

29 April 2015

## **ASX Announcement: Appendix 4C**

Australian Careers Network Limited (ACN) (ASX: ACO) today lodged the Appendix 4C for the quarter ending 31 March 2015.

Due to course delivery and claims processing delays in the traditional courses, and the expansion of the VET FEE HELP ("VFH") course scope, there has been a timing difference between revenue and cash-flow, which has impacted the March quarter.

We are pleased to announce that post the quarter end this has been largely resolved, with \$20.3 million received during the month of April. Of this, \$15.8 million relates the March quarter payments, with the balance relating to payments that would have been expected in the June quarter. The table below highlights the adjusted\* operating cash flows against the actual cash flows year-to-date (as disclosed in the attached Appendix 4C), had the \$15.8m been received during the March quarter;

	Year to date (9 months) Per 4C \$A'000	Year to date (9 months) Adjusted* \$A'000
<b>Cash flows related to operating activities</b>		
Receipts from customers	22,325	38,099
Payments to suppliers and employees	(28,964)	(28,964)
Income taxes paid	(54)	(54)
Net Interest	(14)	(14)
<b>Net cash used in operating activities</b>	<b>(6,707)</b>	<b>9,067</b>

Cash outflows were \$4.2 million for the quarter and \$6.7 million for the year to 31 March 2015. Cash from Operating Activities for the period has been impacted by:

- Cash outgoings in respect of the investment in VFH courses associated with the acquisition of Phoenix Institute in January 2015. As noted above, however, this investment has been more than repaid, with \$17.5 million being received by Phoenix on 23 April 2015, which is not included in the Appendix 4C.
- Costs associated with the acquisition of businesses (legal and financial due diligence costs).

The Company held cash reserves of \$2.2 million at the end of March. Had the Company received the \$15.8 million before 31 March 2015, the cash balance would have been \$18.0 million.

Student enrolments remain strong, particularly in the VFH sector.

## Corporate restructure at IPO and non-cash investing activities

As disclosed in previous Appendix 4C the corporate restructure of the Australian Careers Network Limited Group has involved a number of non-cash investing activities

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

In the current quarter the Group has acquired two businesses, namely the Phoenix Institute for \$2.25 million (with an additional earn-out of \$2.25 million subject to achievement of specified EBITDA hurdles) and Wizard Corporate Training for \$0.94 million. The former was an acquisition of the shares of Phoenix while the latter was a purchase of the business assets of the Wizard Corporate Training.

A handwritten signature in black ink, appearing to read "Ivan Brown", with a large, stylized loop at the end.

Ivan Brown  
Managing Director

*For queries, please contact Australian Careers Network Limited on 03 8331 7890 or [info@australiancareersnetwork.com.au](mailto:info@australiancareersnetwork.com.au)*

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

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

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

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

Name of entity

AUSTRALIAN CAREERS NETWORK LIMITED

ABN

98 168 592 434

Quarter ended ("current quarter")

31 March 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from customers	13,079	22,325
1.2	Payments for (a) staff costs	(5,091)	(9,035)
	(b) advertising and	(1,181)	(3,169)
	marketing		
	(c) research and		
	development		
	(d) leased assets		
	(e) other working capital	(10,199)	(14,400)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	11	11
1.5	Interest and other costs of finance paid	(2)	(25)
1.6	Income taxes paid	(54)	(54)
1.7	Acquisition and Restructuring Costs	(737)	(2,360)
	<b>Net operating cash flows</b>	<b>(4,174)</b>	<b>(6,707)</b>

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(4,174)	(6,707)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5) – net of cash acquired	(2,718)	(6,764)
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(264)	(863)
(e) other non-current assets	(173)	(999)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		22
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (earn out in respect of Smart Connection Company Pty Ltd acquisition)	(92)	(227)
<b>Net investing cash flows</b>	<b>(3,247)</b>	<b>(8,831)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(7,421)</b>	<b>(15,538)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.		15,000
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	1,400	1,400
1.18 Repayment of borrowings	(39)	(206)
1.19 Dividends paid		
1.20 Cost of raising funds		(1,237)
<b>Net financing cash flows</b>	<b>1,361</b>	<b>14,957</b>
<b>Net increase (decrease) in cash held</b>	<b>(6,060)</b>	<b>(581)</b>
1.21 Cash at beginning of quarter/year to date	8,288	2,809
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>2,228</b>	<b>2,228</b>

+ See chapter 19 for defined terms.

## Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'ooo
1.24	Aggregate amount of payments to the parties included in item 1.2	(54)
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Payment in respect of directors fees.	

## Non-cash financing and investing activities

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

Refer to explanatory notes attached.

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

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## Financing facilities available

Add notes as necessary for an understanding of the position.

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

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	2,228	8,288
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>		<b>2,228</b>	<b>8,288</b>

## Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	Phoenix Institute of Australia Pty Ltd. Wizard Corporate Training	
5.2	Place of incorporation or registration	Phoenix Institute of Australia Pty Ltd : Victoria Wizard Corporate Training: Victoria	
5.3	Consideration for acquisition or disposal	Phoenix Institute of Australia Pty Ltd: \$2,250,000 plus \$2,250,000 of potential earn out over 2 years subject to achievement of specific EBITDA hurdles. Wizard Corporate Training: \$940,000	
5.4	Total net assets	Phoenix Institute of Australia Pty Ltd: \$400,000* Wizard Corporate Training: \$529,000* *Subject to finalisation of completion accounts and determination of final vendor dividend.	
5.5	Nature of business	Educational Organisations	

+ See chapter 19 for defined terms.

## Compliance statement

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

Sign here:



Date: 29/04/15

(Director/Company secretary)

Print name: DAVID GREEN

## Notes

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

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