

INTUERI
EDUCATION GROUP

INTERIM
REPORT
2015



This report is dated 25th September 2015 and is signed on behalf of Intueri Education Group Limited by Chris Kelly, Chairman and Rob Facer, Chief Executive Officer and Director.

Contents

- 4 Business Snapshot
- 5 First Half Key Events and Strategic Progress
- 6 First Half Results Summary and Review
- 8 Chairman and CEO Report
- 10 First Half Segments Performance
- 12 Interim Financial Statements Package



Business Snapshot

INTUERI IS A NEW ZEALAND HEADQUARTERED GROUP, DELIVERING HIGH QUALITY VOCATIONAL EDUCATION TO A DIVERSIFIED COHORT OF STUDENTS IN NEW ZEALAND, AUSTRALIA AND FROM AROUND THE WORLD.

We are the only dual NZX/ASX listed opportunity to invest into the Australasian vocational education sector.

As of 30 June 2015, we had nine colleges across New Zealand and Australia, providing more than 12,000 students with a diverse range of studying options from Foundation courses to Graduate Diploma level qualifications.

We utilise traditional classroom-based settings, blended learning environments and exclusively online delivery across 32 physical sites and one large virtual campus.

Our primary purpose is growth – growth of our learners by providing quality educational opportunities and helping them to succeed; growth of our people by enabling them to realise their potential; and growth in value for our stakeholders and investors.

LEARNERS FROM
49
COUNTRIES



9 SCHOOLS



59 AREAS OF STUDY IN NZ & AUSTRALIA

LEARNERS
12,000

- Academy Group NZ
- Cut Above Academy
- Design & Arts College of New Zealand
- Elite International School of Beauty and Spa Therapies
- Information Technology Training Institute
- NZ School of Commercial Diver Training
- NSIA - The Professional Hospitality Academy
- Quantum Education Group
- Online Courses Australia
- NZ Institute of Sport (Completion due Oct 15)
- NZ College of Massage (Completion due Oct 15)

Strategic Pillars

QUALITY FOCUS We have an unrelenting focus on quality outcomes. Our strategy is to ensure we enrol the right students in the right courses and provide them with the support they need to achieve their qualification.

GROWTH We will grow our organisation and add value through identifying opportunities to expand our existing operations, through acquisition of schools and colleges which provide immediate value, through partnerships which allow us to expand our reach and grow our offer, and through innovative growth of our educational offer.

INVEST We invest in our people and our organisation to ensure we have the best people delivering a high quality educational offer for our students, in the most effective and efficient manner.

TECHNOLOGY We are harnessing the benefits of technology to provide innovative learning opportunities and drive better business practices.

Key Events and Strategic Progress

FOR SIX MONTHS ENDED 30 JUNE 2015

FOCUS

Maintain an unrelenting focus on quality outcomes

- » Rollout of group wide Quality Management System (QMS)
- » Established Quality & Compliance programmes in both New Zealand and Australia
- » Completed successful ASQA re-registration and ACPET audit processes at Online Courses Australia (OCA)

GROWTH

Add value through organic, acquisition, collaborative and innovative growth

- » Acquired Information Technology Training Institute (ITTI) and the 50% outstanding shareholding in OCA
- » Significant progress in NZQA Targeted Review of Qualifications (TRoQ) programme development
- » Continuing to drive ongoing consultation within the sector to establish collaborative partnerships
- » Launched new OCA Diploma Programmes in Counselling, Community Services, and School-Aged Education & Care

INVEST

Invest in our people and our organisation

- » Recruited specialist Health & Safety and Learning & Development advisors
- » Rollout of employee values workshop series
- » Implementation of 'My Say' staff engagement survey team initiatives

TECHNOLOGY

Harness technology opportunities

- » Rollout of Learning Management System functionality in all NZ Colleges
- » Commencement of group wide Student Management System harmonisation project
- » Complete migration of all business units to XERO



Financial Results Summary

FOR SIX MONTHS ENDED 30 JUNE 2015

NZ\$m	1H 2015	1H 2014	Variance 1H15:1H14	Reported Pro Forma ¹ (PF) 1H 2014	Variance 1H15:PF1H14
Revenue	42.7	24.4	75%	36.2	18%
EBITA ²	11.7	6.0	95%	10.5	11%
EBITA margin	27.5%	24.8%	-	29.0%	-
Acquired intangible amortisation	(5.0)	(2.6)		(4.7)	
Income Tax	(1.7)	(0.9)		(1.5)	
Financing costs	1.0	(0.6)		(0.6)	
Non-controlling interests	-	(0.3)		(0.6)	
Net Profit After Tax Attributable to Intueri Shareholders	6.1	1.6	277%	3.7	65%
Add back: After tax acquired intangible amortisation	3.6	1.9		3.3	
Net Profit After Tax Before Amortisation (NPATA ³)	9.7	3.5	177%	6.4	52%
Dividend (cps)	6.1	-	n/a	-	-

¹ Intueri has previously provided 2014 pro forma information as this was the prospectus reporting basis for 2014. No phased 2015 or other forward looking pro forma information was provided in the prospectus, and therefore no 1H 2015 performance comparison vs prospectus is available. The 1H 2014 reported pro forma is the pro forma basis outlined in the Intueri prospectus which assumed that Quantum Education Group Limited and Online Courses Australia Group Pty Limited were acquired on 1 January 2014. It excluded Academy Group (NZ) Limited and ITTI, which were acquired after the Intueri prospectus was issued, and for which pre acquisition pro forma information was not available.

² EBITA is Earnings Before Interest, Tax and Amortisation of Acquired Intangibles. The Board has used Underlying EBITA, being EBITA excluding Acquisition Costs, as the basis for its full year forecast guidance as it believes this provides the most appropriate measure of Intueri's operating performance. These are non-GAAP measures.

³ NPATA is Net Profit After Tax Before Amortisation of Acquired Intangibles. The Board believes NPATA provides a better comparable measure of its operating performance and cash flow and it is the basis for Intueri's Dividend Policy. Financial results reflect earnings from businesses from the time of acquisition. 1H 2015 includes a full six months for all colleges except for ITTI which was acquired on 1 April 2015. 1H 2014 includes five weeks of Quantum (acquired 23 May 2014) and three months of OCA (acquired 31 March 2014), but does not include ITTI or Academy.

More detail on the financial results and reconciliation of non-GAAP to GAAP measures is available in the Interim Results Presentation released to the market on 20 August 2015 and available on the company website www.intueri.co.nz.

Financial Results Review

STRONG REVENUE GROWTH	HIGH MARGINS	LOW CAPITAL INTENSITY	CONSERVATIVE GEARING
Up 75% on 1H 2014 Acquisitions and strong growth in International and Online offset by weaker Domestic performance	1H 2015 EBITA margins of 27.5%, in line with 1H 2014	Additional investment capex of \$1.3m in 1H 2015 for new kitchens at NSIA No other significant capex forecast in 2015	Net debt lifted from \$11.3m to \$34.9m primarily due to acquisitions Annualised Debt/EBITDA of 1.4x

Intueri Education Group delivered a significant uplift in its 2015 first half result as we continued to successfully implement our growth strategy.

The increase in half year Net Profit After Tax to \$6.1 million was primarily driven by additional earnings from strategic acquisitions, as well as strong growth in our Online and International segments which partially offset a weaker than expected performance from the Domestic segment.

We generated strong growth in revenue to \$42.7 million for the period whilst maintaining high EBITA margins. New Zealand Domestic remains our largest revenue segment, providing 51% of revenue. International students provided 24% and Australia Online provided 22%.

Earnings Before Interest, Tax and Amortisation of Acquired Intangibles (EBITA) were \$11.7 million, with EBITA excluding \$0.4 million of acquisition costs of \$12.1 million. EBITA included \$2.1 million of other income associated with the reversal of a prior year Tertiary Education Commission (TEC) Dive School provision and an adjustment to deferred consideration on the Academy acquisition.

Net Profit After Tax was \$6.1 million for the period, including a \$1.9 million adjustment for the deferred consideration on the 2016 OCA final acquisition payment.

Operating costs increased in line with management's focus on building a strong organisational infrastructure to support future growth. Investment continued into the company's quality and compliance functions to deliver enhanced outcomes for students.

Cash flow from operations of \$4.2 million was impacted by additional working capital requirements of \$1.4 million for OCA, resulting from the strong growth in student numbers and the associated time lag in VET Fee-Help payments. Cash flow also reflected the \$1.3 million expansionary capital expenditure in kitchens at NSIA and \$2.3 million of 2014 terminal tax payments.

Net Debt increased to \$34.9 million from \$11.3 million as at 1 January 2015, largely as a result of acquisition payments. As at 30 June 2015, Intueri had a conservative debt gearing level of 1.4x, which is still comfortably below the 2.0x bank covenant level, and access to sufficient funds for planned acquisition payments.

Directors declared a fully imputed dividend of 6.1 cents per share. This equated to 63% of NPATA, which is within Intueri's dividend policy of 60-70% of NPATA and in line with prospectus guidance. Given the excellent growth of the Australian business, Intueri offered partial franking credits to its Australian investors, in conjunction with a supplementary dividend.

Chairman and CEO Report

Since listing in May 2014, Intueri has focused on reinforcing its position as a quality provider of vocational education in New Zealand and Australia.

The \$10-billion Australasian vocational education market is highly fragmented and offers significant opportunities for consolidation. Our organisation has grown significantly since the 2014 IPO which, in part, facilitated the acquisition of Quantum Education Group in New Zealand. Since that time, we have acquired a further two colleges – ITTI and Academy Group – as well as the outstanding 50% shareholding in OCA.

We have also announced the acquisition of New Zealand Institute of Sport (NZIS) along with its subsidiary the New Zealand College of Massage, which is expected to settle in October 2015 following customary approvals. This will increase the company's expected annualised revenue to more than \$100 million and annualised EBITA above \$30 million.

At this stage, our focus is on integrating these new colleges into our organisation and realising growth opportunities across our existing portfolio.

We now have a solid group of colleges, offering a diverse range of courses and qualifications across a range of vocations to students in Australia and New Zealand. Particularly in New Zealand, we have a large number of students enrolled in Foundation and Youth Guarantee courses which provide them with an opportunity to upskill and learn vocational skills which may assist them in finding employment.

The characteristics of these students – often school leavers or long term unemployed – comes with its own set of challenges and we are committed to enabling quality outcomes for this cohort. This has resulted in a number of changes being implemented at Quantum, including the introduction of more robust enrolment pre-requisites and additional measures to ensure successful student completions, as well as aligning reporting metrics with other colleges in the Intueri group.

We are pleased with the excellent growth delivered by our Australian Online segment, which provided \$9.5 million in revenue for the six month period, more than double the previous comparable period. The continuing outperformance of OCA validates our decision to acquire the outstanding 50% shareholding of this company in January 2015.

OCA management are continuing to drive student enrolments by delivering an increasing number of higher value Diploma qualifications and we are investing into course development and marketing of our offer. We are supportive of the regulatory reforms underway in the Australian sector and remain largely unaffected by these.

Our International segment also delivered strong growth with revenue of \$10.0 million for the period, up 20% on the prior comparable period. We are benefitting from the continuing growth in international student numbers with New Zealand student visa approvals up 10% in 2015 YTD.

We have commissioned two additional kitchens at our NSIA hospitality college to accommodate further growth in this segment over the medium term. While a large percentage of our international students are enrolled in hospitality courses, we are currently developing new courses targeted to international students.

Revenue for the Domestic segment, which provided 51% of Intueri's group revenue, was \$22.0 million for the period. A number of our New Zealand colleges are continuing to deliver solid results, such as Cut Above and Elite.

However, as previously advised, ongoing trends are impacting the overall performance of our Domestic segment including a strong local labour market affecting domestic student recruitment in Foundation and Youth Guarantee courses; a slower rebound in Christchurch which is continuing to affect enrolments at the Design and Arts College; and the ongoing consequences around legacy issues at the Dive School.

A number of initiatives are underway to mitigate the soft performance in our Domestic segment, including the operational integration of our Academy and Quantum colleges to facilitate the roll-out of Youth Guarantee programmes in regional centres. A review of sites and premises across the country to ensure optimum use is also underway.

We believe these initiatives will provide long term, sustainable benefits to our company, and more importantly, result in

better outcomes for a greater number of students. While these changes are currently having an impact on recruitment and completions, and therefore the level of course fees received from students, the New Zealand Qualifications Authority (NZQA) and TEC are fully supportive of our quality initiatives and the changes we are making have no impact on the current TEC course funding. We expect to start seeing the benefits of these initiatives flowing from the second half.

OPERATING ENVIRONMENT

In New Zealand, Intueri operates in a stable regulatory and funding environment with a positive long term outlook. We are the largest Private Training Establishment group in the country and well positioned to build our market share. Our focus on quality outcomes is supported by regulatory and funding organisations and will help us deliver better outcomes and higher success rates for more students.

International student visas continue to increase in number, reflecting New Zealand's growing reputation as a study destination, underpinned by the perceived quality of New Zealand academic programmes and their relative affordability. In 2014, there were close to 100,000 international students studying in New Zealand and contributing approximately \$2.85 billion to the New Zealand economy. We are investing in additional capacity, and a broader range of programmes to grow the numbers of international students we attract.

In Australia, our online course delivery continues to grow in popularity as we expand the range of high quality course provision for online learners. The Australian Federal Government Department of Education & Training has initiated a range of VET FEE-HELP reforms to improve the standard of student enrolment practices, quality of delivery and assessments, and overall provider duty of care to students. This is in line with our own approach to provide quality outcomes and we remain largely unaffected by these reforms.

SECOND HALF OUTLOOK

We have a number of initiatives in place to drive our performance in the second half of 2015 and have identified a number of growth opportunities within our portfolio.

We are continuing to invest into the development of new courses for OCA, to attract new groups of learners. In New Zealand, we are rolling out Pharmacy, IT and Dive School programmes specifically targeted to international students. We are also refining our marketing and enrolment processes for Quantum and realising operational integration opportunities between Academy and Quantum colleges.

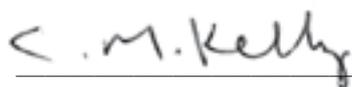
We have appointed an E-learning Director to lead development of this programme across our group, and have also commenced a project to harmonise the Student Management Systems across all our colleges.

We have low capital requirements and no major capital expenditure is planned for the second half of the year. While we have arrangements in place for planned future acquisition payments, we are looking to review our finance arrangements before the end of the year to ensure that our capital structure is optimised.

We are now well into the second half of the year and we are concentrating our efforts into delivering an improved performance in our Domestic segment, as well as continuing to drive the excellent growth we are currently reporting in our Online and International segments across our portfolio.

We would like to thank our shareholders for your continued support. While our focus on quality outcomes is impacting on our results in the short term, we believe there will be sustained benefits to our students and our company.

The fundamentals of our business are sound and we continue to deliver increasing revenue and profit, strong margins and cashflows and an attractive dividend payout for our investors.



Chris Kelly
CHAIRMAN



Rob Facer
CHIEF EXECUTIVE OFFICER AND DIRECTOR

First Half Segment Performance

DOMESTIC

New Zealand students enrolled at courses provided by Intueri's eight schools across New Zealand.

REVENUE: \$22m - 51% of Group Revenue



INTERNATIONAL

International students enrolled in targeted courses provided by Intueri's New Zealand colleges.

REVENUE: \$10m - 24% of Group Revenue



ONLINE

Online Courses Australia provides a range of courses for Australian online learners plus mentoring and support.

REVENUE: \$9.5m - 22% of Group Revenue



- » Acquisition of Information Technology Training Institute (ITTI) in April 2015
- » Solid performance from Cut Above and Elite Colleges
- » Quantum & Academy foundation courses impacted by ongoing economic trends and increasing focus on quality of student outcomes, as previously advised. Implemented a number of initiatives to improve Quantum performance
- » Legacy issues at Dive School and slow rebound in enrolments at Design and Art School in Christchurch
- » Significant progress in post NZQA Targeted Review of Qualifications (TRoQ) programme development
- » Implemented Quantum/Academy operational integration and review of campus operations
- » Initiated rollout of Youth Guarantee courses in regional centres
- » Announced acquisition of New Zealand Institute of Sport with settlement expected October 2015

- » Maintained strong growth in financial performance, primarily through NSIA - The Professional Hospitality Academy
- » Commissioned two additional kitchens at NSIA to meet increasing demand
- » Newly accredited training schemes for Dive School approved by NZQA
- » Ongoing leveraging of Intueri brand and development of in-market (overseas) initiatives to forge sustainable engagement with agent community and high schools in emerging markets
- » Identifying programmes that can be re-packaged for an international cohort thereby diversifying existing provision (e.g Pharmacy and IT)

- » Acquired outstanding 50% shareholding in OCA in January 2015, taking ownership to 100%
- » Excellent revenue growth continues, driven by increasing VET FEE-HELP enrolments
- » Established new Diploma programmes in Community Services, Counselling and School-Aged Education & Care to drive growth
- » Managed compliance requirements resulting from the Vet Fee-Help reforms
- » Relocated to new, larger premises to support expanded operations

**Intueri Education Group Limited and its
Controlled Entities
Interim Financial Statements
for the six months ended 30 June 2015**

Contents

	Page
Company Directory	2
Directors' Declaration	3
Independent Review Report	4
Half-Year Interim Financial Statements	
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Financial Position	8
Consolidated Statement of Cash Flows	9
Condensed Notes to the Interim Consolidated Financial Statements	
1 Reporting Entity	10
2 Basis of Preparation	10
3 Use of Estimates and Judgements	10
4 Business Combinations	10
5 Revenue	11
6 Other Income	12
7 Finance Income and Expenses	12
8 Income Tax	13
9 Segment Information	14
10 Earnings Per Share	15
11 Current Assets - Trade and Other Receivables	16
12 Current Assets - Other Current Assets	16
13 Non-Current Assets - Property, Plant and Equipment	17
14 Non-Current Assets - Intangible Assets and Goodwill	19
15 Retention In Trust	21
16 Current Liabilities - Trade Creditors and Accruals	21
17 Current Liabilities - Other Payables	21
18 Interest Bearing Liabilities	22
19 Current Liabilities - Provisions	22
20 Non-Current Liabilities - Employee Benefits	23
21 Deferred Tax	23
22 Contingent Assets and Liabilities	24
23 Related Parties	24
24 Transactions With Non-Controlling Interests	24
25 Dividends	25
26 Events Post Balance Sheet	25
27 Restatement of Prior Period	25
28 NZX Rule 5.2.3 Waiver Extension	25

Company Directory

Principal business	Investment in private training establishments
Directors	Christopher Morton Kelly Robert Charles Facer James Alexander Turner Russell John Woodard Glen William Dobbie (ceased 21 May 2014) Nico André Marx (appointed 21 May 2015) Alison Mae Paterson (appointed 18 June 2015)
Company Number	4013538
Registered office	100 Symonds St, Grafton Auckland 1010, New Zealand
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
Auditor	BDO Auckland
Solicitors	Chapman Tripp Minter Ellison
Bankers	ANZ
Date of Formation	17 September 2012
Website address	www.intueri.co.nz

**Intueri Education Group Limited and Its Controlled Entities
Directors' Declaration**

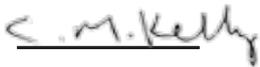
In the opinion of the Directors of Intueri Education Group Limited (the "Company"), the interim consolidated financial statements and notes set out on pages 5 to 25:

- (i) comply with generally accepted accounting practice in New Zealand and give a true and fair view of the Group as at 30 June 2015, and the financial performance and the cash flows of the Group for the period ended on that date;
- (ii) have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group, 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 interim consolidated financial statements.

The Board of Directors are pleased to present the interim consolidated financial statements of Intueri Education Group Limited and its controlled entities for the six months ended 30 June 2015, and the independent review report thereon.

Approved for and on behalf of the Board of Directors.



Chairman
19 August 2015



Director
19 August 2015

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

Report on the Condensed Interim Consolidated Financial Statements

We have reviewed the accompanying condensed interim consolidated financial statements of Intuери Education Group Limited and its controlled entities ("the Group") on pages 5 to 25, which comprise the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six month period ended on that date, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility

The Board of Directors of the Group is responsible for the preparation and fair presentation of the condensed interim consolidated financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. As the auditor of the Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

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

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

Other than in our capacity as assurance provider, our firm also provided other services to the Group in relation to taxation services. Other than these matters, we have no relationship with or interests in the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 June 2015, and of its financial performance and its cash flows for the period ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

BDO Auckland

**BDO Auckland
19 August 2015
Auckland
New Zealand**

Intueri Education Group Limited and Its Controlled Entities
Consolidated statement of comprehensive income
For the six months ended 30 June 2015

	Notes	Group For six months ended 30 June 2015 (unaudited) \$'000	Group For six months ended 30 June 2014 (unaudited) \$'000
Domestic revenue		21,965	12,589
International revenue		10,039	8,306
Online revenue		9,463	2,690
Other revenue		1,248	794
Total Revenue	5	42,715	24,379
Other income	6	2,087	-
Cost of materials		(2,844)	(2,050)
Agents fees		(5,373)	(2,840)
Employee expenses		(14,344)	(7,499)
Occupancy expenses		(4,151)	(2,725)
Marketing expenses		(1,682)	(911)
Insurance costs		(182)	(96)
IT and communication costs		(545)	(318)
Travel costs		(426)	(300)
Depreciation and amortisation expenses		(5,919)	(3,223)
Other expenses		(2,623)	(1,022)
Operating profit before net finance costs		6,713	3,395
Finance expense	7	(976)	(641)
Finance income	7	1,997	8
Net finance income / (cost)	7	1,021	(633)
Profit / (loss) before income tax		7,734	2,762
Income tax (expense) / benefit	8	(1,683)	(860)
Profit for the period		6,051	1,902
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange gain arising on translation of foreign operations		1,085	78
Other comprehensive income for the year, net of tax		1,085	78
Total comprehensive income for the year		7,136	1,980
Profit / (loss) for the period attributable to:			
Owners of Intueri Education Group		6,051	1,612
Non-controlling interest		-	290
		6,051	1,902
Total comprehensive income for the period attributable to:			
Owners of Intueri Education Group		7,136	1,651
Non-controlling interest		-	329
		7,136	1,980
Earnings per share attributable to the ordinary equity holders of the parent			
Basic and diluted (cents)	10	6.1	4.2

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity ('NZ SRE 2410'), issued by the External Reporting Board

Intueri Education Group Limited and Its Controlled Entities
 Consolidated statement of changes in equity
 For the six months ended 30 June 2015

Notes	Attributable to equity holders of the Company				Total equity attributable to owners of parent \$'000	Non-controlling interest \$'000	Total equity \$'000
	Share Capital \$'000	Retained earnings (restated) \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000			
Balance as at 1 January 2014 (as reported) (unaudited)	20,602	686	-	-	21,288	-	21,288
Adjustment (prior period)	-	(269)	-	-	(269)	-	(269)
Balance as at 1 January 2014 (restated)	<u>20,602</u>	<u>417</u>	<u>-</u>	<u>-</u>	<u>21,019</u>	<u>-</u>	<u>21,019</u>
Comprehensive income for the period							
Profit for the period	-	1,612	-	-	1,612	290	1,902
Other comprehensive income							
Exchange gain arising on translation of foreign operations	-	-	39	-	39	39	78
Total comprehensive income for the period	<u>-</u>	<u>1,612</u>	<u>39</u>	<u>-</u>	<u>1,651</u>	<u>329</u>	<u>1,980</u>
Transactions with owners							
Issue of shares	58,177	-	-	-	58,177	-	58,177
Non-controlling interest arising on business combination	-	-	-	-	-	3,798	3,798
Total transactions with owners	<u>58,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,177</u>	<u>3,798</u>	<u>61,975</u>
Balance as at 30 June 2014 (unaudited)	<u>78,779</u>	<u>2,029</u>	<u>39</u>	<u>-</u>	<u>80,847</u>	<u>4,127</u>	<u>84,974</u>

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity (NZ SRE 2410), issued by the External Reporting Board

Intueri Education Group Limited and Its Controlled Entities
 Consolidated statement of changes in equity
 For the six months ended 30 June 2015
 (continued)

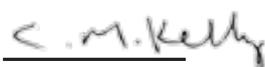
	Notes	Attributable to equity holders of the Company				Total equity attributable to owners of parent \$'000	Non-controlling interest \$'000	Total equity \$'000
		Share Capital \$'000	Retained earnings (restated) \$'000	Foreign currency translation reserve \$'000	Share-based payments reserve \$'000			
Balance as at 1 January 2015 (audited)		78,779	4,438	(147)	-	83,070	4,633	87,703
Comprehensive income for the period								
Profit for the period		-	6,051	-	-	6,051	-	6,051
Other comprehensive income								
Exchange gain arising on translation of foreign operations		-	-	1,085	-	1,085	-	1,085
Total comprehensive income for the period		-	6,051	1,085	-	7,136	-	7,136
Transactions with owners								
Employee share option scheme:								
Value of employee services		-	-	-	36	36	-	36
Acquisition of non-controlling interest in OCA	24	-	(26,450)	-	-	(26,450)	(4,633)	(31,083)
Dividends	25	-	(7,700)	-	-	(7,700)	-	(7,700)
Total transactions with owners		-	(34,150)	-	36	(34,114)	(4,633)	(38,747)
Balance as at 30 June 2015 (unaudited)		78,779	(23,661)	938	36	56,092	-	56,092

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity ('NZ SRE 2410'), issued by the External Reporting Board

Intueri Education Group Limited and Its Controlled Entities
Consolidated statement of financial position
As at 30 June 2015

	Notes	Group 30 June 2015 (unaudited) \$'000	Group 31 December 2014 (audited) \$'000
ASSETS			
Current assets			
Cash and cash equivalents		2,962	7,755
Inventories		121	165
Trade and other receivables	11	26,715	27,739
Other current assets	12	1,943	1,179
Total current assets		31,741	36,838
Non-current assets			
Property, plant and equipment	13	13,020	11,574
Intangible assets	14	102,301	105,233
Deferred tax assets	21	477	477
Investments in subsidiaries		-	-
Retention in trust	15	500	500
Total non-current assets		116,298	117,784
Total assets		148,039	154,622
LIABILITIES			
Current liabilities			
Trade and other payables	16	3,511	4,842
Other current liabilities	17	22,145	23,302
Current tax liabilities		(347)	2,650
Interest bearing liabilities	18	17,870	15,068
Provisions	19	14,170	175
Employee benefits		1,184	1,183
Total current liabilities		58,533	47,220
Non-current liabilities			
Interest bearing liabilities	18	20,000	4,092
Employee benefits	20	53	45
Deferred consideration payable		-	1,000
Deferred tax liabilities	21	12,861	14,062
Retention in trust	15	500	500
Total non-current liabilities		33,414	19,699
Total liabilities		91,947	66,919
Net assets		56,092	87,703
EQUITY			
Share capital		78,779	78,779
Translation reserve		938	(147)
Share-based payments reserve		36	-
Retained earnings		(23,661)	4,438
Total equity		56,092	83,070
Non-controlling interest	24	-	4,633
Total equity		56,092	87,703

For and on behalf of the Board.



Chairman
19 August 2015



Director
19 August 2015

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity ('NZ SRE 2410'), issued by the External Reporting Board

Intueri Education Group Limited and Its Controlled Entities
Consolidated statement of cash flows
For the six months ended 30 June 2015

	Notes	Group For six months ended 30 June 2015 (unaudited) \$'000	Group For six months ended 30 June 2014 (unaudited) \$'000
Cash flows from operating activities			
Receipts from customers		42,060	18,804
Payments to suppliers and employees		(31,861)	(14,945)
Income tax paid		(6,012)	(666)
Interest received		51	8
Net cash inflow / (outflow) from operating activities		<u>4,238</u>	<u>3,201</u>
Cash flows from investing activities			
Purchase of property, plant & equipment and intangibles	13,14	(2,521)	(2,031)
Sale of property, plant and equipment		113	-
Purchase of subsidiaries / business (net of cash acquired)	4	(1,194)	(56,311)
Purchase of non-controlling interest		(15,838)	-
Net cash inflow / (outflow) from investing activities		<u>(19,440)</u>	<u>(58,342)</u>
Cash flows from financing activities			
Issue of shares		-	58,177
Proceeds from borrowings		18,710	-
Repayment of borrowings		-	(1,305)
Interest paid		(994)	(707)
Dividends paid to owners of the parent	25	(7,700)	-
Net cash inflow / (outflow) from financing activities		<u>10,016</u>	<u>56,165</u>
Net increase (decrease) in cash and cash equivalents		(5,186)	1,024
Cash and cash equivalents at the beginning of the period		7,755	2,516
Exchange gains/(losses) on cash and cash equivalents		393	-
Cash and cash equivalents at end of the period		<u>2,962</u>	<u>3,540</u>

These financial statements have not been audited. They have been the subject of review by the auditors pursuant to NZ SRE 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity ('NZ SRE 2410'), issued by the External Reporting Board

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

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 listed on the New Zealand and Australian Stock Exchanges. The Company is a FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

These condensed interim consolidated financial statements comprise the Company and its controlled entities (the "Group"). The consolidated financial statements have been presented for the Group.

The interim consolidated financial statements for the Group are presented for the six months ended 30 June 2015.

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

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

The Group has applied the same accounting policies and methods of computation in its interim financial statements as in its financial statements for period ended 31 December 2014.

These financial statements do not include all the information and disclosures required for a complete set of NZ IFRS financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2014.

The Group's operations are not affected by cyclicity or seasonality.

3 Use of estimates and judgements

The preparation of interim 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.

In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those applied to the annual financial statements as at and for the year ended 31 December 2014, except for acquisition accounting for ITTI (note 4) and deferred contingent consideration in respect of the acquisition of the final 50% of OCA (note 19).

4 Business combinations

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

IT Training Limited (ITTI)

On 1 April 2015, the Company acquired 100% of the share capital of IT Training Limited and Information Technology Training Institute Limited, together referred to as ITTI, for \$1.21 million. ITTI delivers computer and information technology programmes in Auckland. The acquisition is expected to help lay the foundation for entry into IT provision for International students. The goodwill reflects intangible assets that do not qualify for separate recognition such as synergies. Acquisition costs for ITTI of \$50,000 have been charged to profit or loss, \$30,000 to other expenses and \$20,000 to employee expenses.

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

4 Business combinations (continued)

The following table summarises the consideration paid for ITTI, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Group For six months ended 30 June 2015 (unaudited) \$'000
Cash consideration	1,210
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	16
Property, plant and equipment (note 13)	48
Identifiable intangible assets (note 14)	469
Other current assets	134
Trade and other payables	(140)
Deferred tax liabilities (note 21)	(131)
Total identifiable net assets	<u>396</u>
Goodwill (note 14)	814

Had ITTI been consolidated from 1 January 2015, the consolidated statement of comprehensive income would show pro-forma revenue of \$658,590 and profit after tax of \$109,787 in respect of ITTI.

Since acquisition, revenue of \$359,551 and profit after tax of \$41,037 has been included in the consolidated statement of comprehensive income.

On 22 May 2015 both Intueri Education Australia Pty Ltd, which is wholly owned by Intueri Education Group Limited, and Intueri Services Australia Pty Ltd, which is wholly owned by Intueri Education Australia Pty Ltd, were incorporated. There has been no trading by these companies to date.

5 Revenue

(a) Course revenue

	Group For six months ended 30 June 2015 (unaudited) \$'000	Group For six months ended 30 June 2014 (unaudited) \$'000
Revenue from students	32,792	18,080
Government grants	<u>8,675</u>	<u>5,505</u>
	<u>41,467</u>	<u>23,585</u>

Intuero Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

5 Revenue (continued)

(b) Other revenue

	Group For six months ended 30 June 2015 (unaudited) \$'000	Group For six months ended 30 June 2014 (unaudited) \$'000
Interest on other receivables	422	272
Ancillary goods and services to course delivery	<u>826</u>	<u>522</u>
	<u>1,248</u>	<u>794</u>

6 Other income

	Group For six months ended 30 June 2015 (unaudited) \$'000	Group For six months ended 30 June 2014 (unaudited) \$'000
Release of TEC payable	1,087	-
Release of contingent consideration	<u>1,000</u>	<u>-</u>
	<u>2,087</u>	<u>-</u>

The release of the TEC payable relates to an amount for NZ School of Outdoor Studies. Refer to note 27

The contingent consideration release arises from the reassessment of the forecast earnings before interest and tax for Academy Group for 2015, Academy was acquired on 23 December 2014 for an amount of \$4 million plus a contingent consideration of four times the earnings before interest and tax over \$1 million and up to \$1.25 million for the year to 31 December 2015. As the forecast does not show an expectation of reaching the threshold of \$1 million the contingent consideration payable has been released.

7 Finance income and expenses

	Group For six months ended 30 June 2015 (unaudited) \$'000	Group For six months ended 30 June 2014 (unaudited) \$'000
Finance costs		
Interest expense	<u>(976)</u>	<u>(641)</u>
Total finance costs	<u>(976)</u>	<u>(641)</u>
Finance income		
Interest income on cash and cash equivalents	49	8
Adjustment including unwinding of discount and exchange differences on contingent consideration	<u>1,948</u>	<u>-</u>
Total finance income	<u>1,997</u>	<u>8</u>
Net finance (costs) / income	<u>1,021</u>	<u>(633)</u>

The adjustment on deferred contingent consideration relates to a decrease in the earnout amount expected to be paid in 2016 to the former owners of OCA, along with associated unwinding of discount and exchange differences.

Intueri Education Group Limited and Its Controlled Entities
 Condensed notes to the interim consolidated financial statements
 For the six months ended 30 June 2015

8 Income tax

Group	Group
For six months	For six months
ended 30 June	ended 30 June
2015 (unaudited)	2014 (unaudited)
\$'000	\$'000

(a) Income tax recognised in profit or loss and other comprehensive income

Income tax recognised in profit and loss

Current tax	3,016	1,309
Deferred tax	(1,333)	(449)
Income tax expense	<u>1,683</u>	<u>860</u>

No income tax has been recognised in other comprehensive income.

(b) Reconciliation of income tax expense

Profit from continuing operations before income tax expense	<u>7,734</u>	<u>2,762</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,233	788
Tax effects of:		
Permanent differences	(771)	(10)
Adjustment for prior period	<u>221</u>	<u>82</u>
Income tax expense	<u>1,683</u>	<u>860</u>

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

9 Segment information

In accordance with NZIFRS 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 resource allocation decisions.

The comparative is for a three month period only as the online vocational training business was acquired on 31 March 2014.

	In-class vocational training \$'000	Online vocational training \$'000	Group Total \$'000
30 June 2015			
External revenue	33,241	9,474	42,715
Other income	2,087	-	2,087
Management fee	250	(250)	-
Cost of materials	(2,507)	(337)	(2,844)
Agents fees	(2,731)	(2,642)	(5,373)
Employee expenses	(12,804)	(1,540)	(14,344)
Occupancy expenses	(4,026)	(125)	(4,151)
Marketing expenses	(1,106)	(576)	(1,682)
Insurance costs	(176)	(6)	(182)
IT and communications costs	(440)	(105)	(545)
Travel costs	(395)	(31)	(426)
Depreciation and amortisation	(5,513)	(406)	(5,919)
Other expenses	(2,275)	(348)	(2,623)
Finance income	1,988	9	1,997
Finance expense	(971)	(5)	(976)
Income tax expense	(673)	(1,010)	(1,683)
Net profit after income tax	<u>3,949</u>	<u>2,102</u>	<u>6,051</u>
Segmental assets/liabilities			
Assets	133,538	14,504	148,042
Liabilities	<u>(88,103)</u>	<u>(3,844)</u>	<u>(91,947)</u>
Total net assets	<u>45,435</u>	<u>10,660</u>	<u>56,095</u>
	In-class vocational training \$'000	Online vocational training \$'000	Group Total \$'000
30 June 2014			
External revenue	21,690	2,689	24,379
Cost of materials	(1,451)	(599)	(2,050)
Agents fees	(2,624)	(216)	(2,840)
Employee expenses	(6,963)	(536)	(7,499)
Occupancy expenses	(2,691)	(34)	(2,725)
Marketing expenses	(606)	(305)	(911)
Insurance costs	(90)	(6)	(96)
IT and communications costs	(266)	(52)	(318)
Travel costs	(282)	(18)	(300)
Depreciation and amortisation	(3,055)	(168)	(3,223)
Other expenses	(1,066)	44	(1,022)
Finance income	7	1	8
Finance expense	(624)	(17)	(641)
Income tax expense	(629)	(231)	(860)
Net profit after income tax	<u>1,350</u>	<u>552</u>	<u>1,902</u>

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

9 Segment information (continued)

	In-class vocational training \$'000	Online vocational training \$'000	Group Total \$'000
31 December 2014			
Segmental assets/liabilities			
Assets	139,054	15,568	154,622
Liabilities	<u>(60,573)</u>	<u>(6,346)</u>	<u>(66,919)</u>
Total net assets	<u>78,481</u>	<u>9,222</u>	<u>87,703</u>

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.

10 Earnings per share

	Group 30 June 2015	Group 30 June 2014
Basic earnings per share attributable to the ordinary equity holders of the Company (cents)	6.1	4.2
Diluted earnings per share attributable to the ordinary equity holders of the Company (cents)	<u>6.1</u>	<u>4.2</u>

Numerator \$000

Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	<u>6,051</u>	<u>1,902</u>
Profit from continuing operations attributable to minority interests	<u>-</u>	<u>(290)</u>
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	6,051	1,612

Denominator

Weighted average number of ordinary shares used as denominator in calculating basic earnings per share	<u>100,000,000</u>	<u>38,148,141</u>
Weighted average number of ordinary shares for calculating diluted earnings per share	<u>100,000,000</u>	<u>38,148,141</u>

Intueri Education Group Limited and Its Controlled Entities
 Condensed notes to the interim consolidated financial statements
 For the six months ended 30 June 2015

11 Current assets - Trade and other receivables

	Group 30 June 2015 (unaudited) \$'000	Group 31 December 2014 (audited) \$'000
Trade receivables (net of impairment)	764	484
Other receivables	25,436	26,756
Retention in trust	400	400
Interest receivable	77	95
Sundry receivables	38	4
	<u>26,715</u>	<u>27,739</u>

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.

Retentions in trust relates to amounts held in trust by Vendors' solicitors toward the acquisition of Academy Group Limited.

12 Current assets - Other current assets

	Group 30 June 2015 (unaudited) \$'000	Group 31 December 2014 (audited) \$'000
Prepayments	1,566	958
Prepaid property bonds	377	221
	<u>1,943</u>	<u>1,179</u>

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

13 Non-current assets - Property, plant and equipment

Cost	Land at cost \$'000	Freehold buildings \$'000	Leasehold improvements \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computer equipment \$'000	Office equipment \$'000	Plant & equipment \$'000	Total \$'000
As at 1 January 2014	-	-	9,028	1,298	89	695	844	3,994	15,948
Exchange differences	-	-	-	-	2	-	-	1	3
Acquisition through business combinations	175	410	493	200	350	326	105	171	2,230
Additions	-	-	172	41	70	287	6	1,222	1,798
Disposals	-	-	-	-	(3)	(137)	(4)	-	(144)
Balance at 30 June 2014 (unaudited)	175	410	9,693	1,539	508	1,171	951	5,388	19,835
As at 1 July 2014	175	410	9,693	1,539	508	1,171	951	5,388	19,835
Exchange differences	-	-	-	-	(4)	-	-	(3)	(7)
Acquired through business combinations	-	-	45	112	18	37	82	117	411
Additions	-	-	214	48	46	112	35	204	659
Disposals	-	-	(33)	(14)	(44)	-	(22)	(42)	(155)
Balance at 31 December 2014 (audited)	175	410	9,919	1,685	524	1,320	1,046	5,664	20,743
As at 1 January 2015	175	410	9,919	1,685	524	1,320	1,046	5,664	20,743
Exchange differences	-	-	-	-	12	-	-	16	28
Acquired through business combinations (note 4)	-	-	-	32	-	-	16	-	48
Additions	-	-	1,691	124	-	209	48	175	2,247
Disposals	-	-	(525)	(58)	(63)	(133)	(149)	(804)	(1,732)
Balance at 30 June 2015 (unaudited)	175	410	11,085	1,783	473	1,396	961	5,051	21,334

13 Non-current assets - Property, plant and equipment (continued)

Accumulated depreciation	Land at cost \$'000	Freehold buildings \$'000	Leasehold improvements \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computer equipment \$'000	Office equipment \$'000	Plant & equipment \$'000	Total \$'000
As at 1 January 2014	-	-	4,809	847	66	469	577	1,216	7,984
Exchange differences	-	-	-	-	1	-	-	-	1
Depreciation for the period	-	-	223	43	21	69	26	150	532
Depreciation reversal for the period	-	-	-	-	(1)	(31)	(2)	-	(34)
Balance at 30 June 2014 (unaudited)	-	-	5,032	890	87	507	601	1,366	8,483
As at 1 July 2014	-	-	5,032	890	87	507	601	1,366	8,483
Exchange differences	-	-	-	-	(5)	3	-	10	8
Depreciation for the period	-	-	238	56	63	156	43	208	764
Depreciation reversal for the period	-	-	-	(13)	(41)	5	(21)	(16)	(86)
Balance at 31 December 2014 (audited)	-	-	5,270	933	104	671	623	1,568	9,169
As at 1 January 2015	-	-	5,270	933	104	671	623	1,568	9,169
Exchange differences	-	-	-	-	3	-	-	5	8
Depreciation for the period	-	-	230	64	44	156	44	208	746
Depreciation reversal for the period	-	-	(526)	(52)	-	(133)	(138)	(760)	(1,609)
Balance at 30 June 2015 (unaudited)	-	-	4,974	945	151	694	529	1,021	8,314
Net book value									
At 30 June 2014 (unaudited)	175	410	4,661	649	421	664	350	4,022	11,352
At 31 December 2014 (audited)	175	410	4,649	752	420	649	423	4,096	11,574
At 30 June 2015 (unaudited)	175	410	6,111	838	322	702	432	4,030	13,020

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

14 Non-current assets - Intangible assets and goodwill

Cost	Agent relationship \$'000	Goodwill (restated) \$'000	Non-compete \$'000	Intellectual property \$'000	Software development \$'000	Brand \$'000	Other intangibles \$'000	Customer contract \$'000	Course materials \$'000	Total \$'000
As at 1 January 2014 (as reported)	5,208	21,231	3,511	-	-	4,652	-	-	7,218	41,820
Adjustment (prior period)	-	518	-	-	-	-	-	-	-	518
Balance at 1 January 2014	5,208	21,749	3,511	-	-	4,652	-	-	7,218	42,338
Acquisition through business combinations	371	30,881	5,545	3,180	6,348	3,948	-	6,769	12,833	69,875
Exchange differences	4	56	6	-	8	3	-	-	8	85
Additions	-	-	-	-	74	-	74	-	114	262
Balance at 30 June 2014 (unaudited)	5,583	52,686	9,062	3,180	6,430	8,603	74	6,769	20,173	112,560
As at 1 July 2014	5,583	52,686	9,062	3,180	6,430	8,603	74	6,769	20,173	112,560
Measurement period adjustments	(113)	163	(133)	-	(2,156)	144	-	(3,057)	5,087	(65)
Acquisition through business combinations	-	2,573	527	-	-	703	3	-	1,265	5,071
Exchange differences	(9)	(168)	(16)	-	(24)	(12)	-	-	(25)	(254)
Additions	-	-	-	-	9	-	30	-	268	307
Balance at 31 December 2014 (audited)	5,461	55,254	9,440	3,180	4,259	9,438	107	3,712	26,768	117,619
As at 1 January 2015	5,461	55,254	9,440	3,180	4,259	9,438	107	3,712	26,768	117,619
Acquisition through business combination (note 4)	-	845	99	-	-	132	-	-	238	1,314
Exchange differences	23	494	48	-	72	36	-	-	91	764
Additions	-	-	-	-	51	-	9	-	173	233
Balance at 30 June 2015 (unaudited)	5,484	56,593	9,587	3,180	4,382	9,606	116	3,712	27,270	119,930

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

14 Non-current assets - Intangible assets and goodwill (continued)

Accumulated amortisation	Agent relationship \$'000	Goodwill (restated) \$'000	Non-compete \$'000	Intellectual property \$'000	Software development \$'000	Brand \$'000	Other intangibles \$'000	Customer contract \$'000	Course materials \$'000	Total \$'000
As at 1 January 2014	1,357	-	919	-	-	-	-	-	1,235	3,511
Amortisation for the period	793	-	689	68	128	-	2	72	942	2,694
Balance at 30 June 2014 (unaudited)	2,150	-	1,608	68	128	-	2	72	2,177	6,205
As at 1 July 2014	2,150	-	1,608	68	128	-	2	72	2,177	6,205
Exchange differences	-	-	(1)	-	(2)	-	-	-	(9)	(12)
Amortisation for the period	799	-	1,114	321	680	-	8	188	1,755	4,865
Measurement period adjustments	(6)	-	(4)	-	58	-	-	(33)	19	34
Impairment charge recognised in profit and loss	-	1,294	-	-	-	-	-	-	-	1,294
Balance at 31 December 2014 (audited)	2,943	1,294	2,717	389	864	-	10	227	3,942	12,386
As at 1 January 2015	2,943	1,294	2,717	389	864	-	10	227	3,942	12,386
Exchange differences	3	-	12	-	19	-	-	-	36	70
Amortisation for the period	802	-	1,215	318	691	-	8	185	1,954	5,173
Balance at 30 June 2015 (unaudited)	3,748	1,294	3,944	707	1,574	-	18	412	5,932	17,629
Net book value										
At 30 June 2014 (unaudited)	3,433	52,686	7,454	3,112	6,302	8,603	72	6,697	17,994	106,353
At 31 December 2014 (audited)	2,518	53,960	6,723	2,791	3,395	9,438	97	3,485	22,826	105,233
At 30 June 2015 (unaudited)	1,736	55,299	5,643	2,473	2,808	9,606	98	3,300	21,338	102,301

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

14 Non-current assets - Intangible assets and goodwill (continued)

Goodwill and brand names are intangible assets with indefinite lives. There was no impairment of goodwill or brand names during the 6 months ended 30 June 2015 (31 December 2014: \$1,294,000).

15 Retention in trust

Retention in trust non-current asset and non-current liability relates to amounts held in trust by vendors solicitors towards the acquisition of NZ School of Outdoor Studies. The retention amount relates to warranties which are in place for five years from date of acquisition, which was 28 March 2013.

16 Current liabilities - Trade creditors and accruals

	Group 30 June 2015 (unaudited) \$'000	Group 31 December 2014 (audited) \$'000
Trade creditors	2,578	1,497
Retention payable	520	400
TEC payable	-	2,878
Sundry payables	413	67
	<u>3,511</u>	<u>4,842</u>

Retention payable relates to amounts held in trust by vendors solicitors towards the acquisition of Academy Group Limited and IT Training Limited. Retention amount (subject to any claims) is payable to the vendors at the end of the retention period. TEC payable liabilities are for known under consumption of funding.

17 Current liabilities - Other payables

	Group 30 June 2015 (unaudited) \$'000	Group 31 December 2014 (audited) \$'000
Income received in advance	18,590	20,582
Accruals	1,847	1,146
Payroll liabilities	701	351
GST payable / receivable	815	1,084
Rent incentive liability	192	139
	<u>22,145</u>	<u>23,302</u>

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

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

18 Interest bearing liabilities

	Group 30 June 2015 (unaudited) \$'000	Group 31 December 2014 (audited) \$'000
Borrowings - current		
Current loan	17,850	15,000
Current finance lease liabilities	<u>20</u>	<u>68</u>
Total current interest bearing borrowings	<u>17,870</u>	<u>15,068</u>
Borrowings - non-current		
Long term loan	20,000	4,000
Non-current finance lease liabilities	<u>-</u>	<u>92</u>
Total non-current interest bearing borrowings	<u>20,000</u>	<u>4,092</u>
Total interest bearing liabilities	<u>20,000</u>	<u>4,092</u>

On 2 June 2015 a new facility agreement was signed with ANZ. The facility consists of two elements, a short term advances facility of \$40m (reviewed annually on 30 June) to assist with working capital and acquisitions, and a \$20m 3 year term debt facility to refinance existing loans. Both facilities are interest only, and the amounts above represent the drawdown on each at the reporting date. The loans are secured by a fixed and floating charge over the assets of Intueri Education Group Limited and its subsidiaries. The term debt has a floating interest rate of 5.24% as at 30 June 2015, and the short term facility has a floating interest rate of 4.84% at the same date.

19 Current liabilities - Provisions

	Group 30 June 2015 (unaudited) \$'000	Group 31 December 2014 (audited) \$'000
TEC payable provision	698	-
Provision for WorkSafe charges	175	175
Deferred consideration provision	<u>13,297</u>	<u>-</u>
	<u>14,170</u>	<u>175</u>

(a) TEC payable provision

A provision is recognised for the amount of Youth Guarantee funding received from TEC but not utilised. It is expected that the full amount will be repaid to TEC in the first half of 2016.

(b) Recognised contingent liability

A provision for fines and/or penalties in relation to the previously reported Dive School WorkSafe charges was recognised in 2014. There has been no significant change from 31 December 2014. The balance at 30 June 2015 is expected to be utilised in the second half of 2015. In the Directors' opinion, after taking appropriate legal advice, the outcome of these charges will not give rise to any significant loss beyond the amounts provided at 30 June 2015.

(c) Deferred consideration provision

The agreement to purchase the remaining 50% of OCA on 7 January 2015 included an earnout amount in relation to 2015 EBITA. Refer to note 24.

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

19 Current liabilities - Provisions (continued)

The deferred contingent consideration amount at 30 June 2015 has been established by reference to the forecast EBITA for OCA for 2015, the current exchange rate for AUD and an appropriate discount rate to the expected payment date. Payment will be made upon finalisation of the 2015 Financial Statements, which is expected to be March 2016. The fair value adjustment has been included in finance income.

(d) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	TEC payable provision \$'000	Contingent liability \$'000	Deferred consideration provision \$'000	Total \$'000
At 1 January 2015	-	175	-	175
Additional provisions	698	-	15,245	15,943
Fair value adjustment including unwinding of discount and exchange differences	-	-	(1,948)	(1,948)
At 30 June 2015 (unaudited)	<u>698</u>	<u>175</u>	<u>13,297</u>	<u>14,170</u>

20 Non-current liabilities - Employee benefits

	Group 30 June 2015 (unaudited) \$'000	Group 31 December 2014 (audited) \$'000
Long term benefits	<u>53</u>	<u>45</u>

21 Deferred tax

	Group 30 June 2015 (unaudited) \$'000	Group 31 December 2014 (audited) \$'000
Opening balance	(13,585)	(4,426)
Balance from acquisitions	-	479
Deferred tax on acquired identifiable intangible assets	(131)	(11,457)
Current period movement, attributable to:	-	-
Accrued expenses	(227)	(356)
Employee benefits	24	43
Intangible assets	1,393	2,110
Property, plant & equipment	(151)	22
Losses carried forward	293	-
Closing balance	<u>(12,384)</u>	<u>(13,585)</u>

Deferred tax assets are attributable to the following:

Accrued expenses	225	418
Employee benefits	262	217
Property, plant and equipment	(303)	(158)
Losses carried forward	293	-
	<u>477</u>	<u>477</u>

Intueri Education Group Limited and Its Controlled Entities
Condensed notes to the interim consolidated financial statements
For the six months ended 30 June 2015

	Group 30 June 2015 (unaudited) \$'000	Group 31 December 2014 (audited) \$'000
21 Deferred tax (continued)		
Deferred tax liability is attributable to the following:		
Identifiable intangible assets	(12,875)	(14,100)
Accrued expenses	4	-
Property, plant and equipment	(76)	(69)
Employee benefits	86	107
	(12,861)	(14,062)

No deferred tax was recognised in other comprehensive income.

22 Contingent assets and liabilities

The potential legal claim for AUD 175,000 disclosed in the 2014 financial statements relating to an alleged breach of contract has been disputed and no further action has been taken to date by the plaintiffs.

There are no other significant contingent liabilities or assets.

23 Related parties

Key Management Personnel Remuneration

Key management personnel remuneration for the six months ended 30 June 2015 and 30 June 2014 is set out below. The key management personnel are all the directors of the company and executive management team.

	Short-term benefits \$'000	Share-based benefits \$'000	Total \$'000
30 June 2015 (unaudited)	1,110	36	1,146
30 June 2014 (unaudited)	754	-	754

The share based benefit relates to the Foundation Shares Scheme, of which the CEO and CFO are the beneficiaries. The Scheme was established in conjunction with the Initial Public Offering and permits participants to receive an interest free loan from the Company in order to purchase shares. The loan must be repaid within five years of the acquisition of the shares, and the participants are restricted from selling these shares for a period of three years following acquisition. The participants have the right to sell any shares held on their behalf to the Company at the original issue price, with those proceeds used to repay any loan.

24 Transactions with non-controlling interests

Acquisition of additional interest in a subsidiary

On 7 January 2015, the Company acquired the remaining 50% of the issued shares of Online Courses Australia Group Pty Ltd (OCA) for a purchase consideration of 2.875 times earnings before interest, tax and amortisation of acquired intangibles for the year to 31 December 2015. An initial amount of AUD 15 million has been paid, with the remainder to be paid upon confirmation of the 2015 earnings. The Company now holds 100% of the equity share capital of OCA. The carrying amount of the non-controlling interests in OCA on the date of acquisition was \$4,633,121. The Company derecognised non-controlling interests of \$4,633,121 and recorded a decrease in equity attributable to owners of the Company of \$26,449,700. Acquisition costs in the period of \$24,500 have been incurred, \$10,000 in travel costs and \$14,500 in other costs.

The effect of changes in the ownership interest of OCA on the equity attributable to owners of the Company during the year is summarised as follows:

**Intueri Education Group Limited and Its Controlled Entities Condensed notes
to the interim consolidated financial statements For the six months ended 30
June 2015**

24 Transactions with non-controlling interests (continued)

	Group For six months ended 30 June 2015 (unaudited) \$'000
Carrying amount of non-controlling interests acquired	4,633
Consideration paid/payable to non-controlling interests	(31,083)
Excess of consideration paid recognised in parent's equity	(26,450)

25 Dividends

During the six months to 30 June 2015 a final dividend in respect of the financial year to 31 December 2014 was paid of \$7,700,000 (7.7 cents per share).

26 Events post balance sheet

On 23 July 2015 Intueri announced the conditional agreement to purchase New Zealand Institute of Sport and its controlled entities (NZIS) for an amount of 5.5 times 2016 earnings before interest, tax, depreciation and amortisation (EBITDA). Based on the forecast EBITDA of \$3.5 million, this equates to a total consideration of \$19.25 million. An initial payment of \$17.6 million will be made upon completion, followed by two contingent payments in March 2016 and March 2017. The conditions of the agreement have yet to be fulfilled and therefore control has not been obtained. Acquisition costs of \$247,000 have been incurred up to 30 June 2015, \$101,000 has been charged to employee costs, \$136,000 to other costs and \$10,000 to travel costs.

There were no other events occurring subsequent to balance date which require adjustment to or disclosure in the interim financial statements.

27 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 (TEC) affecting funding claims. An independent investigation of the error was conducted, and the estimated amount of the potential liability relating to the over funding was accrued for at 31 December 2014. The restatement has affected the opening balance as at 1 January 2014 of retained earnings (decrease of \$268,834) and goodwill (increase of \$518,047). During the period TEC has confirmed it will not be requiring any further information nor any repayment of funding. The potential liability has subsequently been released to the statement of comprehensive income as other income.

28 NZX Rule 5.2.3 Waiver Extension

On 22 May 2015, NZX granted a further extension of the NZX Main Board listing rule 5.2.3 for a period of 12 months to May 23 2016. 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.



Intueri Education Group Limited
PO Box 8858, Symonds Street, Auckland 1010, New Zealand
intueri.co.nz