

7 December 2015

Dear Shareholder

I am pleased to present the first of what will be a regular Shareholder Newsletter, providing you with more information on our organisation and a greater insight into our individual schools.

This first newsletter includes commentary on our quality focus and what this means to us, an insightful look at the future of the online education sector as well as stories on staff and student successes.

Quality is at the heart of Intueri's strategy and we believe our values and high quality standards will help us stand out in the competitive vocational education sector.

Australian Regulatory Reform

The spotlight has been on the vocational training sector, particularly in Australia, where a small number of 'bad apples' have created a ripple effect across the sector. The issue has become highly politicised and in the last week, the Australian Government has announced a review of the VET FEE-HELP (VFH) funding system and has put interim measures in place while a new funding model is developed in consultation with the sector over the next 12 months.

We are currently assessing the impact of the legislation, which is likely to result in a cap on 2016 VFH funding at 2015 levels, while the system is reviewed. This could impact on the short term growth of the Conwal Institute, one of the three entities within our wholly owned The OCA Group, which specialises in online learning, and we have started to explore other options to drive growth in 2016.

We support the quality focus being taken by the Australian Government and believe the higher barriers to entry being introduced by the new legislation will lead to greater longer term opportunities for quality organisations such as ours.

TEC Review

The Tertiary Education Commission (TEC) in New Zealand is also looking at current and historical practices in the sector and undertaking more focussed reviews of schools in addition to its standard auditing schedule. As one of the larger PTE groups in New Zealand, we are in regular contact with the TEC and support initiatives that provide better outcomes for students.

As you may be aware, the TEC has recently advised that it will be undertaking a review of two of Intueri's schools, Quantum Education Group and the New Zealand School of Outdoor Studies (the Dive School). We understand these reviews will primarily focus on legacy issues arising prior to their acquisition by Intueri. There are some financial implications as a result of these reviews.

In regards to the Dive School, TEC has reversed its previous position in relation to historical enrolment inconsistencies as identified in an EY report commissioned by Intueri at the end of 2014. Therefore, until the outcome of the review is known, we have reinstated a Dive School provision of NZ\$1.1 million which was reversed in the 2015 Interim results.

We have previously discussed with TEC the ability to transfer Student Achievement Component (SAC) based funding between the schools within our group. While TEC has confirmed it is not averse to our proposal, discussions have been put on hold while these reviews are underway. Unless resolved before year end, there may be a one-off impact on Intueri's earnings of approximately NZ\$3 million for the 2015 year.

If financial liability is established for legacy issues in respect of either Quantum or the Dive School, Intueri will seek recourse from the original vendors. Our other schools continue to operate to high quality standards and are unaffected by the reviews.

We will keep our shareholders fully informed as to the progress and outcome of these matters.

Our Quality Mandate

We are confident our high quality mandate is a key differentiator for us and we are in a strong position to continue benefitting from opportunities in the sector.

We have acquired a number of schools in the past two years. An essential part of integrating them into our portfolio is making any necessary changes to bring them in line with our high values. In particular, we look to ensure that robust enrolment processes are in place so that the right students are enrolling for the right reasons in the right courses; and we put in place Intueri's group-wide reporting standards and practices to provide consistency in reporting of student enrolment and course completion outcomes across our portfolio.

Intueri is in a sound financial position, with strong margins and cash flows, appropriate funding and the full support of its bankers.

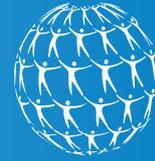
Revenue growth continues, particularly in Intueri's International and Australian Online segments, which now represent half of total revenue. The company continues to generate strong EBITA margins and solid cash flows. Intueri reported EBITA of \$11.7m for the recent 2015 interim result, which enabled the company to pay a 6.1 cent fully imputed interim dividend, equal to 63% of the NPATA. Despite the one off expected impact of the TEC reviews of \$4m to \$5m on 2015 earnings, our EBITA margins are still expected to remain comfortably above 20%, generating a solid and stable cash flow.

From next year, we will also look to report other non-financial metrics, such as net enrolment numbers, which we believe will provide shareholders with greater clarity on the performance of our business. Net enrolments is the principal measure in all our New Zealand schools, and is defined as students who have successfully enrolled and have gone past the withdrawal period during which they could be eligible for refund.

The opportunity in the market is significant and we remain New Zealand's only listed opportunity to invest into this sector. We are committed to building a strong organisation that generates sustainable profits and delivers enduring value for our shareholders.



Chris Kelly
Chairman



SHAREHOLDER NEWSLETTER

ISSUE 1 | December 2015

CEO Update

Welcome to our first Shareholder Newsletter. This is an opportunity for us to provide more information to our shareholders about our organisation and complements our formal communications such as our shareholder reports, results announcements and annual meeting.

The vocational education sector has been in the news lately, with the regulatory shakeup in Australia leading to a number of providers being sanctioned.

This is where our quality strategy becomes ever more important, and as we have said, is what will make Intuери stand out from the crowd. On page 2, you can read more about our quality focus and what this means to us and for our students.

We continue to be encouraged by the inspiring and positive student outcomes we see in our schools. You can read a few of these stories in this newsletter.

INVESTOR DAY

I would like to thank the shareholders who attended our successful Investor Day at The OCA Group in Brisbane.

Attendees received an up-close and personal overview of the Intuери operations and an opportunity to hear more about the OCA business model, plans for the future and the student journey.

This included understanding how students come to study in our online provision, the expectations on course advisors and the checks and balances in place to ensure we are enrolling the right students into the right programmes.

OCA has very robust enrolment criteria to ensure students are eligible, understand what they are enrolling in and are capable of completing the course.

This results in better qualified students enrolling in courses and the success of this approach is demonstrated in OCA's high level of student engagement.

We plan to hold Investor Days on a regular basis, allowing our shareholders to visit different schools across our group and to gain a closer insight into our diverse educational offer.

Presentations from the investor day can be viewed online at www.intuери.co.nz/investor-day/



ROB FACER, CEO INTUERI EDUCATION GROUP

LATEST FINANCIALS

Half Year Results to 30 June 2015

REVENUE	\$42.7 Million
EBITA	\$11.7 Million
EBITA Margin	27.4%
NPATA¹	\$9.7 Million
DIVIDEND	6.1 Cents Per Share

¹NPATA is Net profit after tax adjusted for non-cash amortisation of acquired Intangibles and is the basis for Intuери's dividend policy.

IN THIS ISSUE

- 1 CEO Update
- 2 Focus on Quality
- 3 Our People: Meet Sean Steele
- 4 NSIA – The Professional Hospitality Academy
- 5 Joining the Intuери Family
- 6 Student Voice
- 8 The Education Revolution

Focus on Quality

“Tertiary education helps people improve their lives, and the lives of those around them. It is a passport to success for individuals in our society, and supports wider economic growth and prosperity. Skilled people are essential to the success of businesses and other organisations.”

NZ Tertiary Education Strategy 2014 - 2019

Our growth strategy is underpinned by four key pillars – Quality Focus, Growth, Investment and Technology.

In this first issue of our Newsletter, I'd like to talk more about our Quality Focus, which is at the heart of all that we do.

The vocational education sector is essential to help students, often previously underserved learners and long term unemployed, gain valuable employment skills. That is why ensuring a quality outcome for students who undertake vocational courses is so important.

Quality to us means enrolling the right students, for the right reasons, in the right courses and we currently have thousands of students in our schools across the group, working towards gaining valuable qualifications and employment skills.

It means recruiting and retaining quality staff who have the relevant industry experience, skills and knowledge, and perhaps most importantly, the passion, to do everything they can to ensure our students are successful in their educational journey with us.

Quality also means providing engaging learning environments for our students, whether that be at our school campuses or online. Where appropriate, these reflect the real world industry settings that our graduates will ultimately be working in.

It also means having an efficient and compliant administration function that delivers excellent, friendly customer service whilst also ensuring that all of our processes and reporting can be considered best practise in line with the relevant regulatory frameworks.

When we acquire a school, we undertake a rigorous operational review, and if necessary, we make changes that reflect our quality mandate, to ensure that all our schools are operating in line with Intueri's values and high quality standards. While these changes may come at a cost, we believe they represent a sustainable long term investment for our organisation.

The fundamentals of the sector remain strong and our focus on quality will help Intueri stand out and position us as a leader in the provision of vocational education.

OUR VALUES

Always do
the right
thing



All
of us
together



Pursue
growth



Embrace
our
differences



Focus
on the
learner



Love
what
you do



OUR STORIES

Our People

SEAN STEELE: INCOMING CEO, THE OCA GROUP



In January 2016, we will welcome Sean Steele to the newly created role of CEO of The OCA Group.

Sean is an established executive leader with a decade of experience in the Australian private training, vocational and higher education market. He currently holds a senior role with a large Australian education provider, which has 63,000 students from over 170 countries.

Sean is no stranger to study himself, having undertaken vocational, undergraduate and post-graduate studies. He holds a Certificate IV in Workplace Training and Assessment, a Bachelor of Arts (Management) with Distinction and is currently undertaking his Executive MBA with the Australian Graduate School of Management.

Sean is looking forward to joining Intueri and to stewarding The OCA Group's next phase of growth.

"The OCA Group has a significant number of opportunities ahead of it. I feel honoured to be receiving the baton from Cheryl who's done an incredible job in building two education brands that are respected in the market. I look forward to working with the team to continue to evolve the Conwal and OCA brands and propositions, and to ensuring that optimising student outcomes remains our number one priority as we continue to grow."

Cheryl Brookes, Managing Director and founder of The OCA Group is stepping away from day-to-day operations at the end of 2015 for a year-long parental leave.

QUANTUM DIPLOMA PROVIDES STEPPING STONE TO EXCITING TOURISM CAREER



Completing a Diploma in Tourism Management at Quantum Education Group has provided a stepping-stone towards an exciting job in the tourism industry for international student, Ollin Reynaud.

Ollin, who is from Mexico, decided to study at Quantum's international campus in Auckland to gain the knowledge that would enable her to start a career in the travel and tourism industry, especially in a role relating to aviation.

While studying the Level 5 Diploma in Tourism Management, Ollin was offered an internship at Discover the World, an Auckland based company that performs sales, marketing, business processing and distribution for a range of airlines across the globe.

This complemented her studies and gave her the opportunity to gain some hands-on work experience to put the knowledge and skills she was learning at Quantum into practice.

At the completion of her studies, Discover the World were so impressed with Ollin that they offered her a full-time position.

- **28 students currently enrolled in Quantum's Tourism Management Diploma, including 17 international students**
- **3 tutors/teaching staff**
- **Flexible study options**

OUR STORIES

ITENZ TUTOR OF THE YEAR

Every year, Independent Tertiary Education NZ (ITENZ) recognises a tutor who has excelled in the teaching, training, development and mentoring of students.

This year, that honour went to James Pulham who started at NSIA in 2011. He follows in the footsteps of previous NSIA achievers – Mark Squelch who took home the Award in 2013 and Rob Griffin who was a finalist in 2014.

Collectively these three tutors have spent close to two decades at NSIA. Mark has been with NSIA since 2007 and the kick for him is when a student succeeds, graduates and gains a full-time job in industry.

Rob is one of NSIA's most successful Culinary Fare trainers and has been at the academy since 2009. His most recent success was three gold medals with three students competing and makes him one of NSIA's elite multiple medal-winning mentors/tutors.

James has been working in the hospitality industry for 30 years and says the Award was the culmination of lifelong learning. He sees food as an international language and enjoys being able to inspire the students he teaches and witness their pride in their achievements.

"All my life I have heard the saying 'find a job you love and you will never work a day in your life'. There is no truer statement. The attributes that are required are passion, empathy, focus, hard work and giving back".

James Pulham

NSIA – The Professional Hospitality Academy

NSIA is one of the largest specialist Culinary and Hospitality training providers in New Zealand and eight time winner of the Training Excellence Award at the New Zealand National Culinary Fare competition. For the past two years, NSIA has been invited to compete in the Nestle Toque d'Or, New Zealand's most prestigious culinary team event, and is one of the few private training establishments who have been asked to compete in this competition.

Earlier in 2015, we commissioned two additional kitchens at NSIA in order to fully utilise Domestic opportunities and capitalise on the growing demand from the International student sector.



JAMES PULHAM, MARK SQUELCH & ROB GRIFFIN

- ~1,500 students currently enrolled at NSIA
- More than 50 tutors and teaching staff
- Two locations in Auckland

UNDERSTANDING THE INDUSTRY JARGON

In each of our newsletters, we will provide an explanation of some of the terminology used in the sector.

PTE: Private Training Establishment. All Intueri's New Zealand schools are registered PTEs.

NZQA: The New Zealand Qualifications Authority is responsible for the quality assurance of non-university tertiary training providers and their courses and acts as a standard-setting body.

Student Achievement Component (SAC) Funding:

Competitive and non-competitive direct government funding to Tertiary Education Organisations (TEOs) in New Zealand, based on the courses within a qualification which the TEO has been approved to deliver; and the number of valid domestic enrolments in each approved course that the TEO has delivered. Calculated as EFTS – Equivalent Full Time Student units.

Joining The Intuери Family

We are delighted to welcome the **NEW ZEALAND INSTITUTE OF SPORT (NZIS)** and the **NEW ZEALAND COLLEGE OF MASSAGE (NZCM)** to the Intuери family.

Together, these highly respected institutions enrol almost 1,000 students each year and deliver engaging, quality-focussed programmes providing successful employment outcomes.

NZIS has been a unique feature of the vocational training landscape in this country for a considerable length of time, in fact they will celebrate their 20th birthday in 2016. They offer a varied range of tertiary programmes for students looking at careers in the sport, fitness and recreation sectors.

NZIS is a Category 1 provider which is the highest confidence rating from the New Zealand Qualifications Authority in educational performance and capability.

The New Zealand College of Massage is New Zealand's leading tertiary massage therapy provider, with sites in Auckland, Wellington and Christchurch. It is one of only two providers in New Zealand offering a Bachelor's Degree in Massage Therapy.

In recent years NZCM has seen a trend of students coming straight out of high school and joining its programmes. As the career path of being a Massage Therapist becomes more visible to younger students, we expect this trend to continue.

We are looking forward to working with founder and CEO John Fiso and the NZIS and NZCM teams to further develop these businesses and help students gain valuable employment qualifications.

- **Nearly 1,000 student enrolments each year**
- **Approx 70 tutors and teaching staff**
- **Three locations**

WORKOUT TIP

Proper form is essential to effective muscle building and injury prevention.

Start with lighter weights to perfect your form and work towards increasing weight while maintaining good form. Make sure not to sacrifice proper form for heavier weights to avoid targeting and straining the wrong muscles.

TEC: The Tertiary Education Commission is a Crown entity which is responsible for funding tertiary education in New Zealand, and monitors and manages the performance of TEOs.

Gross Enrolment: Students who have completed an enrolment application. This was a reporting measure used by the previous Quantum management.

Net Enrolment: Students who have successfully enrolled and have gone past the withdrawal period during which they could be eligible for refund. This is the reporting measure used in all the New Zealand schools across the Intuери group.

Student Voice

A key part of the ongoing process of self-assessment and improvement for our schools is regularly surveying our students to ensure our programmes are relevant and are being delivered in a way that complements the student's learning preferences.

Our goal is to ensure the Intueri graduate has the knowledge, the real world skills and the professional and personal qualities to make a difference.



Here's some of their feedback...

NSIA –
THE PROFESSIONAL HOSPITALITY
ACADEMY NEW STUDENT SURVEY

96% say they are 'engaged' in learning

93% agree they are properly looked after

94% agree that NISA is meeting their needs in the classroom

"NSIA provides the best courses in hospitality and it is doing its job perfectly"

ELITE SCHOOL OF BEAUTY AND SPA
THERAPIES NEW STUDENT SURVEY

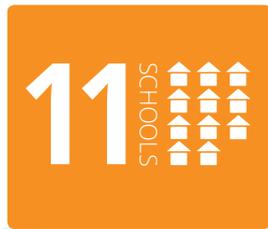
98% say they are 'engaged' in learning

93% agree they are properly looked after

99% agree that Elite is meeting their needs in the classroom

"I feel that Elite is the best educational facility I have ever attended and the teaching topics and tutors are amazing"

OUR STORIES



-  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 College of Massage
-  NZ Institute of Sport
-  NZ School of Commercial Diver Training
-  NSIA - The Professional Hospitality Academy
-  Quantum Education Group
-  Online Courses Australia



A lover of creative makeup, Cut Above student Jayme Moses is the creator of the **Breathless But Beautiful Zombie Pageant**, with the inaugural event held during Halloween in New Plymouth. Special guest judges awarded contestants in three categories: **Walker (catwalk)**, **Brain Eater (interview)** and **Apocalypse (talent)**.



Jayme has had an eye for alternative trends since she was a teenager. Originally from New Plymouth, Jayme moved up to Auckland with her daughter so that she could study fashion makeup. It was then she realised she enjoyed the creative side of makeup rather than the beauty, and enrolled in the Cut Above Level 5 Diploma in Production Design & Sculpting programme.



The full time, year-long programme provides students with the skills to excel as a free-lance makeup artist for catwalk, studio, advertising, film and television. Students learn to create special effects (SFX) makeup and prosthetics for a film, stage or TV production and to cast, mold and sculpt a creature. Designed in consultation with Weta, the Creature Shop Module is one of the most popular in the Diploma programme, with students working in an industrial FX studio to master the skills of FX makeup from inspiring tutors.

- **Four intakes per year with a record 63 students currently enrolled**
- **One location in Central Auckland**
- **Three tutors and teaching staff**

The Education Revolution

The OCA Group's Managing Director, Cheryl Brookes, recently presented a white paper addressing the trends, issues and challenges facing Australia's online providers, and providing an exciting look at OCA's ongoing innovation in the online learning space.

Three sector trends identified in the white paper are:

- **Diversity of students:** eLearning will become even more personalised - by adjusting the pace of instruction, leveraging student interests and allowing learners to choose their own learning path.
- **Increasing regulation:** This year has seen increased industry regulation and introduction of more stringent standards, including reforms to the VET FEE-HELP scheme and tightening of VET marketing and recruitment processes. This trend will continue as providers and funders seek the best possible outcomes for students.
- **Ever changing technology and devices:** eLearners not only have to 'learn' how to study online, but may also need to learn how to use iPads, Surfaces, different learning platforms and various digital technologies.

As The OCA Group moves forward, we are facing these challenges head on and creating innovative ways to overcome each one.

Going forward, The OCA Group will continue to work towards further developing initiatives and systems to ensure that students achieve their learning goals, become lifelong learners, and that eLearning is cemented as a quality alternative to traditional learning models.



INTUERI
EDUCATION GROUP

UPCOMING DATES

Year End Balance Date

31 December 2015

Preliminary Full Year Results
Announcement

24 February 2016

Annual Report

By end-March 2016

CONTACT DETAILS

Registered Office

100 Symonds St
Grafton
Auckland 1010
New Zealand
info@intuery.co.nz

SHAREHOLDER SERVICES

New Zealand

Computershare Investor Services
Private Bag 92119, Auckland 1142
Tel: +64 9 488 8777
enquiry@computershare.co.nz

Australia

Boardroom Pty Limited
GPO Box 3993, Sydney, 2001
Tel: +61 2 9290 9600
enquiries@boardroomlimited.com.au

COMPANY INFORMATION

The Intuery website at www.intuery.co.nz has information about the Board of Directors, its governance policies, the management team, our schools and their locations. Our NZX and ASX news releases and shareholder reports are also available on the website.

Read the white paper online:

www.intuery.co.nz/downloads/files/The_Education_Revolution.pdf