpretations

The accounting policies adopted are consistent with those of the previous Financial Statements.

At the date of authorisation of the financial statements for the year ended 31 December 2014, the following Standards and Interpretations relevant to the Group were in issue but not yet effective:

Standard / Interpretation		Effective date	Potential impact
NZ IFRS 9	Financial Instruments	Annual periods commencing on or after 1 January 2018	Not expected to have a material impact
NZ IFRS 15	Revenue from Contracts with Customers	Annual periods commencing on or after 1 January 2017	Not yet assessed

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

4 Business combinations

During the year a number of acquisitions were made as part of the growth strategy of the Group.

Online Courses Australia Group Pty Limited and its controlled entities which are based in Australia (OCA). The acquisition of OCA expands operations into Australia, and also into the online provision of courses. 50% ownership was acquired on 31 March 2014, however the Company is able to exercise control through a casting vote mechanism. The remaining 50% was purchased on 7 January 2015. The goodwill reflects the future growth prospects of OCA.

Quantum Education comprising Quantum Education Group Limited and its controlled entities, and the business assets of Learntree Limited, which are all based in New Zealand. The acquisition of the Quantum Group gives exposure to the distance learning market. 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. This acquisition encompasses the learning materials, design and distribution capabilities for Quantum Group, and it is expected that these services can also be utilised in other colleges within the Group. Intueri Materials Limited has subsequently changed its name to Intueri Services Limited. The goodwill for both Quantum and Intueri Services reflects intangible assets that do not qualify for separate recognition such as synergies.

Academy Group NZ Limited and its controlled entities, which is based in New Zealand. 100% ownership of Academy was acquired on 23 December 2014. The acquisition of Academy complements the existing business by offering programmes at lower levels, enabling students to stair case up to higher level programmes within the Group. The goodwill reflects intangible assets that do not qualify for separate recognition such as synergies.

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	Intueri Services	Academy Group	Total
	$000	$000	$000	$000	$000
Cash	2,398	35,753	18,690	4,000	60,841
Contingent consideration	1,866	-	-	1,000	2,866
Total consideration payable (fair value)	**4,264**	**35,753**	**18,690**	**5,000**	**63,707**
Cash and cash equivalents	242	2,155	-	432	2,829
Inventories	-	-	102	-	102
Trade and other receivables	817	7,579	-	677	9,073
Course materials (included in intangible assets)	589	1,372	15,960	1,265	19,186
Customer contract (included in intangible assets)	-	-	3,712	-	3,712
IT software (included in intangible assets)	745	3,244	-	-	3,989
Brand names (included in intangible assets)	402	3,690	-	703	4,795
Non-compete (included in intangible assets)	538	4,874	-	527	5,939
Intellectual property (included in intangible assets)	-	-	3,180	-	3,180
Other intangibles (included in intangible assets)	258	203	-	3	464
Property, plant and equipment	174	1,513	544	410	2,641
Trade creditors	(223)	(7,867)	-	(125)	(8,215)
Other creditors	(1,185)	(723)	(15)	(766)	(2,689)
Deferred tax liability	(330)	(3,690)	(6,399)	(699)	(11,118)
Net Assets Acquired	**2,027**	**12,350**	**17,084**	**2,427**	**33,888**
Non-Controlling Interest	(3,798)	-	-	-	(3,798)
Goodwill	6,035	23,403	1,606	2,573	33,617
Total intangibles	**8,567**	**36,786**	**24,458**	**5,071**	**74,882**

Acquisition related costs for OCA, Quantum and Learntree were paid by Arowana International Pty Limited, the former ultimate parent company of the Group in conjunction with the Initial Public Offering. Acquisition costs in relation to Academy Group of $199,000 have been charged to profit or loss, $50,000 to employee expenses and $149,000 to other expenses.

The contingent consideration for OCA was the lesser of AUD 1.75 million and an amount calculated by reference to earnings before interest and tax (EBIT) for the year to 31 December 2014. It was clear before the end of the year that the contingent consideration result would be AUD 1.75 million, and this amount was released to the vendors on 7 January 2015. The fair value of the contingent consideration was estimated as AUD 1.75 million.

The fair value of trade and other receivables for OCA is $817,000 and includes trade receivables with a fair value of $667,000. The gross contractual amount for trade receivables due is $1,547,000, of which $880,000 is expected to be uncollectible.

The fair value of the non-controlling interest in OCA was estimated by using the purchase price paid for acquisition of 50% share in OCA. The purchase price was considered to be the fair value of the shares acquired and that there was no or negligible control premium included in the purchase price.

The fair value of the acquired identifiable intangible assets for Academy Group is provisional pending confirmation of the final valuations for those assets. The total consideration for Academy Group requires the Group to pay, in cash, to the former owners of Academy Group, a total of $4 million plus:

- four times the earnings before interest and tax (EBIT) over $1 million and up to $1.25 million for the year to 31 December 2015;
- and 0.5 times EBIT over $1.25 million.

The fair value contingent consideration has been estimated based on forecast EBIT for 2015. There is no cap on the amount of the contingent consideration, hence no range is given on the potential undiscounted amount of all future payments.

The revenue and profit included in profit or loss since acquisition for each acquiree is shown below.

	OCA Group $000	Quantum Education Group $000	Intueri Services $000	Academy Group $000	Total $000
Revenue (since date of acquisition)	10,111	17,399	62	-	27,572
Profit/(loss) after tax (since date of acquisition)	1,964	4,048	(552)	-	5,460

If the acquisition date for all business combinations that occurred during the year had been 1 January 2014, the pro forma revenue and profit of each would have been:

	OCA Group $000	Quantum Education Group $000	Intueri Services $000	Academy Group $000	Total $000
Revenue	12,124	27,192	106	5,440	44,862
Profit/(Loss) after tax	2,663	7,345	(946)	589	9,651

Intueri Services largely provides materials and services to the rest of the Group, these intercompany amounts are excluded above.

5 Revenue

5.1. Course revenue

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Revenue from students	53,358	11,411	-	-
Government grants	10,298	4,741	-	-
Total	**63,656**	**16,152**	**-**	**-**

Change in estimate

During the year, the Group reviewed the estimates used in the stage of completion method applied to domestic and international revenue, to reflect the most current historical experience and information available. As a result, the following estimates were updated:

a) The proportion of costs to total costs at the inception of the contract

b) The probability of the receipt of economic benefits in relation to student withdrawals.

The impact of the change in estimates in 2014 is to increase (2015 decrease) revenue as follows:

	Estimate change at the inception of contract $000	Estimate change due to probability of receipts $000	Total impact of estimate change $000
Domestic revenue	189	1,573	1,762
International revenue	1,394	67	1,461
Online revenue	-	-	-
Total	**1,583**	**1,640**	**3,223**

The change of the estimates is unlikely to have an impact on gross future revenues, unless there is a material increase (favourable) or decrease (unfavourable) in the number of students or withdrawal rates from current levels.

5.2. Other revenue

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Interest on other receivables	740	183	-	-
Ancillary goods and services to course delivery	1,239	504	-	-
Reimbursement of sundry expenses	-	-	15	71
Management fees	-	-	3,430	1,592
	1,979	**687**	**3,445**	**1,663**

6 Operating expenses by nature

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Employee expenses				
Employee expenses include the following:				
Wages and salaries	19,098	5,423	2,189	290
Pension costs - defined contribution schemes	596	112	65	4
Occupancy costs				
Rental expense	5,385	1,856	-	-
Administrative expenses				
Administrative expenses include the following:				
Management fees (Note 29)	-	957	-	957
Consultancy	507	374	221	275
Independent auditor's remuneration				
Audit fees – audit of financial statements	159	97	159	48
Other assurance services*	106	52	106	15
Non-assurance services*	122	12	122	11
Remuneration to profit or loss	**387**	**161**	**387**	**74**
Independent auditor's remuneration to capital raising costs*	206	-	206	-
Depreciation, amortisation and impairment charges				
Depreciation (Note 15)	1,295	361	10	1
Amortisation of identifiable intangible assets (Note 16)	7,593	2,038	3	-
Impairment of intangible assets (Note 16)	1,294	-	-	-
Impairment of investment in subsidiary	-	-	1,294	-

* Other assurance services provided by the independent Auditor included the review of the 30 June 2014 interim financial statements and NZQA and Public Trust attestations. Non-assurance services were in relation to taxation compliance services to the parent and subsidiary companies. Auditor's remuneration in capital raising costs were in respect of their involvement as investigating accountant and auditor of the Initial Public Offering Prospectus.

7 Net finance costs

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Interest income on cash and cash equivalents	51	31	41	19
Interest income on other receivables (Note 5)	740	183	-	-
Total interest income on loans and receivables	791	214	41	19
Finance income	**51**	**31**	**41**	**19**
Finance liabilities measured at amortised cost - interest expense	(1,125)	(642)	(1,057)	(633)
Finance costs	**(1,125)**	**(642)**	**(1,057)**	**(633)**
Net finance costs	**(1,074)**	**(611)**	**(1,016)**	**(614)**

8 Income tax

8.1. Income tax recognised in profit or loss and other comprehensive income

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 (restated) $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Income tax recognised in profit and loss				
Current tax	4,901	348	-	-
Deferred tax	(1,818)	(512)	(21)	(13)
Income tax expense/(benefit)	**3,083**	**(164)**	**(21)**	**(13)**

No income tax has been recognised in other comprehensive income.

8.2. Reconciliation of income tax expense

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 (restated) $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Profit/(loss) before income tax	**8,086**	**(149)**	**(3,231)**	**(920)**
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,330	(42)	(905)	(257)
Permanent differences	131	9	370	8
Tax losses offset	-	-	514	236
Other	(44)	-	-	-
Adjustment for prior period	666	(131)	-	-
Income tax expense/(benefit)	**3,083**	**(164)**	**(21)**	**(13)**

9 Imputation Account

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Opening balance	2,412	1,299	6	1
New Zealand tax payments, net of refunds	1,210	1,053	-	-
Resident withholding tax	167	57	6	5
Imputation debit due to breach of shareholder continuity	(2,412)	-	(6)	-
Other (debits)/credits	-	3	-	-
Closing balance	**1,377**	**2,412**	**6**	**6**

10 Segment Information

In accordance with NZ IFRS 8 Operating Segments, the Group has determined that it has two reportable segments, online vocational training and in-class vocational training. These segments offer different services and are managed separately because they require different technology and marketing strategies. The financial information in respect of these segments is reviewed by the Board of Directors which is the chief operating decision maker and makes the resource allocation decisions. No comparative is given as the online vocational training business was acquired in 2014.

	In-class vocational training 12 months 31 December 2014 $000	Online vocational training 12 months 31 December 2014 $000	Total 12 months 31 December 2014 $000
External revenue	55,524	10,111	65,635
Cost of materials	(4,347)	(972)	(5,319)
Agents fees	(4,358)	(1,999)	(6,357)
Employee expenses	(18,032)	(1,662)	(19,694)
Occupancy expenses	(6,147)	(96)	(6,243)
Marketing expenses	(1,698)	(944)	(2,642)
IT and communication costs	(687)	(134)	(821)
Travel costs	(645)	(48)	(693)
Other expenses	(4,172)	(352)	(4,524)
Interest income	41	10	51
Interest expense	(1,085)	(40)	(1,125)
Depreciation and amortisation	(8,316)	(572)	(8,888)
Income tax expense	(1,745)	(1,338)	(3,083)
Net profit after income tax	**3,039**	**1,964**	**5,003**
Other material non-cash items:			
Impairment on intangible asset	(1,294)	-	(1,294)
Non-current segment assets	108,509	8,298	116,807

The reportable segments do not have inter-segment trading and therefore, the total of the reportable segments' amounts reconcile to the consolidated total.

The online vocational training segment is operated in Australia and the in-class vocational training segment is operated in New Zealand. Therefore the information above also presents the Group's revenue and non-current assets by geographic location: online vocational training segment representing Australia; and in-class vocational training segment representing New Zealand.

11 Earnings per share

	Group 12 months 31 December 2014	Group 6 months 31 December 2013 (restated)
Basic earnings per share attributable to the ordinary equity holders of the Company (cents)	7.11	0.15
Diluted earnings per share attributable to the ordinary equity holders of the Company (cents)	7.11	0.15
Numerator $000		
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	4,021	15
Denominator		
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share (numbers)	56,524,048	10,300,757
Weighted average number of ordinary shares used as a denominator in calculating diluted earnings per share (numbers)	56,524,048	10,300,757

12 Cash and cash equivalents

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Cash at bank	3,793	1,815	713	256
Short term deposits	3,962	701	1,651	619
	7,755	**2,516**	**2,364**	**875**

Short term deposits represents amounts held in Business Saver accounts. These amounts are available on demand and the interest rate range received on these balances during the year was 2.5 - 3%.

13 Trade and other receivables

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Trade receivables (net of impairment)	484	52	2,116	1,704
Other receivables	26,756	11,689	-	-
Retention in trust	900	2,800	900	2,800
Interest receivable	95	57	-	-
Sundry receivables	4	56	-	-
Related party loans	-	-	17,005	1,586
	28,239	**14,654**	**20,021**	**6,090**

The majority of other receivables are monies held with Public Trust which have not yet been transferred to the Group. These will be released in accordance with the Student Fee Protection Trust Deed. Retention in trust relates to amounts held in trust by vendors' solicitors towards the acquisition of Academy Group NZ Limited and New Zealand School of Outdoor Studies Limited.

14 Other current assets

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Prepayments	958	295	179	46
Prepaid property bonds	221	77	-	-
	1,179	**372**	**179**	**46**

15 Property, plant and equipment

GROUP	Land $000	Buildings $000	Leasehold improvements $000	Plant & equipment $000	Computer equipment $000	Office equipment $000	Furniture & fixtures $000	Motor vehicle $000	Total $000
Cost									
As at 1 July 2013	-	-	8,911	2,971	474	830	1,260	188	14,634
Additions	-	-	117	1,023	221	14	38	5	1,418
Disposals	-	-	-	-	-	-	-	(104)	(104)
As at 31 December 2013	**-**	**-**	**9,028**	**3,994**	**695**	**844**	**1,298**	**89**	**15,948**
As at 1 January 2014	-	-	9,028	3,994	695	844	1,298	89	15,948
Acquired through business combinations	175	410	538	288	363	187	312	368	2,641
Additions	-	-	386	1,426	399	41	89	116	2,457
Exchange differences	-	-	-	(2)	-	-	-	(2)	(4)
Disposals	-	-	(33)	(42)	(137)	(26)	(14)	(47)	(299)
As at 31 December 2014	**175**	**410**	**9,919**	**5,664**	**1,320**	**1,046**	**1,685**	**524**	**20,743**
Accumulated depreciation and impairment									
As at 1 July 2013	-	-	4,609	1,128	443	560	819	140	7,699
Depreciation for the period	-	-	200	88	26	17	28	2	361
Depreciation reversal for the period	-	-	-	-	-	-	-	(76)	(76)
As at 31 December 2013	**-**	**-**	**4,809**	**1,216**	**469**	**577**	**847**	**66**	**7,984**
As at 1 January 2014	-	-	4,809	1,216	469	577	847	66	7,984
Depreciation for the period	-	-	461	358	225	69	99	83	1,295
Exchange differences	-	-	-	10	3	-	-	(4)	9
Depreciation reversal for the period	-	-	-	(16)	(26)	(23)	(13)	(41)	(119)
As at 31 December 2014	**-**	-	**5,270**	**1,568**	**671**	**623**	**933**	**104**	**9,169**
Net book value 1 July 2013	**-**	**-**	**4,302**	**1,843**	**31**	**270**	**441**	**48**	**6,935**
Net book value 31 December 2013	**-**	**-**	**4,219**	**2,778**	**226**	**267**	**451**	**23**	**7,964**
Net book value 31 December 2014	**175**	**410**	**4,649**	**4,096**	**649**	**423**	**752**	**420**	**11,574**

As at 31 December 2014, fixed assets are subject to a first mortgage to secure the ANZ borrowings.

15 Property, plant and equipment Continued

PARENT	Computer equipment $000	Office equipment $000	Total $000
Cost			
As at 1 July 2013	-	-	-
Additions	14	-	14
Disposals	-	-	-
As at 31 December 2013	**14**	**-**	**14**
As at 1 January 2014	14	-	14
Additions	38	3	41
Disposals	(1)	-	(1)
As at 31 December 2014	**51**	**3**	**54**
Accumulated depreciation			
As at 1 July 2013	-	-	-
Depreciation for the period	1	-	1
As at 31 December 2013	**1**	**-**	**1**
As at 1 January 2014	1	-	1
Depreciation for the period	10	-	10
As at 31 December 2014	**11**	**-**	**11**
Net book value 1 July 2013	**-**	**-**	**-**
Net book value 31 December 2013	**13**	**-**	**13**
Net book value 31 December 2014	**40**	**3**	**43**

16 Intangible assets

GROUP	Goodwill (restated) $000	Agent relationships $000	Course materials $000	Customer contract $000	IT software $000	Brand names $000	Non-compete $000	Intellectual property $000	Other intangibles $000	Total (restated) $000
Cost										
As at 1 July 2013	21,749	5,208	7,218	-	-	4,652	3,511	-	-	42,338
Additions	-	-	-	-	-	-	-	-	-	-
As at 31 December 2013	**21,749**	**5,208**	**7,218**	**-**	**-**	**4,652**	**3,511**	**-**	**-**	**42,338**
As at 1 January 2014	21,749	5,208	7,218	-	-	4,652	3,511	-	-	42,338
Acquired through business combinations (based on 30 June 2014 reporting period)*	33,454	371	14,098	6,769	6,348	4,651	6,072	3,180	3	74,946
Measurement period adjustments	163	(113)	5,088	(3,057)	(2,156)	143	(132)	-	-	(64)
Exchange differences	(112)	(5)	(18)	-	(15)	(8)	(11)	-	-	(169)
Additions	-	-	382	-	82	-	-	-	104	568
As at 31 December 2014	**55,254**	**5,461**	**26,768**	**3,712**	**4,259**	**9,438**	**9,440**	**3,180**	**107**	**117,619**
Accumulated amortisation and impairment										
As at 1 July 2013	-	577	517	-	-	-	379	-	-	1,473
Amortisation for the period	-	780	718	-	-	-	540	-	-	2,038
As at 31 December 2013	**-**	**1,357**	**1,235**	**-**	**-**	**-**	**919**	**-**	**-**	**3,511**
As at 1 January 2014	-	1,357	1,235	-	-	-	919	-	-	3,511
Amortisation as reported for period to 30 June 2014*	-	793	942	72	128	-	689	68	2	2,694
Measurement period differences	-	(6)	19	(33)	58	-	(4)	-	-	34
Amortisation for remainder of year	-	799	1,755	188	680	-	1,114	321	8	4,865
Exchange differences	-	-	(9)	-	(2)	-	(1)	-	-	(12)
Impairment	1,294	-	-	-	-	-	-	-	-	1,294
As at 31 December 2014	**1,294**	**2,943**	**3,942**	**227**	**864**	**-**	**2,717**	**389**	**10**	**12,386**
Net book value 1 July 2013 (restated)	**21,749**	**4,631**	**6,701**	**-**	**-**	**4,652**	**3,132**	**-**	**-**	**40,865**
Net book value 31 December 2013 (restated)	**21,749**	**3,851**	**5,983**	**-**	**-**	**4,652**	**2,592**	**-**	**-**	**38,827**
Net book value 31 December 2014	**53,960**	**2,518**	**22,826**	**3,485**	**3,395**	**9,438**	**6,723**	**2,791**	**97**	**105,233**

* Refer to the 30 June 2014 Interim Consolidated Financial Statements

16 Intangible assets Continued

PARENT	IT software $000	Other intangibles $000	Total $000
Cost			
As at 1 January 2014	-	-	-
Additions	2	62	64
As at 31 December 2014	**2**	**62**	**64**
As at 1 January 2014	-	-	-
Amortisation for the year	-	3	3
Impairment	-	-	-
As at 31 December 2014	**-**	**3**	**3**
Net book value 31 December 2014	**2**	**59**	**61**

Impairment test on goodwill and brand names

Goodwill and brand names are intangible assets with indefinite lives. Goodwill is allocated at acquisition to each entity expected to benefit from the business combination as a cash generating unit (CGU). Brand names are intangible assets (typically trading names of the colleges) separately identifiable at the time of acquisition which are also allocated to the CGUs. A summary of the allocation of indefinite life intangibles is below.

CGU 2014	Intangible asset $000	Opening $000	Additions $000	Impairment $000	Exchange difference $000	Closing $000
Elite Education	Goodwill	7,095	-	-	-	7,095
	Brand	693	-	-	-	693
Design & Arts College	Goodwill	3,027	-	(1,294)	-	1,733
	Brand	388	-	-	-	388
Global Education Group	Goodwill	5,142	-	-	-	5,142
	Brand	2,055	-	-	-	2,055
The Cut Above Academy	Goodwill	3,797	-	-	-	3,797
	Brand	1,011	-	-	-	1,011
NZSOS	Goodwill	1,759	-	-	-	1,759
	Brand	505	-	-	-	505
NZSCDT Holdings	Goodwill	929	-	-	-	929
OCAG	Goodwill	-	6,035	-	(112)	5,923
	Brand	-	402	-	(8)	394
Quantum Education Group	Goodwill	-	23,403	-	-	23,403
	Brand	-	3,690	-	-	3,690
Intueri Services	Goodwill	-	1,606	-	-	1,606
Academy Group	Goodwill	-	2,573	-	-	2,573
	Brand	-	703	-	-	703
Subtotal						
Goodwill		21,749	33,617	(1,294)	(112)	53,960
Brand		4,652	4,795	-	(8)	9,439
Total		**26,401**	**38,412**	**(1,294)**	**(120)**	**63,399**

16 Intangible assets Continued

CGU 2013	Intangible asset $000	Opening $000	Additions $000	Impairment $000	Exchange difference $000	Closing $000
Elite Education	Goodwill	7,095	-	-	-	7,095
	Brand	693	-	-	-	693
Design & Arts College	Goodwill	3,027	-	-	-	3,027
	Brand	388	-	-	-	388
Global Education Group	Goodwill	5,142	-	-	-	5,142
	Brand	2,055	-	-	-	2,055
The Cut Above Academy	Goodwill	3,797	-	-	-	3,797
	Brand	1,011	-	-	-	1,011
NZSOS	Goodwill	1,759	-	-	-	1,759
	Brand	505	-	-	-	505
NZSCDT Holdings	Goodwill	929	-	-	-	929
Subtotal						
Goodwill		21,749	-	-	-	21,749
Brand		4,652	-	-	-	4,652
Total		**26,401**	**-**	**-**	**-**	**26,401**

Goodwill and brand names are tested for impairment at each reporting date by determining the recoverable amount of each CGU based on value in use calculations. These calculations use pre-tax cash flow projections based on 2015 financial budgets approved by the Board, projected over a 5 year period. Cash flows beyond the five year period are extrapolated using a terminal growth rate which is consistent with long term growth rates in the sector in which the CGU operates. The key assumptions used for value in use calculations and the recoverable amount are: Discount rate in the range of 8% to 10%; Terminal EBITDA growth rate of 2.9%.

The impairment charge recorded in the year of $1,294,000 arose in relation to Design & Arts College as a result of the continuing slow recovery post the earthquakes in Christchurch. The recoverable amount of the Design & Arts College CGU is $3,832,000, and a pre-tax discount rate of 10% was used. Annual growth rates used in the projections amount to $450,000 over a 5 year period. There are no intangible assets at a Company level for the prior period.

17 Investments in subsidiaries

PARENT	31 December 2014 $000	31 December 2013 $000
Investment in Elite Education	9,394	9,394
Investment in Design & Arts College	3,347	3,642
Investment in Global Education Group	14,436	14,436
Investment in The Cut Above Academy	8,645	8,645
Investment in NZSOS	2,292	2,292
Investment in NZSCDT Holdings	2,108	2,108
Investment in Commercial Diver Training Limited	-	-
Investment in Online Courses Australia (acquisition date: 31 March 2014)	4,264	-
Investment in Quantum Education Group (acquisition date: 22 May 2014)	35,751	-
Investment in Quantum Corporate Training (acquisition date: 22 May 2014)	2	-
Investment in Intueri Services (incorporation date: 13 February 2014)	1	-
Investment in Academy Group NZ (acquisition date: 23 December 2014)	5,000	-
	85,240	**40,517**

During the year there was an additional investment in Design & Arts College of $999,000, and an impairment charge of $1,294,000 for the reasons stated in note 16.

18 Deferred tax

	Group 31 December 2014 $000	Group 31 December 2013 $000	Parent 31 December 2014 $000	Parent 31 December 2013 $000
Opening balance	(4,426)	(4,938)	13	-
Balance from acquisitions	479	-	-	-
Deferred tax on acquired identifiable intangible assets	(11,456)	-	-	-
Prior period movement	-	-	16	-
Current period movement, attributable to:				
- Accrued expenses	(356)	5	18	-
- Employee benefits	42	17	4	13
- Intangible assets	2,110	571	(1)	-
- Property, plant & equipment	22	(81)	-	-
Closing balance	**(13,585)**	**(4,426)**	**50**	**13**
Deferred tax assets are attributable to the following:				
Accrued expenses	418	358	19	-
Employee benefits	217	129	32	13
Intangible assets	-	-	(1)	-
Property, plant and equipment	(158)	(159)	-	
	477	**328**	**50**	**13**
Deferred tax liability is attributable to the following:				
Identifiable intangible assets	(14,100)	(4,754)	-	-
Property, plant and equipment	(69)	-	-	-
Employee benefits	107	-	-	-
	(14,062)	**(4,754)**	**-**	**-**

No deferred tax was recognised in other comprehensive income.

19 Trade and other payables

	Group 31 December 2014 $000	Group 31 December 2013 (restated) $000	Parent 31 December 2014 $000	Parent 31 December 2013 $000
Trade creditors	1,497	1,473	154	768
Retention payable	900	2,800	900	2,800
TEC payable	2,878	1,505	-	-
Related party payables	-	-	12,003	3,805
Sundry payables	67	120	-	-
	5,342	**5,898**	**13,057**	**7,373**

Retention payable relates to amounts held in trust by vendors solicitors towards the acquisition of Academy Group NZ Limited and New Zealand School of Outdoor Studies Limited (refer note 13). Retention amount (subject to any claims) is payable to the vendors at the end of the retention period. TEC payable liabilities are for under consumption of funding for the year ending 31 December 2014, and a TEC payable liability for NZ School of Outdoor Studies for 2009 to 2013 (refer to note 31).

20 Other current liabilities

	Group 31 December 2014 $000	Group 31 December 2013 $000	Parent 31 December 2014 $000	Parent 31 December 2013 $000
Income received in advance	20,582	11,262	-	-
Accruals	1,321	643	318	74
Payroll liabilities	351	-	-	-
GST payable / (receivable)	1,084	382	(40)	238
Rent incentive liability	139	-	-	-
	23,477	**12,287**	**278**	**312**

Income received in advance relates to amounts received but not yet recognised as income. These amounts will be recognised in accordance with the revenue recognition policy.

21 Interest bearing liabilities

	Group 31 December 2014 $000	Group 31 December 2013 $000	Parent 31 December 2014 $000	Parent 31 December 2013 $000
Current loan	15,000	3,150	15,000	3,150
Current finance lease liabilities	68	-	7	-
	15,068	**3,150**	**15,007**	**3,150**
Long term loan	4,000	17,102	4,000	17,102
Non-current finance lease liabilities	92	-	14	-
	4,092	**17,102**	**4,014**	**17,102**
Total interest bearing loans	**19,160**	**20,252**	**19,021**	**20,252**

Interest-bearing loan relates to the facilities with ANZ. The loans are secured by a fixed and floating charge over the assets of Intueri Education Group Limited and its subsidiaries. The loans have a floating interest rate of 5.34% as at 31 December 2014 (5.85% 2013). The loans are interest only. The long term loan was made from existing term debt limits and expires 1 June 2017. The current loan was drawn from a short term facility which is reviewed annually in line with the annual review process. The finance leases relate to vehicles and computer equipment. The carrying value of the borrowings is equivalent to the fair value.

22 Employee benefits

	Group 31 December 2014 $000	Group 31 December 2013 $000	Parent 31 December 2014 $000	Parent 31 December 2013 $000
Short-term benefits	1,183	514	115	102
Long-term benefits	45	-	-	-
	1,228	**514**	**115**	**102**

23 Share capital

	Number of shares (thousands)	Ordinary shares $000
At 1 July 2013 and 31 December 2013	20,602	20,602
Issued during year via Initial Public Offering	79,398	58,177
At 31 December 2014	**100,000**	**78,779**

On 23 May 2014 the Company issued 79,398,486 ordinary shares upon listing on both the New Zealand and Australian stock exchanges. The proceeds, net of capital raising costs, were used to fund the acquisitions of the Quantum Group, Online Courses Australia and Learntree business assets. At 31 December 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.

24 Cash flow information

	Group 31 December 2014 $000	Group 31 December 2013 $000	Parent 31 December 2014 $000	Parent 31 December 2013 $000
Reconciliation of the operating profit after tax to the net cash flows from operations				
Profit/(loss) from ordinary activities after income tax	5,003	15	(3,210)	(907)
Add: Non-cash items and non-operating cash flow items				
Depreciation	1,295	361	10	1
Amortisation	7,593	2,038	3	-
Goodwill impairment charge	1,294	-	1,294	-
Gain on disposal of fixed assets	(23)	-	-	-
Interest expense	1,141	642	1,074	633
Deferred tax movement	(1,818)	(512)	(37)	(13)
Changes in working capital				
(Increase)/decrease in inventories	(63)	-	-	-
(Increase)/decrease in trade debtors and other receivables	(4,851)	(2,520)	1,488	(1,734)
(Increase)/decrease in other current assets	(807)	2,639	(133)	-
Increase/(decrease) in trade and other payables	(556)	(679)	(2,514)	(6)
Increase/(decrease) in other current liabilities	686	(616)	(34)	-
Increase/(decrease) in income tax payable	2,392	(705)	6	(5)
Increase/(decrease) in employee benefits	669	178	13	102
Cash flow from operating activities	**11,955**	**841**	**(2,040)**	**(1,929)**

25 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments

- **Credit risk**
- **Liquidity risk**
- **Market risk**

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit and Risk Committee with responsibilities that include reviewing treasury practices and policies. The Group has developed an enterprise wide risk management framework, which guides management and the Board in the identification, assessment and monitoring of new and existing risks. Management report to the Audit and Risk Committee and the Board on the relevant risks and the controls and treatments for those risks. The Group, through its training and management standards aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

25 Financial instruments Continued

Financial instruments classification

GROUP 2014	Loans and receivables $000	Liabilities at amortised cost $000	Total carrying amount $000
Assets			
Cash	7,755	-	7,755
Trade and other receivables	28,239	-	28,239
Total assets	**35,994**	**-**	**35,994**
Liabilities			
Trade and other payables	-	5,342	5,342
Interest bearing loans	-	19,160	19,160
Total liabilities	**-**	**24,502**	**24,502**

GROUP 2013	Loans and receivables $000	Liabilities at amortised cost $000	Total carrying amount $000
Assets			
Cash	2,516	-	2,516
Trade and other receivables	14,654	-	14,654
Total assets	**17,170**	**-**	**17,170**
Liabilities			
Trade and other payables	-	5,898	5,898
Interest bearing loans	-	20,252	20,252
Total liabilities	**-**	**26,150**	**26,150**

PARENT 2014	Loans and receivables $000	Liabilities at amortised cost $000	Total carrying amount $000
Assets			
Cash	2,364	-	2,364
Trade and other receivables	20,021	-	20,021
Total assets	**22,385**	**-**	**22,385**
Liabilities			
Trade and other payables	-	13,057	13,057
Interest bearing loans	-	19,021	19,021
Total liabilities	**-**	**32,078**	**32,078**

25 Financial instruments Continued

PARENT 2013	Loans and receivables $000	Liabilities at amortised cost $000	Total carrying amount $000
Assets			
Cash	875	-	875
Trade and other receivables	6,090	-	6,090
Total assets	**6,965**	**-**	**6,965**
Liabilities			
Trade and other payables	-	7,373	7,373
Interest bearing loans	-	20,252	20,252
Total liabilities	**-**	**27,625**	**27,625**

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk as at 31 December 2014 was as follows:

	Note	Group 31 December 2014 $000	Group 31 December 2013 $000	Parent 31 December 2014 $000	Parent 31 December 2013 $000
Cash and cash equivalents	12	7,755	2,516	2,364	875
Trade and other receivables	13	28,239	14,654	20,021	6,090
Total		**35,994**	**17,170**	**22,385**	**6,965**

Cash and cash equivalents

All cash and cash equivalents in New Zealand are held with ANZ Bank New Zealand Limited (2014: $7,295,000, 2013: $2,516,000), and in Australia with National Australia Bank and Bank of Queensland Limited (2014: $460,000, 2013: $nil). The cash and cash equivalents are held with bank counterparties which are rated AA- (ANZ and NAB) or BBB+ (BoQ) by Fitch Ratings.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The customer debts are monitored closely and proper processes are in place to ensure recoverability of receivables. The Group establishes an allowance for impairment that represents an estimate of incurred losses in respect of trade and other receivables. A majority of receivables relates to funds held by Public Trust on behalf of colleges. The funds are released to the colleges over course delivery. The Public Trust is a crown-owned trustee in New Zealand. There is an insignificant amount of trade and other receivables which is past due and/or impaired, as such no analysis is provided.

The Company's exposure to credit risk mainly exists with short-term loans to subsidiaries. These arise as part of the treasury management of cash balances within the Group.

25 Financial instruments Continued

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to the management of liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables in conjunction with the available credit facilities arranged. The Company has entered into a facilities agreement dated 6 June 2014 (Facilities Agreement) with ANZ bank, under which a $20 million term facility, a $20 million short term advances facility and a $870,000 financial guarantees facility have been provided. The term facility was to refinance existing funding, has a term of 3 years and is interest only. The short term facility is to assist with working capital requirements and acquisitions. This facility will be reviewed on 30 June each year, with a view to extending for further periods of one year, and is also interest only. The financial guarantees facility is enable the issuance of financial guarantee instruments, mainly in respect of property leases. It is also subject to annual review.

The loans are subject to certain covenants which includes maintaining interest cover and gearing ratios at certain levels. The Group has complied with the covenants during the reporting period.

The following are the remaining contractual maturities:

31 DECEMBER 2014	2 months or less $000	2 - 12 months $000	1 - 3 years $000	More than 3 years $000	Total $000
Group					
Trade and other payables	(4,442)	(400)	-	(500)	(5,342)
Interest bearing liability	(169)	(15,445)	(4,427)	-	(20,041)
	(4,611)	**(15,845)**	**(4,427)**	**(500)**	**(25,383)**
Parent					
Trade and other payables	(12,157)	(400)	-	(500)	(13,057)
Interest bearing liability	(169)	(15,445)	(4,427)	-	(20,041)
	(12,326)	**(15,845)**	**(4,427)**	**(500)**	**(33,098)**

31 DECEMBER 2013	2 months or less $000	2 - 12 months $000	1 - 3 years $000	More than 3 years $000	Total $000
Group					
Trade and other payables	(5,398)	-	-	(500)	(5,898)
Interest bearing liability	(723)	(3,535)	(7,959)	(12,183)	(24,400)
	(6,121)	**(3,535)**	**(7,959)**	**(12,683)**	**(30,298)**
Parent					
Trade and other payables	(6,873)	-	-	(500)	(7,373)
Interest bearing liability	(723)	(3,535)	(7,959)	(12,183)	(24,400)
	(7,596)	**(3,535)**	**(7,959)**	**(12,683)**	**(31,773)**

25 Financial instruments Continued

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the presentation currency of the Company. The Group has investments in Australia giving rise to foreign currency translation risk on movements in the Australian Dollar. The Group has no borrowings in foreign currency. The Group has limited currency risk associated with certain operational expenses within the New Zealand operations. **Table (a)** details the Group's sensitivity to the increase and decrease in the New Zealand dollar (NZ$) against the relevant foreign currency. There is no comparative period presented as the exposure in 2013 was insignificant.

Interest rate risk

All the Group's borrowings are at a variable market interest rate and as such the determination of fair value approximates to carrying value. This is because the variable market rate included the bank credit risk assessments, the loan was entered into 6 months prior to balance date and it is considered that neither the Group's nor the banks credit risk has materially changed in this time. This assessment of variable market rates is considered to be included within the Level 3 fair value hierarchy under NZ IFRS 13 and based upon the market comparison technique. At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as in **Table (b)**.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points interest rates at the end of the reporting period would have increased (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. See **Table (c)**.

Table (a)

2014	Carrying amount AUD$000	+5% Effect on profit before tax $000	Effect on equity $000	-5% Effect on profit before tax $000	Effect on equity $000
Cash and cash equivalents	440	-	(22)	-	24
Trade and other receivables	216	-	(11)	-	12
Trade and other payables	(597)	-	(30)	-	33
Total increase/(decrease)		**-**	**(63)**	**-**	**69**

There is no effect on profit before tax as the currency risk is on the foreign owned operations whose movement will flow through other comprehensive income.

Table (b)

NOMINAL AMOUNT	Group 31 December 2014 $000	Group 31 December 2013 $000	Parent 31 December 2014 $000	Parent 31 December 2013 $000
Variable rates instruments				
Financial assets	3,962	701	1,652	619
Financial liabilities	(19,160)	(20,252)	(19,021)	(20,252)
Net financial assets/(liabilities)	**(15,198)**	**(19,551)**	**(17,369)**	**(19,633)**

25 Financial instruments Continued

Table (c)

INTEREST RATE	Group 31 December 2014 $000	Group 31 December 2013 $000	Parent 31 December 2014 $000	Parent 31 December 2013 $000
Profit or loss				
Increase by 100 basis points	(174)	(95)	(185)	(98)
Decrease by 100 basis points	174	95	185	98
Equity				
Increase by 100 basis points	(125)	(68)	(133)	(71)
Decrease by 100 basis points	125	68	133	71

26 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company is subject to certain covenants in relation to its financing facilities. There have been no events of default during the reporting period. The Group's policies in respect of capital management are reviewed regularly by the Board of Directors.

The capital structure of the Group consists of net debt and equity of the Group. The gearing ratio at balance date was as follows:

	Group 31 December 2014 $000	Group 31 December 2013 $000
Debt (net of cash)	11,405	17,737
Equity	78,779	20,602
Debt to equity ratio	14.5%	86.1%

27 Commitments

	Group 31 December 2014 $000	Group 31 December 2013 $000	Parent 31 December 2014 $000	Parent 31 December 2013 $000
Operating leases				
Non-cancellable operating leases are payable as follows:				
Less than one year	4,876	4,021	-	-
Between one and five years	12,818	11,424	-	-
More than five years	3,569	3,166	-	-
	21,263	**18,611**	**-**	**-**

Operating lease commitments includes contracted amounts for various offices, campuses and office equipment under non-cancellable operating leases expiring within 1 to 8 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the term of the leases are renegotiated.

28 Contingent assets and liabilities

On 13 March 2015, the Company was advised of potential legal action against one of its subsidiaries, Conwal and Associates Pty Limited, part of the OCA Group. This potential claim relates to a memorandum of understanding (MoU) that was entered into with a company in South Australia regarding the potential opportunity for the other party to provide certain services for Conwal and Associates. The MoU was signed in February 2014, prior to the Company's purchase of an interest in OCA Group, and was terminated in July 2014 when OCA Group determined that the services were not going to be required. No services agreement was entered into by the parties. The claim is for AUD 175,000 alleging a breach of contract. This matter is currently with OCA Group lawyers and Insurers. It is expected that OCA Group will dispute these charges and that any costs will be fully covered by Insurance policies. No provision has been made in the 2014 financial statements for any potential costs associated with this claim.

There are no other significant contingent liabilities or assets.

29 Related parties

The Group has related party relationships with its controlled entities, its former overseas parent and with key management personnel.

29.1. Transactions with related entities

Arowana International Pty Limited was the previous ultimate holding company, up until 23 May 2014 which was the date of the Initial Public Offering. After this date there was no ultimate controlling party. Transactions during this period included reimbursement of expenses and share of capital raising costs as shown below.

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Reimbursement of expenses	31	143	31	143
Capital raising costs	1,271	-	1,271	-
Management fees	-	957	-	957
	1,302	**1,100**	**1,302**	**1,100**

29 Related parties Continued

29.2. Transactions with controlled entities – Parent company

During the year the Company raised invoices to its subsidiaries amounting to $3,431,000 (2013: $1,591,787) to recover operating costs incurred by the company. $2,000,000 was receivable by the Company as at 31 December 2014 (31 December 2013: $1,670,500). Funds were also advanced and received, the amounts outstanding are unsecured, and repayable on demand. No interest is payable or receivable on amounts owing between the company and its subsidiaries. No guarantees have been given or received. Total amounts receivable and payable to related parties are stated in notes 13 and 19 respectively.

The subsidiaries of the Group are:

Entity name	Country of incorporation	31 December 2014 Holding	31 December 2013 Holding	Principal activity
Elite Education Holdings Limited	New Zealand	100%	100%	Intermediate Holding Company
D&A Education Holdings Limited	New Zealand	100%	100%	Intermediate Holding Company
Commercial Diver Training Limited	New Zealand	100%	100%	Provider of vocational training
NZSCDT Holdings Limited	New Zealand	100%	100%	Provider of equipment to other subsidiaries
Design & Arts College of New Zealand Limited	New Zealand	100%	100%	Provider of vocational training
Elite International School of Beauty and Spa Therapies Limited	New Zealand	100%	100%	Provider of vocational training
Global Education Group Limited	New Zealand	100%	100%	Provider of vocational training
NZ School of Outdoor Studies Limited	New Zealand	100%	100%	Provider of vocational training
The Cut Above Academy Limited	New Zealand	100%	100%	Provider of vocational training
Intueri Services Limited	New Zealand	100%	-	Management Services
Quantum Education Group Limited	New Zealand	100%	-	Provider of vocational training
Quantum Education Group QT Limited	New Zealand	100%	-	Provider of vocational training
Quantum Education Group ES Limited	New Zealand	100%	-	Provider of vocational training
Quantum Corporate Training Limited	New Zealand	100%	-	Provider of vocational training
Online Courses Australia Group Pty Limited	Australia	50%	-	Intermediate Holding Company
Online Courses Australia Pty Limited	Australia	50%	-	Provider of vocational training
Conwal and Associates Pty Limited	Australia	50%	-	Provider of vocational training
Platinum E-learning Pty Limited	Australia	50%	-	Provider of vocational training
Academy Group (NZ) Limited	New Zealand	100%	-	Provider of vocational training
Auckland Academy (North) Limited	New Zealand	100%	-	Provider of vocational training
Christchurch Academy Limited	New Zealand	100%	-	Provider of vocational training
Manukau Academy Limited	New Zealand	100%	-	Provider of vocational training

Control is exercised over OCA Group through a casting vote mechanism. All shareholdings above are the effective parent shareholding. 100% of the shares in Online Courses Australia Pty Limited, Conwal and Associates Pty Limited and Platinum E-learning Pty Limited are held by Online Courses Australia Group Pty Limited.

29 Related parties Continued

29.3. Summary information on subsidiaries with material non-controlling interests

The following table summarises financial information for OCA Group which has a material non-controlling interest. OCA Group was acquired on 31 March 2014, hence no comparatives are shown. This information is before inter-company eliminations.

SUMMARISED BALANCE SHEET	OCA Group 31 December 2014 $000
Current assets	6,494
Non-current assets	7,844
Current liabilities	(4,361)
Non-current liabilities	(710)
Net assets	**9,267**
SUMMARISED INCOME STATEMENT	**OCA Group 9 months to 31 December 2014 $000**
Revenue	10,111
Profit after tax	1,964
Other comprehensive income	(294)
Total comprehensive income	**1,670**
Total comprehensive income allocated to non-controlling interest	**835**
SUMMARISED CASH FLOWS	**OCA Group 9 months to 31 December 2014 $000**
Cash flows from operating activities	652
Cash flows from investment activities	(225)
Cash flows from financing activities	(26)
Net increase/(decrease) in cash and cash equivalents	**401**

29.4. Transactions with key management personnel

	Group 12 months 31 December 2014 $000	Group 6 months 31 December 2013 $000	Parent 12 months 31 December 2014 $000	Parent 6 months 31 December 2013 $000
Short-term employee benefits	1,632	87	1,494	87

The key management personnel are the Directors and Executive Management. Included in short-term benefits are Directors' fees of $192,500. As outlined in the Intueri Education Group Limited (Intueri) Prospectus (refer section 4.5 Executive remuneration & share plans), Rob Facer (Director & CEO) and Rod Marvin (CFO) received interest free loans to purchase shares upon Intueri listing, under the Foundation Shares Scheme.

30 Events post balance sheet

On 7 January 2015 the remaining 50% of Online Courses Australia Group (OCA) was purchased for an initial cash consideration of AUD 15 million. Contingent consideration is payable based on valuing the business at a multiple of the earnings before interest, tax and amortisation of acquired intangibles of OCA for the year to 31 December 2015. The carrying amount of the non-controlling interest in OCA on the date of acquisition was $4,633,121. As this transaction does not result in a change of control it will be recognised in equity.

	Group $000
Carrying amount of non-controlling interest	4,633
Consideration paid/payable to non-controlling interest	(31,703)
Excess of consideration paid/payable to be recognised in equity	(27,070)

On 3 February 2015 Intueri announced a conditional agreement to purchase Information Technology Training Institute for $1.2m. The conditions of this agreement have yet to be fulfilled and therefore control has not been obtained.

On 25 February 2015 the Board declared a fully imputed dividend of 7.7 cents per share ($7.7 million) and a supplementary dividend to non-resident shareholders of 1.3588 cents per share. The dividends will be paid to shareholders on 30 March 2015.

31 Restatement of prior period

During 2014, the Group discovered that some historical student records at NZ School of Outdoor Studies Limited (NZSOS) may be incorrect and had been included in returns to the Tertiary Education Commission affecting funding claims. The error extends prior to the acquisition of NZSOS. An independent investigation of the error is being conducted, and the estimated amount of the potential liability relating to the over funding has been provided for.

EXTRACT FROM INCOME STATEMENT	Effect on Group For the 6 months 31 December 2013 $000
(Decrease) in domestic revenue	(249)
Decrease in Income tax expense	70
(Decrease) in profit	(179)
(Decrease) in eps (cents)	(0.79)

EXTRACT FROM STATEMENT OF FINANCIAL POSITION	Effect on Group As at 31 December 2013 $000	Effect on Group As at 30 June 2013 $000
Increase in goodwill	-	518
Increase in deferred tax asset	70	236
Increase in trade and other payables	(249)	(843)
(Decrease) in equity	(179)	(89)

32 Comparison against prospectus forecast

The forecast numbers for the year ended 31 December 2014 formed part of the Investment Statement and Prospectus dated 6 May 2014. The actual result for the year ended 31 December 2014 is compared to the prospectus forecast in the tables following.

Statement of comprehensive income vs. prospectus forecast

GROUP	Actual 12 months 31 December 2014 $000	Prospectus 12 months 31 December 2014 $000
Domestic revenue	34,531	39,027
International revenue	19,007	18,248
Online revenue	10,118	6,171
Other income	1,979	1,687
Total revenue	**65,635**	**65,133**
Cost of materials and agents fees	(11,676)	(11,066)
Employee expenses	(19,694)	(19,172)
Occupancy expenses	(6,243)	(6,434)
Marketing expenses	(2,642)	(2,143)
Depreciation and amortisation expenses	(8,888)	(8,889)
Impairment loss	(1,294)	-
Other expenses	(6,038)	(4,167)
Operating profit before net finance costs	**9,160**	**13,262**
Net finance cost	**(1,074)**	**(998)**
Profit/(loss) before income tax	**8,086**	**12,264**
Income tax (expense) / benefit	(3,083)	(3,929)
Profit for the period	**5,003**	**8,335**
Other comprehensive income:		
Exchange loss arising on translation of foreign operations	(294)	-
Total other comprehensive income for the period, net of tax	**(294)**	**-**
Total comprehensive income for the period	**4,709**	**8,335**
Profit/(loss) for the period attributable to:		
Non-controlling interest	982	411
Owners of the parent	4,021	7,924
	5,003	**8,335**
Total comprehensive income for the period attributable to:		
Non-controlling interest	835	411
Owners of the parent	3,874	7,924
	4,709	**8,335**

Domestic revenue was lower than forecast in 2014, due to a slower than expected rebound in Christchurch and Dive School related issues. The impact of the slow rebound in Christchurch led to an impairment loss being recognised in relation to Design & Arts College of New Zealand. Other expenses were more than forecast due to investment in additional resources to drive ongoing growth in the Australian operations, and enhanced Quality and Compliance capability, and the establishment of group shared service functions to support future growth and facilitate additional acquisitions.

32 Comparison against prospectus forecast Continued

Statement of financial position vs. prospectus

GROUP	Actual 31 December 2014 $000	Prospectus 31 December 2014 $000
Assets		
Current assets		
Cash and cash equivalents	7,755	12,310
Inventories	165	-
Trade and other receivables	28,239	32,262
Other current assets	1,179	2,169
Total current assets	**37,338**	**46,741**
Non-current assets		
Property, plant & equipment	11,574	12,134
Intangible assets and goodwill	105,233	97,055
Deferred tax asset	477	114
Total non-current assets	**117,284**	**109,303**
Total assets	**154,622**	**156,044**
LIABILITIES		
Current liabilities		
Trade and other payables	5,342	4,402
Other current liabilities	23,477	30,341
Income tax payable	2,650	890
Interest bearing loans	15,068	3,106
Employee benefits	1,183	514
Total current liabilities	**47,720**	**39,253**
Non-current liabilities		
Interest bearing loans	4,092	13,831
Employee benefits	45	-
Deferred consideration payable	1,000	-
Deferred tax liability	14,062	13,580
Total non-current liabilities	**19,199**	**27,411**
Total liabilities	**66,919**	**66,664**
Equity		
Share capital	78,779	79,787
Translation reserve	(147)	-
Retained earnings	4,438	8,828
Equity attributable to owners of the parent	**83,070**	**88,615**
Non-controlling interest	4,633	765
Total equity	**87,703**	**89,380**
Total equity and liabilities	**154,622**	**156,044**

32 Comparison against prospectus forecast Continued

The lower than forecast profit has impacted on the cash and cash equivalents balance. Trade and other receivables has decreased due to the change in revenue estimates and lower domestic demands. Intangible assets and goodwill are more than forecast as a result of the acquisition of the Academy Group and finalising the purchase price allocations to identifiable intangible assets for the acquisitions during the year. Other current liabilities is lower than forecast as a result of the decrease in domestic revenue impacting deferred income. The current and non-current split of interest bearing loans is different to forecast due to the differing review dates on the loans. Deferred consideration is in relation to the acquisition of Academy Group, which was not included in the forecast. Share capital is less than forecast due to increased listing costs charged against equity. Retained earnings are lower than forecast as explained in relation to the statement of comprehensive income. Non-controlling interest is more than forecast due to the allocation of fair value on acquisition and the improved result of that entity.

Statement of changes in equity vs. prospectus forecast

GROUP	Actual 2014 $000	Prospectus 2014 $000
Opening balance at 1 January 2014	21,019	21,860
Profit for the period	5,003	8,335
Other comprehensive income	(294)	-
Total comprehensive income for the period	**4,709**	**8,335**
Transactions with owners		
Issue of shares (net of listing costs)	58,177	59,185
Non-controlling interest arising on business combination	3,798	-
Total transactions with owners	**61,975**	**59,185**
Balance as at 31 December 2014	**87,703**	**89,380**

The opening equity balance is less than forecast due to the impact of the restatement discussed in note 31. Profit for the period is discussed under the statement of comprehensive income. The value of the non-controlling interest is more than forecast due to the identification of intangible assets at an entity level.

32 Comparison against prospectus forecast Continued

Statement of cash flows vs. prospectus forecast

GROUP	Actual 12 months 31 December 2014 $000	Prospectus 12 months 31 December 2014 $000
Cash flows from operating activities		
Receipts from customers	58,671	73,605
Payments to suppliers	(44,258)	(51,320)
Income tax received/(paid)	(2,509)	(5,106)
Interest received	51	-
Net cash inflow from operating activities	**11,955**	**17,179**
Cash flows from investing activities		
Purchase of property, plant & equipment and intangibles	(2,675)	(2,829)
Sale of property, plant and equipment	23	-
Purchase of subsidiaries/businesses (net of cash acquired)	(59,715)	(62,214)
Net cash outflow from investing activities	**(62,367)**	**(65,043)**
Cash flows from financing activities		
Issue of shares	58,177	61,987
(Repayment)/proceeds of borrowings	(1,093)	(3,315)
Interest paid	(1,141)	(1,013)
Net cash inflow/(outflow) from financing activities	**55,943**	**57,659**
Net increase/(decrease) in cash and cash equivalents	**5,531**	**9,794**
Cash and cash equivalents at the beginning of the period	2,516	2,516
Exchange gains/(losses) on cash and cash equivalents	(292)	-
Cash and cash equivalents at the end of the period	**7,755**	**12,310**

Cash inflows from operations are less than forecast due to lower domestic revenue and lower profitability. Payments to suppliers and income tax paid are lower than forecast due to timing of payments. Purchase of subsidiaries is more than forecast due to the Academy acquisition. The cash flow from the issue of shares was lower than forecast due to the share of capital raising costs borne by the Company.

BDO Auckland

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
INTUERI EDUCATION GROUP LIMITED

Report on the Financial Statements

We have audited the financial statements of Intueri Education Group Limited ("the Company") and its controlled entities ("the Group") on pages 24 to 67, which comprise the consolidated and separate statements of financial position of the Company as at 31 December 2014, the consolidated and separate statements of changes in equity, statements of profit or loss and other comprehensive income and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Company and its controlled entities.

Opinion
In our opinion, the financial statements on pages 24 to 67:
- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the Company and the Group as at 31 December 2014, and the financial performance and the cash flows of the Company and Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements
In accordance with the Financial Reporting Act 1993 we report that:
- We have obtained all the information and explanations that we have required.
- In our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

BDO Auckland

BDO Auckland
31 March 2015
Auckland
New Zealand

CORPORATE GOVERNANCE

This section of the Annual Report provides an overview of Intueri's main corporate governance policies, practices and processes adopted and followed by the Board. More information is available to view at intueri.co.nz/investor/corporate-governance/, including policies referred to in this section.

Introduction

The Board is responsible for the overall corporate governance of Intueri, including adopting appropriate policies and procedures and seeking to ensure Directors, management and employees fulfil their functions effectively and responsibly. The Board believes that good governance is based on a set of principles and behaviours that provide a clear basis for Intueri's everyday activities to ensure transparency, fairness and recognition of the interests of our stakeholders.

The Board has approved policies and practices which aim to reflect best practice standards of governance in New Zealand and Australia. The Board has endorsed the Corporate Governance Best Practice Code set out in the NZX Listing Rules and the ASX Listing Rules, and the ASX Corporate Governance Principles and Recommendations ("ASX Principles"). The company complies with these, except recommendation 2.4 of the ASX Principles with respect to a majority of the Board should be independent directors, and recommendation 1.5 relating to measurable objectives for achieving gender diversity.

Board Composition

The Board is structured to ensure that, as a collective group, it has the skills, experience, knowledge, diversity and perspective to fulfil its purpose and responsibilities. The number of directors is determined in accordance with the Company's Constitution. All directors are elected by the shareholders with rotation and retirement determined by the Constitution. As at 31 December 2014, there were five Directors: an independent Chair, one other independent Director, one executive Director (the Chief Executive) and two non-executive Directors.

One of the non-executive Directors, Russell Woodard, previously provided international marketing services (in his capacity as an independent contractor) to the Company and certain of its constituent colleges, beginning in October 2012. Mr Woodard ceased providing these services in January 2014. Since that time his involvement with the Company has been limited to his role as a director of the Company.

During the financial year Craig McIntosh resigned from the Board, and was replaced by Glen Dobbie.

Roles and Responsibilities

The Board has statutory responsibilities for the affairs and activities of Intueri, with delegation to the Chief Executive and other management of Intueri.

The roles and responsibilities of the Board include:

- Charting the direction, strategies and financial objectives of Intueri and monitoring policy implementation;
- Monitoring compliance with regulatory requirements and ethical standards;
- Risk management;
- Appointing and reviewing the performance of the Chief Executive and the senior management team; and
- Protecting and enhancing the value of Intueri's assets.

The Chief Executive and management are responsible for:

- Developing and implementing company strategies and making recommendations on specific strategic initiatives;
- Management and implementation of policies and reporting procedures for management strategy set out by the Board;
- Formulation and implementation of policies and reporting procedures for management;
- Implementation of the delegated financial authority policy; and
- The day to day management of Intueri.

The powers specifically reserved for the Board are:

- Appointment of the Chief Executive and the senior management team and determination of their terms and conditions, including remuneration;
- Any matters in excess of discretions that it may have from time to time delegated to the Chief Executive and management in relation to transactions, market risk limits and expenditure;

- Approvals of the budget and business plan, the acquisition, establishment, disposal and cessation of any significant businesses of Intueri, and the issue of any securities in Intueri; and
- Review of Intueri's performance against strategic objectives.

Board Charter

The Board has adopted a charter recording its commitment to achieving best-practice corporate governance ("Charter"). The Charter describes the specific responsibilities, values, principles and practices that underpin the role of Directors on the Board. The Charter does not attempt to provide a complete record of all of the formal and informal rules associated with the role of the Board and should be read in conjunction with the Constitution and relevant laws, regulations, codes and guidelines.

Code of Ethics

Intueri has adopted a Code of Ethics which sets out the ethical and behavioural standards expected of the directors, officers, employees, and contractors (when providing services to the Company or acting on its behalf) of Intueri. The primary obligation is to, at all times, act honestly and in accordance with the highest standards of integrity and fairness, and strive to foster such standards within the Company.

Board Committees

The Board has two formally constituted committees. These committees review and analyse policies and strategies, usually developed by management, which are within their terms of reference. They examine proposals and, where appropriate, make recommendations to the full Board. Committees will not take any action or make decisions on behalf of the Board unless they are specifically mandated by prior Board authority to do so.

The **Audit and Risk Committee** is chaired by James Turner and is responsible for:

- Assisting the Board in performing its oversight responsibilities in relation to financial reporting and regulatory compliance;
- Reviewing financial reporting processes, internal controls, the audit process and Intueri's process for monitoring legal and regulatory compliance; and
- Assisting the Board in performing its oversight responsibilities in relation to the identification, analysis and management of risks which may have a significant impact on the performance of Intueri.

The Audit & Risk Committee also acts as a forum for communication between the Board and senior financial management staff, and internal and external auditors where appropriate. It meets with the external auditors as required during the year, and for at least part of that meeting no employees will be present. A formal internal audit function will be established in 2015.

The current members of the Audit & Risk Committee (ARC) are James Turner, Chris Kelly and Glen Dobbie. The committee met three times during the financial year, in the seven month period post Intueri listing on May 23rd, 2014.

The **Remuneration and Nominations Committee** is chaired by James Turner and is responsible for:

- Establishing the criteria for determining the suitability of potential Directors and recommending persons suitable for appointment to the Board;
- Considering all appointments at senior management level including contractual conditions;
- Monitoring outcomes of policy implementation at senior management level, including incentive payments; and
- Reviewing Intueri's remuneration policy at least annually.

The current members of the Remuneration and Nominations Committee are James Turner, Chris Kelly and Russell Woodard. In 2014, agenda items for the committee were incorporated within the agenda for the full Board meetings.

Policies and Procedures

Key policies and procedures adopted by the Board are as follows:

Corporate Responsibility Policy: In conducting its business, the Company is guided by principles promoting ethical and responsible decision-making. Intueri's Corporate Responsibility Policy reflects the company's core values that are integral to the business and a vital foundation for the Company's commercial sustainability and future growth.

External Audit Independence Policy: The objective of the External Audit Independence Policy is to ensure that Intueri has external independence in line with best practice to ensure reliable and credible financial reporting.

Risk Management Policy: The purpose of the Risk Management Policy is to embed within Intueri a groupwide capability in risk management, to provide a consistent method of identifying, assessing, controlling, monitoring and reporting of existing and potential risks faced by Intueri. The policy sets out Intueri's approach to risk and risk management.

All Intueri employees have a responsibility to manage risk in accordance with the Risk Management Policy and risk management framework which was adopted in 2014.

Securities Trading Policy: Intueri has a Securities Trading Policy which details Intueri's policy on, and rules for, trading in securities of the Company. The policy is additional to the legal prohibitions on insider trading in Australia and New Zealand.

Market Disclosure Policy: The Board has adopted a Continuous Market Policy, which is designed to ensure compliance with continuous disclosure obligations. This includes ensuring that Shareholders receive clear, concise and effective information on a timely basis through the delivery of disclosures through existing and emerging electronic means.

Diversity Policy: Intueri recognises that the sustained commercial success of the business is underpinned by the capability and performance of employees and relationships with key partners, customers, suppliers and the communities within which we operate. As such, the Company has a genuine commitment to and continued focus on investing in growing capability and recognising and valuing difference, as part of driving an inclusive and high performance culture. The Company takes a holistic view of diversity that is anchored around diversity of thought, with difference (what makes people similar or different from one another) recognised and valued in its broadest sense, including:

(a) employee experiences and capabilities, and

(b) family and cultural heritage.

It is within these two broad categories that we summarise the uniqueness that each individual brings to our business. Intueri also considers the traditional areas of diversity (for example: gender and age), with the focus on removing any perceived or tangible barriers to becoming a part of our business, and to being able to thrive in the workplace.

Intueri is well positioned to harness and leverage diversity, build a dynamic highly engaged and productive workforce, and ultimately deliver enhanced business performance now and into the future.

The Company continues to monitor its workforce composition and ensures there is strong alignment with the wider Group. As at 31 December 2014, there were five male (100%) and no female Directors. The Executive Team was comprised of three male (43%) and four female (57%) Executives as at 31 December 2014.

The Intueri Board is in the process of setting gender diversity objectives. These will be considered in future Director appointments.

Dividend Policy

Dividends and other distributions with respect to the Shares are made only at the discretion of the Board. The payment of Dividends is not guaranteed and Intueri's Dividend policy may change. In determining Dividends payable to Shareholders, Intueri must comply with the solvency test specified in the Companies Act.

Subject to the above, Intueri intends to make Dividend payments to shareholders so that an average Dividend payout ratio of 60% to 70% of NPATA is maintained. Payment of Dividends is subject to the Board's consideration of:

- Intueri's working capital requirements and investment plan;
- Intueri's expected financial performance; and
- The risks from short and medium-term economic, market and regulatory conditions.

NPATA represents Net Profit after Tax adjusted for the tax-effected amortisation of acquisition related intangibles.

Intueri intends to pay an interim Dividend in September, targeting 40% to 50% of the total expected Dividend for the year, with the balance paid in March. The split will vary according to actual and forecast NPATA.

It is the Board's intention to attach imputation credits to Dividends to the extent they are available.

Director Interests

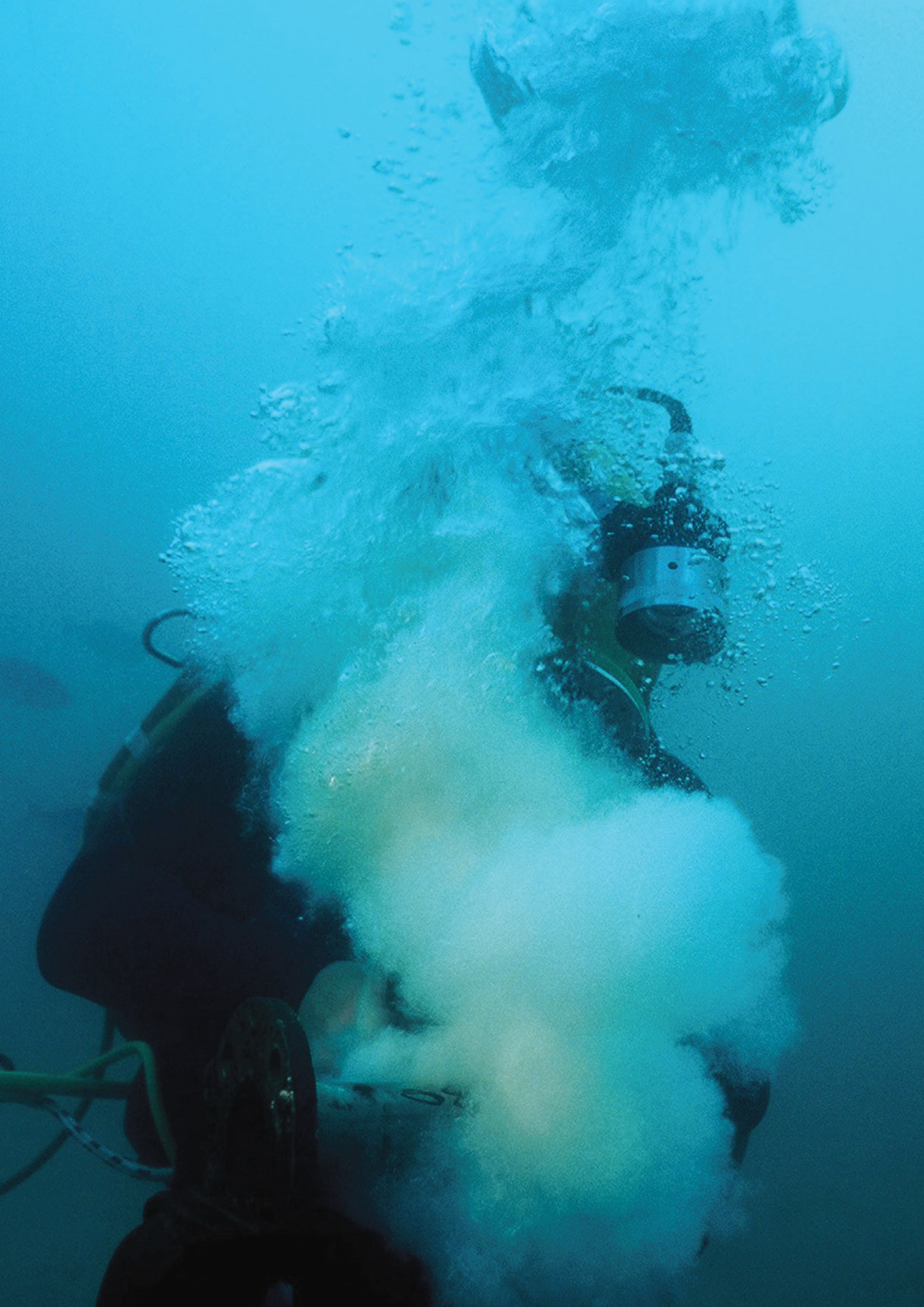
Intueri maintains an interests register in which relevant transactions and matters involving the directors are recorded. Particulars of entries made in the interests register for the year ended 31 December 2014 are included in the Statutory Information section.

Director Remuneration

With the exception of the Chief Executive, no Director is entitled to any remuneration from Intueri except for Directors' fees and reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors.

Fees paid to directors during the year ended 31 December 2014 are disclosed in the Statutory Information section.

Certain Directors received remuneration in respect of providing consultancy services to the Company prior to its listing. These amounts are disclosed in the Directors remuneration table. No consultancy services have been provided or paid for subsequent to 23 May 2014.



STATUTORY INFORMATION

FOR THE YEAR ENDED
31 DECEMBER 2014

Twenty largest shareholders

AS AT 27 FEBRUARY 2015		Number of shares in which a relevant interest was held	
1	Intueri Education Holdings PTY Limited	24,883,552	24.88%
2	J P Morgan Nominees Australia Limited	15,366,053	15.40%
3	National Nominees Limited	14,062,103	14.10%
4	HSBC Custody Nominees (Australia) Limited	8,110,448	8.10%
5	BNP Paribas Noms PTY Limited	4,072,858	4.10%
6	TEA Custodians Limited Client Property Trust Account - NZCSD	3,652,280	3.65%
7	UBS Nominees PTY Limited	3,365,936	3.40%
8	Accident Compensation Corporation - NZCSD	3,036,972	3.04%
9	BNZ Paribas Nominees (NZ) Limited - NZCSD	2,913,075	2.91%
10	Citicorp Nominees PTY Limited	2,848,439	2.80%
11	HSBC Custody Nominees (Australia) Limited	2,782,778	2.80%
12	HSBC Nominees (New Zealand) Limited - NZCSD	2,686,697	2.69%
13	AMP Life Limited	1,512,905	1.50%
14	Sandhurst Trustees Limited	1,278,594	1.30%
15	JPMorgan Chase Bank NA NZ Branch	1,243,768	1.24%
16	HSBC Custody Nominees (Australia) Limited – A/C 3	658,251	0.70%
17	Citibank Nominees (New Zealand) Limited - NZCSD	625,000	0.63%
18	New Zealand Superannuation Fund Nominees Limited -NZCSD	546,298	0.55%
19	UBS Wealth Management Australia Nominees PTY Limited	529,401	0.50%
20	RBC Investor Services Australia Nominees PTY Limited	460,000	0.50%
		94,635,408	**94.64%**

Substantial security holders

The total number of listed ordinary shares as at 31 December 2014 was 100,000,000. The company has only ordinary shares on issue. According to notices given under the Financial Markets Conduct Act 2013, the table at the right shows substantial security holders in Intueri Education Group Limited as at 31 December 2014.

	Date of notice	Number of shares	% Held
Intueri Education Holdings Pty Limited	23-May-14	24,883,552	24.88%
UBS AG and its related bodies corporate	6-Nov-14	8,267,519	8.27%
Challenger Ltd (and associated entities)	31-Oct-14	6,934,286	6.93%
Greencape Capital Pty Ltd	31-Oct-14	6,934,286	6.93%
AMP Limited and its related bodies corporate	26-May-14	6,866,460	6.87%
Platypus Asset Management	27-May-14	5,606,292	5.61%
SAS Trustee Corporation	17-Sep-14	5,266,354	5.27%

Spread of shareholders as at 27 February 2015

Holdings Ranges	Holders	Total Units	%
1-1,000	44	24,627	0.025
1,001-5,000	100	270,537	0.271
5,001-10,000	43	350,876	0.351
10,001-100,000	45	1,281,161	1.281
100,001-999,999	12	3,896,719	3.897
1,000,000-99,999,999	11	94,176,080	94.176
Totals	**255**	**100,000,000**	**100.000**

Table of board attendances

01 January 2014 – 09 April 2014	Board meetings
Total number of meetings held	**3**
Number of Board meetings attended:	
Malcolm Keefe	3
Kevin Chin	3
Kent Kwan	3
John Moore	1
Glen Dobbie	2

10 April 2014 – 31 December 2014	Board meetings	Audit & risk committee meetings	Remuneration & nomination committee meetings
Total number of meetings held	**8**	**3**	**2**
Number of Board meetings attended:			
Chris Kelly	8	3	2
Craig McIntosh (resigned November 2014)	5	3	-
Glen Dobbie (appointed July 2014)	5	-	-
James Turner	8	3	2
Russell Woodard	6	-	2
Rob Facer	8	-	-

Directors' & Officers shareholdings and Share Dealings During 2014

AT 31 DECEMBER 2014	Foundation share scheme	Shares purchased at IPO	Shares purchased post IPO	Shareholdings as at 31 December 2014
Director				
Chris Kelly		15,000	-	15,000
Glen Dobbie		35,000	-	35,000
James Turner		7,500	-	7,500
Russell Woodard		12,000	-	12,000
Rob Facer	127,660	42,553	-	170,213
Officer				
Rod Marvin	85,106	63,830	-	148,936
	212,766	**175,883**	**-**	**388,649**

As outlined in the Intueri Education Group Limited (Intueri) Prospectus (refer section 4.5 Executive remuneration & share plans), Rob Facer (Director & CEO) and Rod Marvin (CFO) received interest free loans to purchase shares upon Intueri listing, under the Foundation Shares Scheme.

Directors remuneration

	Directors' fees $000	Pre IPO consultancy and other benefits $000	Salary and benefits $000	Total $000
Chris Kelly	70	120	-	190
James Turner	44	20	-	64
Russell Woodard	39	68	-	107
Craig McIntosh	34	20	-	54
Glen Dobbie	6	-	-	6
Malcolm Keefe	-	40	-	40
Rob Facer	-	-	349	349
	193	**268**	**349**	**810**

Directors loans

No loans have been provided to Directors, other than a $300,000 loan provided to Rob Facer (Director & CEO) under the terms of the Foundation Shares Scheme.

Directors insurance

The Group has arranged insurance cover for Directors and Officers liability.

Declaration of interests register (AS AT 19th MARCH 2015)

Name	Interest declared	Date of declaration
Chris Kelly	Intueri Education Group Limited - Chair Massey University – Chancellor Kahne Animal Health Ltd - Chair Beef & Lamb Genetics Ltd – Chair Crown Irrigation Investment Ltd – Director National Pest Management Project Governance Group – Chair Deep South N.S.C. Governance Board – Director	9 June 2014 9 June 2014 9 June 2014 9 June 2014 9 June 2014 5 February 2015 5 February 2015
James Turner	Ministry of Business Innovation and Employments (Science Investments Branch) – contractor	15 August 2014
Rob Facer	Nil	26 June 2014
Russell Woodard	Navitas Corporation – Minor Shareholder University of Wollongong Enterprises – Director of Strategic Projects University of Wollongong Enterprises – Global Recruitment Director	27 June 2014 27 June 2014 15 September 2014
Glen Dobbie	Arowana International Limited – Group Commercial Director	18 August 2014

Employees' remuneration including other benefits

of $100,000 or More for Year Ended 31 December 2014

Remuneration range	Number of employees
$100,000 - $110,000	4
$120,000 - $130,000	2
$130,000 - $140,000	3
$140,000 - $150,000	3
$150,000 - $160,000	4
$170,000 – $180,000	4
$180,000 - $190,000	2
$200,000 - $210,000	1
$230,000 - $240,000	1
$300,000 - $310,000	1

Donations

A number of charitable donations were made throughout the year by Elite International School of Beauty and Spa Therapies which has four campuses around the country. These monies are a portion of the takings from client sessions where members of the public pay for beauty and spa therapy sessions as part of students gaining relevant industry experience.

Auckland Helicopter Rescue Trust	$9,471
Sweet Louise Foundation	$3,100
Look Good Feel Better	$10,400
Waikato Health Trust	$8,300

NZX Rule 5.2.3 Waiver Extension

On 23 September 2014, NZX granted a further extension of the NZX Main Board listing rule 5.2.3 for a period of 8 months to 23 May 2015. This allows Intueri to remain listed on the NZX main board whilst retaining less than 500 shareholders of the public, subject to certain requirements. Please refer to the investor section of intueri.co.nz or NZX.com (code IQE) for these requirements and full details for the waiver.

DIRECTORY OF NON GAAP MEASURES AND PRO FORMA RECONCILIATION

PROFIT & LOSS RECONCILIATION (NZ$M)	FY 2014 Pro Forma Actual	FY 2014 Statutory Actual
EBITA	**24.1**	**17.9**
Acquired intangible amortisation	9.5	7.4
Impairment	1.3	1.3
EBIT	**13.3**	**9.2**
Income tax	3.7	3.1
Interest	1.1	1.1
Net Profit/(Loss) After Tax	**8.5**	**5.0**

RECONCILIATION OF PROFIT AFTER TAX TO NPATA	NZ$M
Profit after tax attributable to owners	**4.0**
Impairment loss	1.3
Tax-effected amortisation of acquired intangibles	5.2
NPATA	**10.5**

RECONCILIATION OF PRO FORMA TO STATUTORY REVENUE (NZ$M)	FY 2014 Pro Forma	Less: OCA pre acquisition	Less: Quantum pre acquisition	FY 2014 Statutory
Domestic	44.0	-	(9.4)	34.6
International	19.2	-	(0.2)	19.0
Online	12.1	(2.0)	-	10.1
Other	2.2	-	(0.2)	2.0
Total Revenue	**77.5**	**(2.0)**	**(9.8)**	**65.6**

RECONCILIATION OF PRO FORMA TO STATUTORY NPAT (NZ$M)	FY 2014
FY 2014 Pro Forma NPAT	**8.5**
OCA pre initial 50% acquisition and pro forma	(0.6)
Quantum pre acquisition and pro forma	(0.7)
Pro Forma tax	(0.6)
Dive School provisions	(0.4)
Acquisition costs	(0.2)
IPO related costs	(0.2)
Acquired intangible amortisation	(0.1)
Other	(0.7)
FY 2014 Statutory NPAT	**5.0**

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, ceased 28 November 2014

James Alexander Charles Turner
Appointed: 10 April 2014

Russell John Woodard
Appointed: 10 April 2014

Glen William Dobbie
Ceased: 10 April 2014, appointed Alternate 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 Details

Company Number

4013538

Independent Auditor

BDO Auckland

Bankers

ANZ

Solicitors

Minter Ellison
Chapman Tripp

Date of Formation

17 September 2012

Nature of Business

Investment in private training establishments

Shareholder Services

NEW ZEALAND

Computershare Investor Services Limited

Private Bag 92119, Auckland 1142

Phone +64 9 488 8777

Email enquiry@computershare.co.nz

AUSTRALIA

Boardroom Pty Limited

GPO Box 3993, Sydney, 2001

Phone +61 2 9290 9600

Email enquiries@boardroomlimited.com.au

INTUERI

EDUCATION GROUP

100 Symonds St

Grafton, Auckland 1010

New Zealand

Phone : +64 9 442 3456

www.intueri.co.nz

The 2014 Intueri Annual Report was designed by Learntree - part of Intueri Education Group

INTUERI
EDUCATION GROUP

Computershare

Update your information:

Online:
www.investorcentre.com/nz

By Mail:
Computershare Investor Services Limited
Private Bag 92119, Auckland 1142

Enquiries:

Phone: +64 9 488 8777
Fax: +64 9 488 8787
Email: enquiry@computershare.co.nz

STATUTORY NOTICES

(Notice Under Section 209 of the Companies Act 1993)

(1) Electronic Annual Reports

As an Intueri Education Group Limited shareholder you receive a number of communications from us. However, in accordance with amendments to the New Zealand Companies Act 1993 we are not required send you printed copies of the Annual Report or Half Year report.

Intueri's Annual Report for the year ended 31 December 2014 is now available on our website, and Intueri's Half Year Report for the six months ending 30 June 2015 will be available on our website in September 2015. You can obtain copies of these reports at http://www.intueri.co.nz/. This year the Company has decided not to take up the option to prepare a Concise Annual Report.

You can choose to receive email notification of when the reports are available to view online (and other shareholder communication) by entering your email address below and returning this form in the enclosed reply paid envelope.

☐ Please mark this box if you wish to receive all Intueri Education Group Limited shareholder communications electronically. This may include annual and interim reports, transaction statements, payment advices, meeting documentation and any other company related information which we think are appropriate to be sent electronically.

Provide your email address here

Alternatively, visit www.investorcentre.com/nz and log in. Select 'My profile' and click on the 'update' button on the communication preferences tile. You will need your CSN or Holder Number and FIN to access Investor Centre and register your account. On-going you will access this service with your own User ID and Password.

Notwithstanding that these reports are available electronically, you have the right to receive, upon request, a copy free of charge of the Annual Report and the next Half Yearly Report (when available) prepared under the NZX Listing rules.

☐ Please mark this box if you would like to receive a printed copy of these reports and return this form within 15 working days of receiving this form in the enclosed reply paid envelope

(2) Substantial Security Holders

The total number of listed ordinary shares as at 31 December 2014 was 100,000,000. The company has only ordinary shares on issue. According to notices given under the Financial Markets Conduct Act 2013, the following were substantial security holders in Intueri Education Group Limited as at 31 December 2014:

Substantial Security Holder	Date of Notice	Voting securities in the company in which a relevant interest is held
Intueri Education Holdings Pty Limited	23-May-14	24,883,552
UBS AG and its related bodies corporate	6-Nov-14	8,267,519
Challenger Ltd (and associated entities)	31-Oct-14	6,934,286
Greencape Capital Pty Ltd	31-Oct-14	6,934,286
AMP Limited and its related bodies corporate	26-May-14	6,866,460
Platypus Asset Management	27-May-14	5,606,292
SAS Trustee Corporation	17-Sep-14	5,266,354

If you have any questions about changing how you receive shareholder communications, please contact Computershare at 09 488 8777, email: ecomms@computershare.co.nz or write to Computershare at Private Bag 92119, Auckland Mail Centre, Auckland 1142

Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity

INTUERI EDUCATION GROUP LIMITED

ABN/ARBN	Financial year ended
168 915 900	31 DECEMBER 2014

Our corporate governance statement[2] for the above period above can be found at:[3]

☐ these pages of our annual report: ____________________

☑ this URL on our website: www.intueri.co.nz

The Corporate Governance Statement is accurate and up to date as at 31 March 2015 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 31 MARCH 2015

Sign here: ____________________
Company secretary

Print name: RODNEY CRAIG MARVIN

[1] Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

[2] "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

[3] Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
<u>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</u>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: ____________________ *Insert location here* … and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: ____________________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: ____________________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable

<table>
<tr><th colspan="2">Corporate Governance Council recommendation</th><th>We have followed the recommendation in full for the whole of the period above. We have disclosed …</th><th>We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …</th></tr>
<tr><td>1.4</td><td>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</td><td>… the fact that we follow this recommendation:
☑ in our Corporate Governance Statement <u>OR</u>
☐ at this location:
____
Insert location here</td><td>☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u>
☐ we are an externally managed entity and this recommendation is therefore not applicable</td></tr>
<tr><td>1.5</td><td>A listed entity should:
(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;
(b) disclose that policy or a summary of it; and
(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them and either:
(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or
(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</td><td>… the fact that we have a diversity policy that complies with paragraph (a):
☑ in our Corporate Governance Statement <u>OR</u>
☐ at this location:
____
Insert location here
… and a copy of our diversity policy or a summary of it:
☑ at this location:
www.intueri.co.nz
Insert location here
… the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:
☐ in our Corporate Governance Statement <u>OR</u>
☐ at this location:
____
Insert location here
… and the information referred to in paragraphs (c)(1) or (2):
☐ in our Corporate Governance Statement <u>OR</u>
☑ at this location:
www.intueri.co.nz
Insert location here</td><td>☑ an explanation why that is so in our Corporate Governance Statement <u>OR</u>
☐ we are an externally managed entity and this recommendation is therefore not applicable

THE INTUERI BOARD IS IN THE PROCESS OF SETTING GENDER DIVERSITY OBJECTIVES. THESE WILL BE CONSIDERED IN FUTURE DIRECTOR APPOINTMENTS.</td></tr>
</table>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☑ in our Corporate Governance Statement **OR** ☐ at this location: ____________________ *Insert location here* … and the information referred to in paragraph (b): ☑ in our Corporate Governance Statement **OR** ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	… the evaluation process referred to in paragraph (a): ☑ in our Corporate Governance Statement **OR** ☐ at this location: ____________________ *Insert location here* … and the information referred to in paragraph (b): ☑ in our Corporate Governance Statement **OR** ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

<table>
<tr><th colspan="2">Corporate Governance Council recommendation</th><th>We have followed the recommendation in full for the whole of the period above. We have disclosed …</th><th>We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …</th></tr>
<tr><td colspan="4"><u>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</u></td></tr>
<tr><td>2.1</td><td>The board of a listed entity should:
(a) have a nomination committee which:
(1) has at least three members, a majority of whom are independent directors; and
(2) is chaired by an independent director,
and disclose:
(3) the charter of the committee;
(4) the members of the committee; and
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <u>OR</u>
(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</td><td>[If the entity complies with paragraph (a):]
… the fact that we have a nomination committee that complies with paragraphs (1) and (2):
☑ in our Corporate Governance Statement <u>OR</u>
☐ at this location:
____
Insert location here

… and a copy of the charter of the committee:
☑ at this location:
www.intueri.co.nz
Insert location here

… and the information referred to in paragraphs (4) and (5):
☐ in our Corporate Governance Statement <u>OR</u>
☑ at this location:
www.intueri.co.nz
Insert location here

[If the entity complies with paragraph (b):]
… the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:
☐ in our Corporate Governance Statement <u>OR</u>
☐ at this location:
____
Insert location here</td><td>☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u>
☐ we are an externally managed entity and this recommendation is therefore not applicable</td></tr>
</table>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	… our board skills matrix: ☑ in our Corporate Governance Statement **<u>OR</u>** ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	… the names of the directors considered by the board to be independent directors: ☑ in our Corporate Governance Statement **<u>OR</u>** ☑ at this location: www.intueri.co.nz *Insert location here* … where applicable, the information referred to in paragraph (b): ☐ in our Corporate Governance Statement **<u>OR</u>** ☑ at this location: www.intueri.co.nz *Insert location here* … the length of service of each director: ☐ in our Corporate Governance Statement **<u>OR</u>** ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: *Insert location here*	☑ an explanation why that is so in our Corporate Governance Statement **<u>OR</u>** ☐ we are an externally managed entity and this recommendation is therefore not applicable IT IS EXPECTED THAT A MAJORITY OF DIRECTORS WILL BE INDEPENDENT AFTER THE NEXT ANNUAL SHAREHOLDERS MEETING ON 21 MAY 2015.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement **OR** ☐ at this location: __________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement **OR** ☐ at this location: __________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	… our code of conduct or a summary of it: ☑ in our Corporate Governance Statement **OR** ☐ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met	[If the entity complies with paragraph (a):] … the fact that we have an audit committee that complies with paragraphs (1) and (2): ☑ in our Corporate Governance Statement **OR** ☐ at this location: __________ *Insert location here* … and a copy of the charter of the committee: ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
	throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	… and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ☑ at this location: www.intueri.co.nz *Insert location here* [If the entity complies with paragraph (b):] … the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: ☐ in our Corporate Governance Statement **OR** ☐ at this location: ________________________ *Insert location here*	
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement **OR** ☐ at this location: ________________________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement **OR** ☐ at this location: ____________________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	… our continuous disclosure compliance policy or a summary of it: ☑ in our Corporate Governance Statement **OR** ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	… information about us and our governance on our website: ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement **OR** ☐ at this location: ____________________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: ☑ in our Corporate Governance Statement **OR** ☐ at this location: ____________________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement **OR** ☐ at this location: ____________________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☑ in our Corporate Governance Statement **OR** ☐ at this location: ____________________ *Insert location here* … and a copy of the charter of the committee: ☑ at this location: www.intueri.co.nz *Insert location here* … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
		[If the entity complies with paragraph (b):] … the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☐ in our Corporate Governance Statement **OR** ☐ at this location: ______________________________ *Insert location here*	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that we follow this recommendation: ☑ in our Corporate Governance Statement **OR** ☐ at this location: ______________________________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; **OR** (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] … how our internal audit function is structured and what role it performs: ☐ in our Corporate Governance Statement **OR** ☐ at this location: ______________________________ *Insert location here* [If the entity complies with paragraph (b):] … the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☐ in our Corporate Governance Statement **OR** ☑ at this location: www.intueri.co.nz *Insert location here*	☑ an explanation why that is so in our Corporate Governance Statement IN 2014 INTUERI ESTABLISHED GROUP WIDE CENTRAL ACADEMIC, COMPLIANCE AND STUDENT ADMINISTRATION DEPARTMENTS TO ESTABLISH INTERNAL CONTROLS ACROSS STUDENT RECORDS AND ACADEMIC COMPLIANCE AND REPORTING REQUIREMENTS. A FORMAL INTERNAL AUDIT FUNCTION WILL BE ESTABLISHED IN 2015.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	… whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☐ in our Corporate Governance Statement **OR** ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; **OR** (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] … the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☑ in our Corporate Governance Statement **OR** ☐ at this location: ________________ *Insert location here* … and a copy of the charter of the committee: ☑ at this location: www.intueri.co.nz *Insert location here* … and the information referred to in paragraphs (4) and (5): ☐ in our Corporate Governance Statement **OR** ☑ at this location: www.intueri.co.nz *Insert location here* [If the entity complies with paragraph (b):] … the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have **NOT** followed the recommendation in full for the whole of the period above. We have disclosed …
		appropriate and not excessive: ☐ in our Corporate Governance Statement **OR** ☐ at this location: ____________________ *Insert location here*	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☐ in our Corporate Governance Statement **OR** ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: ☐ in our Corporate Governance Statement **OR** ☑ at this location: www.intueri.co.nz *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	… the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement **OR** ☐ at this location: ____________________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed …
-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	… the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement **<u>OR</u>** ☐ at this location: ____________________________________ *Insert location here*	☐ an explanation why that is so in our Corporate Governance Statement