

3rd July, 2015

COMPANY UPDATE AND FY15 GUIDANCE UPDATE

2015 Financial Year Guidance

The Company ('Company' or 'ACO') is pleased to confirm FY15 earnings guidance and provide an operating update.

Student numbers have exceeded Prospectus forecasts (14,568) and are expected to sit between 22,000 and 25,000. Accordingly revenue has continued to grow in excess of Prospectus forecasts, although costs have increased as previously announced to attract the students and prepare for increased training costs for further growth in student numbers.

Subject to final audit the Company provides the following guidance compared to Prospectus forecasts in respect to FY15 EBITDA:

	PROSPECTUS FORECAST	UPDATED GUIDANCE
STATUTORY EBITDA	\$22.48M	\$24.00M - \$27.00M

Further details will be provided in due course.

VET FEE-HELP Update

Spearheaded by the Mytimelearning online learning system, Phoenix RTO has performed strongly with VET FEE-HELP enrolments reaching in excess of 10,000 for the year to date. The first enrolments have now reached the second census date with 95% passing this milestone, a rate that is considerably better than industry norms. Management has committed considerable focus and resources to this federally funded portion of the vocational training industry and expects to grow enrolments for the remainder of the calendar year. Current funding approvals confirmed by the Department should result in significant revenue increases for the Company during FY16.

Regulatory Update in Victoria

HESG is currently conducting an inquiry into the Certificate II diabetes courses being offered in Victoria. The Company has recently received communications from the Victorian HESG relating to its Victorian RTOs Consider This Training (CTT) and Australian Management Academy (AMA) which included those RTO's and also referred to the industry wide enrolments in this course.

Pending receipt of further information, HESG has decided to suspend payments under the 2014 funding contract held by CTT and terminate that contract. CTT has approximately 133 residual students under the 2014 contract for which payments are being withheld. HESG has suspended payments related to the diabetes course to the associated training company AMA until the matter is resolved. AMA has enrolled a total of 109 students in the diabetes course in total. The remainder of the non-related courses are all receiving payment as normal, however, new enrolments are suspended until this matter is resolved to the Department's satisfaction.

The Board understands that HESG is investigating a number of other RTOs, not related to ACO, in relation to this diabetes course. The Board also understands that at least four other RTOs have also had funding suspended for the diabetes course and notes that seven of the eight RTOs with the course on scope, have taken reference to the course off of their websites.

The Company is working with HESG to gather all relevant student information requested. However, the Company is simultaneously conducting its own investigation, contacting students and gathering evidence, which the Board is confident will positively affect the final HESG decision.

Funding suspensions are not uncommon in the industry (approximately 5% of funded RTO's are currently suspended), but in the interests of good governance, the Board is alerting the market to the issue. The Board is of the belief that this matter will not have a material impact on the financial condition of the Company, and that adequate provision has been made in the upgraded forecast guidance until the matter is finally resolved.

The Group's other operating subsidiaries have all undergone successful audits during 2015, highlighted by successful HESG audits at AMA and recent re-registrations for seven years of Phoenix, Smart Connection and AMA and a successful transition to ASQA for CTT only in the last couple of months, along with a successful extension to scope audit at Cove.

Wizard Corporate Training Acquisition

ACO recently acquired Wizard Corporate Training which is a fee for service business servicing corporates and government departments with particular emphasis on IT training. Wizard was acquired for approximately \$940k with revenues in excess of \$3 million and an EBITDA of approximately \$400k. All revenue is derived from fee for service, and management believe that a number of its services and clients will be able to leverage off other ACO products and services.

Melbourne Wholesale Markets Tender

Finally, the Company is pleased to announce that it was recently awarded a tender to be the sole training and labour hire provider at the new Melbourne wholesale markets in Epping, Victoria. Via a contested tender with a number of other significant competitors, ACO was awarded the contract and has now signed a MOU and five year tenancy to provide these services. The new market facilities are expected to directly employ approximately 1,300 full time staff with approximately 800 requiring forklift licensing and other training services. The market is expected to be host to approximately 3,500 full time and casual employees from the various stakeholders on any given day. This exciting

opportunity provides an instant growth opportunity to provide ACO's current labour hire brands as well as an increase in fee for training service offerings.

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

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About Australian Careers Network Limited

Australian Careers Network Group 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