ASX RELEASE

30 March 2016

IQE – INTUERI EDUCATION GROUP FY 2015 ANNUAL REPORT AND SECTION 209 NOTICE

Intueri Education Group Limited (IQE) today files its FY 2015 Annual Report. The Annual Report will be mailed to those investors who have elected to receive a hard copy, or it may also be downloaded from the IQE website; www.intueri.co.nz

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

1. FY 2015 Annual Report
2. s209 Notification
3. Appendix 4G

Contact

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About Intueri:
Intueri Education is a New Zealand headquartered group of private training establishments delivering vocational education to students in New Zealand and Australia and from around the world.
We provide industry-appropriate courses and qualifications across a diverse range of industries, working closely with those industries to ensure training remains relevant and employment-outcome focused.
Intueri is dual listed on the NZX and ASX under the ticker symbol IQE.

CREATING BETTER TOMORROWS

ANNUAL REPORT 2015

INTUERI
Education Group

We are focused on creating better tomorrows... for our students, our staff and our shareholders

We help our students gain valuable employment qualifications and skills. We strive to provide rewarding employment opportunities for our staff. We are focused on providing long term value to our shareholders by continuously improving our performance, expanding our range of study provision and growing our share of the vocational education market.

Intueri is a New Zealand headquartered Group, delivering high quality vocational education to a diversified cohort of students in New Zealand and Australia. We currently have more than 10,000 students studying across our 11 schools.

We offer a wide range of study options, from foundation courses through to Certificate, Diploma, Bachelor's Degree and Graduate Diploma level qualifications. We work closely with industry organisations to ensure our training remains relevant and employment-focused.

Our learning environments extend from traditional classroom-based settings to blended and exclusively online delivery, and include a heavy component of on-the-job training and in industry-specific 'real world' facilities within our schools.

We firmly believe that quality must be the driver in the vocational training sector – quality of people, process, delivery and of course, quality of outcomes for our learners.

Contents

Our Values

- Always do the right thing
- Focus on the learner
- Pursue growth
- Embrace our differences
- All of us together
- Love what you do

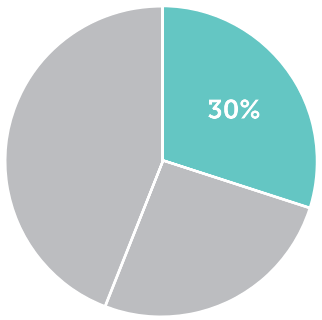
Our Business

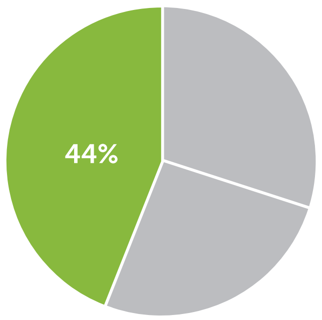
For reporting purposes, our business is separated into three learning segments:

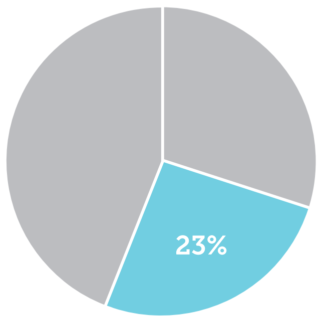
ONLINE	DOMESTIC	INTERNATIONAL
Online learners in Australia	New Zealand students studying in New Zealand	International students studying in New Zealand
The OCA Group	Academy Group NZ Cut Above Academy Design and Arts College Elite International School of Beauty and Spa Therapies Information Technology Training Institute (ITTI) NSIA – The Professional Hospitality Academy New Zealand College of Massage (NZCM) New Zealand Institute of Sport (NZIS) NZ School of Outdoor Studies (NZSOS) Quantum Education Group (Quantum)	
4,891 Net enrolments in 2015	3,887 Net enrolments in 2015*	1,567 Net enrolments in 2015

**Net enrolments exclude NZCM and NZIS enrolments for 2015*

2015 Total Revenue







Online Revenue $27.7m | Domestic Revenue $39.9m | International Revenue $21.5m

2015 HIGHLIGHTS AND KEY EVENTS

+ Increased oversight from sector regulators, on both sides of the Tasman, particularly in the latter half of 2015
+ Rollout of Group-wide Quality Management System and standardisation of Intueri's quality and compliance standards across the Group
+ Appointment of specialist advisors and development of initiatives in Health & Safety and Learning & Development
+ Organic growth: Introduction of a number of new industry-specific Diploma programmes and update of a significant number of New Zealand courses
+ Acquisition growth: Remaining 50% shareholding in The OCA Group in January 2015; 100% of Information Technology Training Institute (ITTI) in April 2015; 100% of New Zealand Institute of Sport and New Zealand College of Massage at end-November 2015
+ Completed a number of IT initiatives to improve functionality, student management and financial reporting across the Group
+ Appointment of Dame Alison Paterson to the Board in June 2015
+ Announcement of TEC reviews into Quantum Education Group and the NZ School of Outdoor Studies (NZSOS) in November 2015
+ Net Student Enrolments up 18% to 10,345 students

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.

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.

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 through innovative growth of our educational offer.

Technology

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

2015 FINANCIAL PERFORMANCE SNAPSHOT

POSITIVE REVENUE GROWTH
$91.6m
Up 40% Year on Year
Up 6% PFI

UNDERLYING EBITA IN LINE WITH GUIDANCE
$21.5m
Up 17% Year on Year
Down 29% PFI

IMPAIRMENTS
$(59.9)m
FY 2014: $(1.3)m

NPAT
$(48.5)m
FY 2014: $5.0m / PFI: $13.8m

STRONG ANNUAL UPLIFT IN NPATA
$14.6m
Up 39% Year on Year
Down 26% PFI

INCREASE IN NET DEBT FROM STRATEGIC INVESTMENTS
$52.7m
Up $41.3m Year on Year

See pages 13 and 14 for more detailed comment on Intueri's financial results and comparison to PFI.

+ Overall, 2015 results were significantly above FY 2014, but profits were below FY 2015 Prospective Financial Information (PFI)
+ Delivered positive revenue growth. This came from acquisitions, plus outperformance from the Online and International sectors
+ Domestic revenue growth mainly attributable to acquisitions offsetting weak performance from Quantum
+ Recorded impairments of $59.9 million, primarily against Quantum ($53.1m), but also NZSOS and the Design and Arts College
+ Including impairments and other non-cash significant items, Net Loss After Tax was $48.5 million
+ NPATA, which is NPAT before significant items, was $14.6 million
+ Operating cashflow for FY 2015 was $12.5 million, an improvement over FY 2014
+ Net debt rose to $52.7 million, primarily as a result of strategic acquisitions
+ Agreed terms for an extended $80 million, two year refinancing of debt facilities which was put in place in March 2016
+ The Board has agreed to suspend dividends while the Tertiary Education Commission (TEC) reviews are underway

2015 Year in Review

Chris Kelly, Chair and Rob Facer, Chief Executive Officer

Chair Review

It has now been 21 months since the publication of Intueri's prospectus. We have made good progress on a number of our objectives, however significant operational and regulatory changes have impacted on our original expectations and projected financials for FY 2015 as stated in our IPO documents.

Growth has been a key part of our strategy and we have made a number of strategic acquisitions as well as being focused on realising opportunities in our existing businesses.

As originally forecast, we have seen good growth in our Online and International segments, where we have high performing and well regarded schools.

We have also seen good performances from a number of our Domestic schools, and realised additional earnings from strategic acquisitions. These have, however, been offset by the disappointing performance of Quantum, our largest Domestic school, as we implemented our quality objective and introduced stricter enrolment criteria. This has meant that our growth, while positive, has been lower than expected at the time of listing.

> "Our quality mandate – to ensure that the right students are doing the right courses for the right reasons – underpins all that we do."

There have been a number of recent events, particularly in the last quarter of 2015, which have been impacting on Intueri and its share price. In particular, we have seen a tightening of the regulatory environment across the tertiary education sector in both Australia and New Zealand.

In Australia, the Federal Government has announced a review of the VET FEE-HELP funding system and we will be consulting with the Australian Federal Department of Education and Training and providing input into future legislation. While this is underway, a cap has been put on 2016 funding at 2015 levels, for all providers.

Increased oversight by the Tertiary Education Commission (TEC) in New Zealand has resulted in a review of two of our schools - Quantum and NZSOS. We are working closely with the TEC and expect to have an outcome to the reviews by the middle of 2016. Until the outcome of the reviews are known, we have also agreed to suspend dividend payments.

A 6% increase in net TEC funding for 2016 has been agreed, however there has been a restriction placed on the enrolment of unfunded students at Quantum. This will have a significant impact on the future financial performance of the school.

As a result, the Board has taken a full impairment on Quantum (including Learntree) of $53.1 million, as required under International Financial Reporting Standards. Quantum is forecast to make a modest loss in 2016 before returning to a level of profitability in 2017 once the expected annualised benefits of a strategic review we have commissioned are realised, and when a partial reversal of the impairment may be considered.

In addition, the Board has taken impairments totalling $6.8 million on NZSOS and the Design and Arts College. Performance at both schools has been weaker than anticipated, with legacy issues continuing to impact on NZSOS, and a slower than expected rebound in enrolments at the Design and Arts College in Christchurch following the 2011 earthquake.

All other Domestic schools delivered a satisfactory performance, with the strong Online and International profit performances partially offsetting the profit shortfalls of the Domestic segment.

Including the non-cash $59.9 million impairments, the company reported a Net Loss After Tax of $48.5 million. Excluding impairments and other significant non-cash items, NPATA was $14.6 million, 39% ahead of last year, however below PFI of $19.8 million.

The Board is committed to transparent and open disclosure and we were pleased with the Financial Market Authority's (FMA) decision last year that no further action was warranted, after their review of certain aspects of the Intueri prospectus. They did advise that certain elements of the prospectus could have been more clearly and effectively described, particularly student enrolment data which is a key metric for our business. We accept this and are now reporting Net Student Enrolment figures, with over 10,000 students enrolling in 2015. Our CEO Rob Facer talks more about this measure in his report on the following pages.

In January 2016, we received a request from the Serious Fraud Office (SFO) for information pertaining to Quantum Education Group and dating back to 2012. It is important to note that this is an enquiry under Part 1 of their legislation and not a formal investigation. We are assisting the SFO with their enquiry and hope to have this resolved as soon as possible.

A supportive governance structure has been put in place across Intueri and we were pleased to welcome Dame Alison Paterson, one of New Zealand's most respected directors, to our Board in June as an independent Director and as Chair of our Audit and Risk Committee. Our Board now comprises four independent Directors, one non-independent Director and the Executive Director (the CEO).

The Board fully supports the management team and their focus on quality.

While we understand shareholders' disappointment in the current share price and the suspension of dividends, we believe the key fundamentals underlying Intueri's potential to build its position in the vocational education market remain strong.

On behalf of the Board, I would like to thank our shareholders for their continued support for the company during this challenging period.

C. M. Kelly

Chris Kelly
CHAIR OF THE BOARD

Chief Executive Officer Review

2015 was a year of change and of challenges for our business. The operational environment has evolved significantly since we listed and we have been very focused on adapting our strategy and adjusting our business model to meet these new conditions.

FOCUS ON QUALITY

Our quality mandate continues to underpin all that we do. This is becoming ever more important as regulators continue to shift their focus towards relevance for learners and return on investment for the Government.

In 2015, we further strengthened our quality standards and compliance practices across the Group, including rolling out a Group-wide quality management framework to ensure we have consistent and measurable processes in place. We have introduced stricter enrolment criteria to ensure the right students are enrolling on the right courses for the right reasons.

Our diverse range of schools allows us to adapt to the ever changing labour market dynamics, introducing qualifications and programmes to meet sector demand.

By doing this, we are more likely to see students achieving relevant qualifications and skills that will aid them in finding employment.

GROWTH

We have made a number of strategic acquisitions since listing which broaden the range of industry sectors we cover, and diversify the suite of programmes we have to offer prospective students.

In 2015, we acquired the outstanding shareholding in The OCA Group, and also acquired 100% of the Information Technology Training Institute and 100% of the New Zealand Institute of Sport and the New Zealand College of Massage (NZIS Group). Our 2015 results include the positive impact of these acquisitions.

We now have 10 schools across New Zealand as well as our large online college in Australia, and provide education to more than 10,000 students annually. Significant progress has been made integrating the schools acquired since our IPO into our portfolio, and our focus in 2016 will be on the NZIS Group.

Organic growth is also an important focus for us and we have introduced a range of new programmes, expanded the capacity at our NSIA hospitality college to meet demand and updated a significant number of our New Zealand qualifications.

Moving forward, our primary focus will be on leveraging the opportunities in our existing operations and realising efficiencies across the multiple schools in our Group.

INVEST

We are very much a services business. People are by far our biggest asset and we are investing to support and grow them wherever possible.

We strengthened the corporate team in 2015, with the appointment of key specialist advisors in Health & Safety and Learning & Development and introduced Group-wide initiatives in these areas. We also continued to develop our employee programmes, with a focus on upskilling our people to deliver better outcomes.

TECHNOLOGY

Technology is a disrupter in education delivery, and we are constantly looking for ways we can use technology to deliver better, relevant outcomes for learners in an ever more engaging but cost effective way. We completed a number of IT initiatives in 2015 which improve overall system functionality, student management and financial reporting across the Group.

OPERATIONAL PERFORMANCE

Our **Online** segment, which comprises The OCA Group in Australia, delivered an exceptional performance. 2015 revenue of $27.7 million was up 174% on last year and well ahead of PFI. This was due to a combination of growing demand for online learning, more courses on offer and more focused sales and marketing activity.

During the year we introduced several new high value Diploma programmes and relocated to new premises to support our expanded operations.

We were also very pleased to announce the appointment of Sean Steele to the newly created role of CEO of The OCA Group. Sean is highly experienced and very well regarded in the industry and commenced his role in January this year. He replaces Cheryl Brookes who is now on maternity leave.

Our **International** segment also delivered good growth, with revenue of $21.5 million, up 13% on FY 2014, as we continue to benefit from the continuing growth in international student visas (slightly below PFI of $22.5 million). New Zealand has a very good reputation internationally and we are seeing growing numbers of students wanting to study at our schools.

Hospitality and culinary courses are in particularly high demand due to the increase in tourism, and the majority of our international students study at NSIA - The Professional Hospitality Academy. We invested an additional $1.4 million into two further kitchens at NSIA in 2015 to accommodate forecast ongoing growth in this segment.

We have also confirmed plans to relocate our ITTI operations to a new city campus to cater for the increased number of international students seeking to study in this popular field.

We are looking to broaden our offer for international students and are identifying existing programmes that can be repackaged for an international cohort, such as Pharmacy and IT.

Our **Domestic** segment comprises 10 schools, and we are one of the largest non-public vocational providers in New Zealand, with more than 5,000 domestic students currently studying for qualifications across our New Zealand schools.

Government support for vocational education is strong, and their investment into the sector continues to increase modestly year on year.

We made a number of strategic acquisitions in 2015 to broaden our Domestic offer and capture market share.

We also have a significant focus on organic growth and have developed new programmes to meet labour market demands, as well as initiated the rollout of a number of student fees-free Youth Guarantee courses in regional centres.

We reported 16% revenue growth in the Domestic segment in 2015, mainly as a result of additional revenue from acquisitions, offset by a soft performance from Quantum. The variance against PFI can be largely attributed to the reduction in student numbers at Quantum due to the implementation of our quality mandate and the introduction of stricter enrolment criteria. This led to a corresponding 34% decrease in student enrolments at Quantum in the last year.

We have a large number of students enrolled in foundation and Youth Guarantee courses in New Zealand. These programmes provide students 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 the long term unemployed – comes with its own set of challenges and we are committed to delivering quality outcomes for this cohort.

A detailed review of our financial performance can be read on pages 13 and 14.

OUTLOOK

Our focus in 2016 is to align our portfolio to the new funding arrangements; build on and improve the performance of all our schools; and identify new growth opportunities for our existing schools, all in line with our quality mandate.

We expect the enhanced focus on regulatory and compliance related issues to continue on both sides of the Tasman in 2016. We are working closely with the TEC to complete their reviews of Quantum and NZSOS and will continue to consult with the Australian Federal Department of Education and Training to provide input into future legislation around the VET FEE-HELP (VFH) funding system. The restrictions on funding and enrolments at Quantum and the cap on VFH funding in Australia will both impact on our operations in 2016.

We have commenced a strategic review to identify and realise cost savings, and leverage efficiencies through having multiple schools across the Group working more closely together.

We are forecasting a continued uplift in international student numbers and are looking to maximise the additional capacity at NSIA as well as build the enrolment pipeline for the new international student focused programmes introduced during 2015. In Online, due to the cap on VFH funded enrolments, we will be concentrating on driving enrolments into non-VFH programmes.

Organic growth will be an important focus for us and we will be looking to identify and realise opportunities within each of our schools, by developing new programmes, partnerships and leveraging marketing opportunities.

We have a portfolio of well-regarded schools, experienced management teams and support from our bankers.

Our long term strategy continues to evolve to meet the changing conditions and we are focused on adapting our business to meet the new regulatory and operating environment.

Rob Facer
CHIEF EXECUTIVE OFFICER

DOMESTIC

KEY EVENTS

- Revenue $39.9m, up 16% year on year, down 24% against PFI
- Acquisition of ITTI in April 2015 and NZIS and NZCM in late November 2015
- Domestic College Performance:
  - 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
  - Legacy issues at NZSOS and slow rebound in enrolments at Design and Arts College in Christchurch
- Significant focus on developing new programmes in the wake of the mandatory programme review (TROQ)
- Initiated rollout of Youth Guarantee courses in regional centres
- The TEC announced a review into two of Intueri's schools – Quantum and NZSOS – which Intueri believes will primarily focus on legacy issues prior to acquisition

ACADEMY NEW ZEALAND: PHARMACY

Studying to be a Pharmacy Technician at Academy New Zealand saw graduate Reuben Jones pick up a rewarding employment opportunity immediately after completing the course.

Reuben, who graduated with a New Zealand Certificate in Pharmacy (Pharmacy Technician) Level 5, is now employed as the sole Dispensing Technician at Silverdale Clinic Pharmacy.

Previously a Barista before studying at Academy, Reuben says he wouldn't have been able to get his role at Silverdale Clinic Pharmacy if it wasn't for the Pharmacy Technician course, or for the assistance Academy gave him in obtaining a work placement while he was studying.

"My tutors helped to set me up with a work placement at Orewa Care Chemist, which gave me the experience I needed to get a full-time position."

Not only did the Pharmacy Technician course enable him to get a pharmacy role, he made long-term friends during the course, and enjoyed it immensely.

"I enjoyed every part of studying at Academy, especially the tutors, the long-term friends I made, and the easy-to-learn hands-on curriculum. I would recommend the course to others."

THE CULINARY INSTITUTE OF NEW ZEALAND

Chelsea Johnston came to New Zealand from Zimbabwe ready to pursue her childhood dream of becoming a chef. Just one month after arriving, she started studying Culinary Arts at The Culinary Institute of New Zealand (CINZ), a boutique hospitality school based in Kerikeri, part of the Quantum Education Group.

"I enjoyed the small classes. You really get to know the tutors and they get to know you. I found it really easy to learn from them, they all taught me something different."

A highlight for Chelsea was training at CINZ for the City & Guilds New Zealand Team Skills competition and taking out the top spot, Training Team of the Year, with two other students from CINZ.

The courses at CINZ see students learn in an onsite commercial kitchen, and serve lunches and dinners to real guests in an onsite restaurant.

Now, Chelsea has graduated from CINZ with an Advanced Certificate in Commercial Cookery (Level 4) and is working at an award-winning Kerikeri restaurant, Food at Wharepuke, as a Commis Chef.

NEW ZEALAND INTERNATIONAL

KEY EVENTS

- Revenue $21.5m, up 13% year on year, down 4% against PFI
- Maintained strong growth in financial performance, primarily through NSIA - The Professional Hospitality Academy
- Commissioned two additional kitchens at NSIA to meet increasing demand being driven by international student visa trends and ongoing lift in New Zealand tourism
- Newly accredited training schemes for NZSOS 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)

AUSTRALIA ONLINE

KEY EVENTS

- Revenue $27.7m, up 174% year on year and up 186% against PFI
- Excellent revenue growth driven by rising popularity of online learning and increasing VET FEE-HELP enrolments
- Established new Diploma programmes in Community Services, Counselling and School-Aged Education & Care to cater for significant demand
- Managed compliance requirements resulting from the VET FEE-HELP reforms
- Relocated to new, larger premises to support expanded operations
- Announced appointment of Sean Steele to the newly created role of CEO - OCA Group, effective 5 January 2016, replacing Cheryl Brookes who is on maternity leave

ONLINE COURSES AUSTRALIA

With intentions to originally join the NSW Police Force, George Batour's path was redirected when he unfortunately suffered chronic injuries. From there, he tried everything – parole work, law firms and juvenile services. Then one day George ran into an old friend, who suggested he look into private investigation. Through some research, George found Online Courses Australia, and hasn't looked back since.

"With its unconventional lifestyle and changing landscape, private investigation work was well suited for me. I gave it some thought, did some research and ended up studying with Online Courses Australia."

Since George completed his Certificate III in Investigate Services, his opportunities have increased dramatically and he's been able to step into a new role in the world of investigation.

"The accessibility and flexibility of Online Courses Australia made life so much easier. I was able to stay motivated, and the fact that the course had 12 months for completion and no start or due date was great. I now have a host of fresh skills and am in a great job."

Financial Review

NZ$m	2015	PFI 2015	Variance to PFI	2014	Variance YoY
Revenue	91.6	86.4	6%	65.6	40%
Underlying EBITA	**21.5**	**30.1**	**(29%)**	**18.3**	**17%**
EBITA	21.9	30.1	(27%)	17.9	22%
EBITA margin %	23.9%	34.8%		27.3%	
Acquired Intangible Amortisation	(10.1)	(9.2)		(7.4)	
Impairment	(59.9)	-		(1.3)	
Net Profit After Tax	(48.5)	13.8		5.0	
NPATA	**14.6**	**19.8**	**(26%)**	**10.5**	**39%**
Dividend (cps)	6.1	12.9		7.7	
Net Debt	(52.7)	(4.0)		(11.4)	

Intueri reported revenue growth across all its segments and an underlying EBITA result in line with February 2016 guidance for the year ended 31 December 2015 (FY 2015). The result includes contributions from acquisitions, and reflects the implementation of the company's quality strategy and the change in the regulatory environment since the company listed.

The commentary below includes comparison to PFI. This is the 2015 Prospective Financial Information included in Intueri's prospectus, in other words, our original expectation for what we would deliver in 2015. While revenue was slightly ahead of PFI, overall our results were down on PFI due to the significant changes in the operating environment since the company listed, which have impacted on our performance.

REVENUE

Revenue of $91.6 million was ahead of the prior year and above PFI. The 40% year on year increase was primarily driven by an outperformance in Intueri's Online segment and good growth in International, offsetting a soft Domestic performance.

Online was the strongest performer with 174% growth year on year to $27.7 million. In the last year, its contribution to total revenue has doubled to now represent 30%.

International also saw good year on year growth, up 13% to $21.5 million, slightly below PFI of $22.5m. Together, Online and International now make up over 50% of Group revenue.

While Domestic revenues also grew, up 16% to $39.9 million, this was mainly due to revenue from acquisitions offsetting the weak performance of Quantum, and overall, Domestic revenues were well below PFI of $52.3 million.

Excluding 2015 acquisitions, growth in the underlying businesses in Online and International more than offset the decline in Domestic.

IMPAIRMENTS, PROFIT AND LOSS

Earnings Before Interest, Tax, Impairment and Amortisation of Acquired Intangibles (EBITA) increased 22% to $21.9 million, generating a solid EBITA margin of 23.9%.

We also report on Underlying EBITA which excludes significant non-recurring items such as acquisition costs and the one-off $1 million change to Academy Group deferred consideration. The Board believes this provides a more appropriate measure of our operating performance and it is also the basis for our full year guidance. Underlying EBITA was $21.5 million, in line with February 2016 guidance but below PFI of $30.1 million due to the impact of lower earnings from the Domestic segment and higher costs.

While we have very few assets to depreciate in our business, we do have significant amounts of intangibles. We amortise these intangibles in our books each year – "Amortisation of Acquired Intangibles". This is a non-cash charge and equated to $10.1 million in 2015.

Acquisition payments are generally structured with earnout payments based on performance. We include an estimated charge for these in our accounts – a "Deferred Contingent Consideration". Due to an outperformance from The OCA Group in 2015, the earnout payment increased, with a corresponding $5.9 million increase in the contingent consideration.

Our 2015 results also include impairments of $59.9 million from writing down the value of Quantum Education Group ($53.1 million) as well as NZSOS ($3.9 million) and the Design and Arts College ($2.9 million).

Including these non-cash items, Intueri reported a Net Loss After Tax of $48.5 million.

After adjusting for significant non-cash items and the change in the OCA deferred contingent consideration, we delivered a solid NPATA of $14.6 million, well up on 2014 but still below PFI.

Costs increased primarily due to the increased size of the Group following acquisitions, the continuing implementation of the quality mandate, and investment into building a strong organisational infrastructure. A strategic review has commenced to identify and realise cost savings across the Group.

BALANCE SHEET AND DIVIDEND

Total assets were down compared to the prior year, due to impairments partially offset by acquired assets.

Liabilities were up due to the inclusion of $25.3 million in contingent consideration for final payments for the OCA and NZIS acquisitions, as well as higher debt as a result of earlier 2015 acquisition payments.

Net debt increased to $52.7 million as at 31 December 2015 mainly as a result of strategic acquisitions including the outstanding 50% shareholding in The OCA Group and the 100% acquisitions of Information Technology Training Institute in April 2015 and the New Zealand Institute of Sport and New Zealand College of Massage in November 2015, which settled two months later than anticipated.

We have a supportive relationship with our bankers and recently increased our existing debt facility by $20 million to $80 million to accommodate final acquisition payments. Under the new terms, the bank facility is now for two years, rather than three years as previously indicated. This shorter term will allow Intueri to renegotiate a new facility in early 2018, post completion of its 2017 financial statements. The debt covenant ratio will initially increase from 2.5 to 3.5 x EBITDA to accommodate the acquisition payments, and will then reduce to current levels over the tenure of the facility. We have positive operating cashflows and are focused on reducing debt over the next two years.

An interim dividend was paid in 2015, but as previously announced, dividends have been suspended awaiting outcome of the TEC reviews, and therefore there was no final dividend declared for 2015.

The company continues to generate solid cash flows, with a stronger second half resulting in FY 2015 cash flow from operations of $12.5 million.

NZ$m	2015 Actual	2014 Actual
EBITA	21.9	17.9
Acquired intangible amortisation	(10.1)	(7.4)
Impairment	(59.9)	(1.3)
EBIT	(48.1)	9.2
Income tax	7.6	(3.1)
Net interest expense	(2.1)	(1.1)
Finance expense (OCA contingent consideration)	(5.9)	-
Non-controlling interests	-	(1.0)
Net Profit/(Loss) After Tax attributable to owners of Intueri	**(48.5)**	**4.0**
Add back : After Tax finance expense OCA contingent consideration	4.3	-
Add back: After Tax acquired intangible amortisation	7.3	5.4
Add back: After Tax impairment	51.6	1.1
Net Profit After Tax Before Amortisation (NPATA)	14.6	10.5

Financial results reflect earnings from businesses from the time of acquisition.

NPATA is Net Profit After Tax Before Amortisation of Acquired Intangibles and other significant non-cash items such as impairments, and the change in contingent consideration of OCA Group.

PFI is the 2015 basis outlined in the Intueri prospective financial information. See the glossary for more details.

EBITA, Underlying EBITA and NPATA are non-GAAP measures. A definition of these terms and further details are provided in the glossary.

Board of Directors

CHRIS KELLY
Chair
MVSc, CFInstD
Appointed 10 April 2014

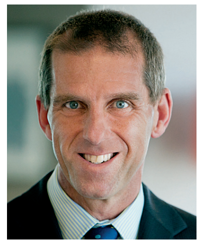
Chris has strong ties to the education sector and is the current Chancellor of Massey University in New Zealand. He spent more than 12 years as the CEO of Landcorp Farming Limited and currently is chair or director of a number of other boards.

NICO MARX
Non-Executive Director
MBA
Appointed 21 May 2015

Nico is an investment director at Arowana International, which is a significant shareholder in Intueri. Nico is responsible for structuring and executing new investment opportunities. He has extensive experience in private equity, investment management and M&A, and has served as a non-executive director for a number of private companies.

DAME ALISON PATERSON
Independent Director
DNZM, QSO, DCom, FCA, ADistFInstD
Appointed 18 June 2015

Dame Alison's considerable experience spans a range of industries in both the public and private sector. She served on the Reserve Bank board from 1996 to 2010, including as chair of the audit committee and deputy chair. She currently serves on the NZX Markets Disciplinary Tribunal and is a director of a number of private and public boards.



JAMES TURNER
Non-Executive Director
BSc (Hons), MBA
Appointed 10 April 2014

James is an education consultant with significant regulatory experience. He has held a number of senior positions at the Department of Education and Skills in the UK, and from 2004 to 2011 he was a Principal Advisor/Group Manager for TEC. James has his own consulting firm, JT Associates.

RUSSELL WOODARD
Independent Director
BA, MEdAdmin, MAICD
Appointed 10 April 2014

Russell has more than 25 years of experience across multiple sectors in education and previously held senior education marketing roles within the PTE sector. His particular focus has been on international operations in the tertiary education environment. He has operated his own consultancy firm since 2009.

ROB FACER
Executive Director and Chief Executive Officer
MBA, CMInstD
Appointed 10 April 2014

Rob is an experienced senior executive, with a wide range of experience. Prior to Intueri, Rob was CEO of the Professional Bar and Restaurant School, and the CEO of ABC Development Learning Centres (NZ).

Prior to moving into the education sector, Rob held a number of senior executive roles in agribusiness in both New Zealand and Australia.

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

Executive Team

L TO R: ROD MARVIN, LIANE CLARKE, ANDY WALKER, LEIGH OLSEN, MICHELE LA RIVIERE, ROB FACER. INSET: SEAN STEELE.

ROD MARVIN | Chief Financial Officer
BCom (Accounting and Marketing), CA, FCPA

Rod has more than 25 years' experience as a senior finance executive in New Zealand, Australia and the UK within a range of sectors. Prior to joining Intueri Rod was Finance Director - Asia Pacific for Rayonier Forest Resources, and held senior finance roles at SKYCITY and Unilever.

ANDY WALKER | GM Organisational Capability
DipTchg (Secondary), BSc (Mathematics)

Andy has 25 years' experience in the public and private education sectors including Secondary Principal and private tertiary institution CEO roles. He is presently Chair of the governance group leading the NZQA Targeted Review of Early Childhood Education Qualifications and Canterbury Branch President of the NZ Educational Administration & Leadership Society.

LIANE CLARKE | GM Marketing & Communications
BBus (Marketing), BAppSci (Communications), GDip (Strategic Management)

Liane has been in the marketing and communications space for 20 years, after enjoying a successful career in journalism and broadcasting. She has led marketing and sales functions across a broad range of organisations including tourism and early childhood education and has filled both Acting CEO and Acting GM roles as well as working in the private consultancy space.

LEIGH OLSEN | GM Human Resources
DipHRM, Masters (HR & Org Development)

Leigh has been in HR management and recruitment for almost 20 years, across a diverse range of industries both in New Zealand and in London. Prior to her role at Intueri, Leigh was a divisional HR Manager at Fisher & Paykel Healthcare and HR Manager at Elders NZ. Leigh's areas of expertise are employee engagement and organisational management development.

MICHELE LA RIVIERE | GM Business Performance and Systems
BSc (Hons), ARCS, ACA

Michele brings more than 20 years' experience as a chartered accountant in the commercial sector in both publicly and privately held businesses in the UK and New Zealand. Michele has previously worked in the PTE sector in New Zealand as both a Chief Financial Officer and a General Manager and in other industries as a Financial Director and Acting CEO.

SEAN STEELE | CEO OCA Group
BA (Management)

Sean is an established executive leader with a decade of experience in the Australian private training, vocational, and higher education market. Sean has achieved success across a wide range of business initiatives including people and stakeholder management, organisational change, business transformation and customer-focused growth strategies. He is currently undertaking his Executive MBA with AGSM.

"An Intueri graduate
has the knowledge,
the real world skills
and the professional
and personal qualities
to make a difference."

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2015

CONTENTS

DIRECTORS' DECLARATION

For the year ended 31 December 2015

In the opinion of the Directors of Intueri Education Group Limited (the "Company"), the financial statements and notes, on pages 22 to 63:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the consolidated Financial Position of the Company and its controlled entities ("Group") as at 31 December 2015 and the results of operations for the 12 months ended on that date
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the consolidated Financial Position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company and its controlled entities, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

This Annual Report and Financial Statements are dated 24 March 2016 and signed in accordance with a resolution of the directors made pursuant to section 211(1)(k) of the Companies Act 1993.

The Board of Directors are pleased to present the financial statements of Intueri Education Group Limited and its controlled entities for the year ended 31 December 2015 and the independent auditor's report thereon.

Approved for and on behalf of the Board of Directors.

C. M. Kelly

Chris Kelly
Chair
24 March 2016

Rob Facer
Chief Executive Officer
24 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

		Consolidated	
	Notes	31 December 2015 $000	31 December 2014 $000
Domestic revenue	7	39,871	34,531
International revenue	7	21,494	19,007
Online revenue	7	27,704	10,118
Other revenue	7	2,493	1,979
Total Revenue	7	**91,562**	**65,635**
Other income	8	1,000	-
Cost of materials		(5,254)	(5,319)
Agents fees		(12,658)	(6,357)
Employee expenses		(29,855)	(19,694)
Occupancy expenses		(9,106)	(6,243)
Marketing expenses		(3,322)	(2,642)
Insurance costs		(394)	(242)
IT and communication costs		(1,222)	(821)
Travel costs		(963)	(693)
Depreciation and amortisation expenses		(12,093)	(8,888)
Impairment loss	9	(59,870)	(1,294)
Other expenses		(5,862)	(4,282)
Operating profit / (loss) before net finance costs	10	**(48,037)**	**9,160**
Finance expense	11	(8,202)	(1,125)
Finance income	11	118	51
Net finance cost	11	**(8,084)**	**(1,074)**
Profit / (loss) before income tax		**(56,121)**	**8,086**
Income tax (expense) / benefit	12	7,574	(3,083)
Profit / (loss) for the year		**(48,547)**	**5,003**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange gain arising on translation of foreign operations		171	(294)
Other comprehensive income for the year, net of tax		171	(294)
Total comprehensive income for the year		**(48,376)**	**4,709**
Profit / (loss) for the period attributable to:			
Owners of Intueri Education Group		(48,547)	4,021
Non-controlling interest		-	982
		(48,547)	**5,003**
Total comprehensive income for the period attributable to:			
Owners of Intueri Education Group		(48,376)	3,874
Non-controlling interest		-	835
		(48,376)	**4,709**
Earnings per share attributable to the ordinary equity holders of the parent			
Basic and diluted (cents)	19	(48.58)	7.11

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

Consolidated	Notes	Share Capital $000	Retained Earnings $000	Foreign Currency Translation Reserve $000	Total Equity Attributable to Owners of Group $000	Non-controlling Interest $000	Total Equity $000
Balance as at 1 January 2014		**20,602**	**417**	**-**	**21,019**	**-**	**21,019**
Comprehensive income for the period							
Profit for the period		-	4,021	-	4,021	982	5,003
Other comprehensive income		-	-	(147)	(147)	(147)	(294)
Total comprehensive income for the period		**-**	**4,021**	**(147)**	**3,874**	**835**	**4,709**
Transactions with owners							
Issue of shares		58,177	-	-	58,177	-	58,177
Non-controlling interest arising on business combination		-	-	-	-	3,798	3,798
Total transactions with owners		**58,177**	**-**	**-**	**58,177**	**3,798**	**61,975**
Balance as at 31 December 2014		**78,779**	**4,438**	**(147)**	**83,070**	**4,633**	**87,703**

Consolidated		Attributable to equity holders of the Company							
	Notes	Share Capital $000	Retained Earnings $000	Foreign Currency Translation Reserve $000	Share-based Payment Reserve $000	Treasury Shares $000	Total Equity Attributable to Owners of Group $000	Non-Controlling Interest $000	Total Equity $000
Balance as at 1 January 2015		**78,779**	**4,438**	**(147)**	**-**	**-**	**83,070**	**4,633**	**87,703**
Comprehensive income for the period									
Profit for the period		-	(48,547)	-	-	-	(48,547)	-	(48,547)
Other comprehensive income									
Exchange gain arising on translation of foreign operations		-	-	171	-	-	171	-	171
Total comprehensive income for the period		**-**	**(48,547)**	**171**	**-**	**-**	**(48,376)**	**-**	**(48,376)**
Transactions with owners									
Employee share option scheme: - Value of employee services	27	-	-	-	86	-	86	-	86
Purchase of treasury shares		-	-	-	-	(279)	(279)	-	(279)
Acquisition of non-controlling interest in OCA Group	5	-	(26,653)	-	-	-	(26,653)	(4,633)	(31,286)
Dividends	32	-	(13,800)	-	-	-	(13,800)	-	(13,800)
Total transactions with owners		**-**	**(40,453)**	**-**	**86**	**(279)**	**(40,646)**	**(4,633)**	**(45,279)**
Balance as at 31 December 2015		**78,779**	**(84,562)**	**24**	**86**	**(279)**	**(5,952)**	**-**	**(5,952)**

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	Consolidated 31 December 2015 $000	Consolidated 31 December 2014 $000
ASSETS			
Current assets			
Cash and cash equivalents	20	732	7,755
Inventories		338	165
Trade and other receivables	14	26,085	27,739
Other current assets	21	5,273	1,179
Current tax receivables		1,152	-
Total current assets		**33,580**	**36,838**
Non-current assets			
Property, plant and equipment	22	13,481	11,574
Intangible assets and goodwill	15	59,023	105,233
Deferred tax assets	13	-	477
Retention in trust	23	500	500
Total non-current assets		**73,004**	**117,784**
Total assets		**106,584**	**154,622**
LIABILITIES			
Current liabilities			
Trade and other payables	24	8,042	4,860
Other current liabilities	25	19,578	22,156
Current tax liabilities		-	2,650
Interest bearing liabilities	17	33,414	15,068
Provisions	16	1,262	1,303
Employee benefits	26	961	1,183
Deferred consideration payable	18	23,262	-
Total current liabilities		**86,519**	**47,220**
Non-current liabilities			
Interest bearing liabilities	17	20,000	4,092
Employee benefits	26	59	45
Deferred consideration payable	18	2,056	1,000
Deferred tax liabilities	13	3,402	14,062
Retention in trust	23	500	500
Total non-current liabilities		**26,017**	**19,699**
Total liabilities		**112,536**	**66,919**
Net assets		**(5,952)**	**87,703**
EQUITY			
Share capital	28	78,779	78,779
Translation reserve	29	24	(147)
Share scheme	29	86	-
Retained Earnings		(84,562)	4,438
Treasury Shares	28,29	(279)	-
Non-controlling interest	5	-	4,633
Total equity		**(5,952)**	**87,703**

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	Consolidated 31 December 2015 $000	Consolidated 31 December 2014 $000
Cash flows from operating activities			
Receipts from customers		89,159	58,671
Payments to suppliers and employees		(68,826)	(44,258)
Income tax paid		(7,982)	(2,509)
Interest received		151	51
Net cash inflow / (outflow) from operating activities	30	**12,502**	**11,955**
Cash flows from investing activities			
Purchase of property, plant & equipment and intangibles	15,22	(4,109)	(2,675)
Sale of property, plant and equipment		343	23
Purchase of subsidiaries / business (net of cash acquired)	3	(17,773)	(59,715)
Net cash inflow / (outflow) from investing activities		**(21,539)**	**(62,367)**
Cash flows from financing activities			
Issue of shares		-	58,177
Proceeds from borrowings		34,254	22,894
Repayment of borrowings		-	(23,987)
Interest paid		(2,089)	(1,141)
Dividends paid to owners of the parent	32	(13,800)	-
Purchase of treasury shares		(279)	-
Purchase of interest in a subsidiary from non-controlling interest		(16,041)	-
Net cash inflow / (outflow) from financing activities		**2,045**	**55,943**
Net increase / (decrease) in cash and cash equivalents		**(6,992)**	**5,531**
Cash and cash equivalents at the beginning of the period		7,755	2,516
Exchange gains/(losses) on cash and cash equivalents		(31)	(292)
Cash and cash equivalents at end of the period	20	**732**	**7,755**

The accompanying notes form part of these consolidated financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 consolidated financial statements comprise the Company and its controlled entities (the "Group").

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. SUMMARY OF GENERAL ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for Tier 1 for profit entities. The financial statements also comply with International Financial Reporting Standards ('IFRS'). The financial statements were authorised for issue by the Directors on 24 March 2016 as noted on page 21.

BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis. There are no material items in the financial statements that are not measured on historical cost basis. However, as per note 3 assets and liabilities recognised as a result of business combinations are initially measured at fair value.

Going Concern

The Group reported a loss of $48,547,000 but net operating cash inflows of $12,502,000 for the year ended 31 December 2015. As at 31 December 2015 the Group had net liabilities of $5,952,000 and net current liabilities of $52,939,000.

The ability of the Group to remain in compliance with its banking covenants has been considered by the Directors in the adoption of the going concern assumption during the preparation of these financial statements. The Directors forecast that the Group can trade at levels appropriate to meet its bank covenants for the period of 12 months from the date of authorisation of these financial statements. In reaching this conclusion, the Directors have considered the achievability of the 2016 financial performance and cash flow forecasts approved by the Board, including the appropriateness of the assumptions underlying those forecasts. As at 31 December 2016, when the covenants are reduced, the Group is forecast to have limited headroom. The key assumptions include revenue at levels indicated in note 15 to the financial statements (there are confirmed government funding levels for both New Zealand and Australia colleges but enrolment numbers are unconfirmed), expected cost savings from strategic initiatives which have commenced and the deferral of consideration payable to the former owners of OCA of AUD$4.9m to June 2017.

The Directors acknowledge that there are material uncertainties within the forecast assumptions required to meet its obligations under its banking facility agreement. These uncertainties relate to the achievement of enrolment numbers and cost savings, and the resolution of current SFO and TEC enquiries (notes 36 and 34), which may cast doubt over the Group's ability to continue as a going concern.

If these uncertainties transpire, the Directors have reasonable expectation that additional headroom in the banking covenants can be negotiated, or an appropriate capital restructure undertaken in order to allow the Group to continue for the foreseeable future.

These financial statements do not include any adjustments that may need to be made to reflect the situation should the Group be unable to continue as a going concern. Such adjustments may include assets being realised at other than the amounts at which they are recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify certain non-current assets and liabilities as current.

PRESENTATION CURRENCY

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

USE OF ESTIMATES AND JUDGEMENTS

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

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

Carrying value of intangible assets

Impairment reviews are performed annually, or more frequently if events or changes in circumstances indicate impairment, to assess the carrying value of intangible assets based on value-in-use. These reviews include making assumptions in relation to future performance and growth as well as determining the period of expected benefits and appropriate discount rates. For more information on intangible assets refer to note 15.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

Fair value of intangible assets acquired

Business combinations are initially accounted for on a provisional basis. The determination of the fair value of intangible assets identified as part of acquisitions during the period involves the estimation of appropriate royalty rates, excess earnings attributable to the asset, notional capital charges for the use of assets required to generate excess earnings, and appropriate discount rates. Fair value adjustments on the finalisation of the business combination are retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported. For more information on intangible assets see note 15.

Revenue Recognition

The Group uses the stage of completion method in relation to revenue recognition for course contracts, underpinned by management's judgement of when the economic benefits associated with this are probable to flow. The stage of completion is measured by reference to the costs incurred to date compared to the estimated total costs to service the contract or, for online courses, by reference to the services performed to date compared to the estimated total services to be performed. Significant assumptions are required to estimate the total costs and the stages of the contract as they are incurred in, the progression of the students and costs incurred to date and attrition or withdrawal rates during the various stages of progression and levels of re-enrolments. In making these estimates, management has relied on past experience of actual costs incurred in the various phases of progression in a student life-cycle and withdrawal rates. For more information on revenue recognition refer to note 7.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. For more information see note 16.

Deferred and contingent consideration payable

Deferred consideration is initially measured at its fair value and subsequently held at amortised cost using the effective interest method. The determination of the fair value of deferred or contingent consideration payable involves the estimation of forecasted EBITDA and appropriate discount rates. The unwind of the discount is recorded as interest expense in the statement of comprehensive income. For more information on deferred or contingent consideration payable see note 3 and note 18.

DETERMINATION OF FAIR VALUES

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

GROUP STRUCTURE

3. BUSINESS COMBINATIONS

During the year, several acquisitions were made as part of the growth strategy, and in line the with investment criteria, of the Group.

(a) 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.

(b) New Zealand Institute of Sport and New Zealand College of Massage

On 30 November 2015, the Group acquired 100% of the share capital of the New Zealand Institute of Sport and New Zealand College of Massage, together referred to as the NZIS Group. The total consideration for the NZIS Group was an initial cash payment of $17.6 million along with contingent consideration of either,

- 5.95 times EBITDA for the year ended 31 December 2015, less the balance already paid, or
- The higher of 5.5 times EBITDA for the year ended 31 December 2015 or 31 December 2016, less the balance already paid.

The fair value of the total contingent consideration has been calculated by applying the income approach. There is no cap on the value of the contingent consideration and therefore no range is provided on the potential undiscounted amount of all future payments.

The fair value estimates are based on a discount rate of 5.55% and the estimated EBITDA of the NZIS Group for 2015 and 2016 of between $3,400,000 and $3,900,000. The assumption has been made that the former owner does not exercise the early exit option. This is a level 3 fair value measurement.

An amount of $442,032 relating to the working capital adjustment was paid in February 2016, with a further interim payment of $1,650,000 to be paid in March 2016. These amounts represent the deferred consideration. The final contingent consideration payment is expected to be paid in March 2017.

The acquisition will broaden the range of course provision into the sports and complementary health sectors, and has particular experience and achievements with the Maori and Pasifika communities. The goodwill reflects intangible assets that do not qualify for separate recognition such as synergies.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed for all acquisitions at their respective acquisition dates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

3. BUSINESS COMBINATIONS CONTINUED

	ITTI $000	NZIS Group $000
Cash consideration	1,210	17,600
Deferred consideration payable (note 18)	-	2,070
Contingent consideration (note 18)	-	2,056
Total consideration	**1,210**	**21,726**
Recognised amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	16	1,021
Property, plant and equipment	48	1,458
Identifiable intangible assets	469	4,108
Deferred tax asset	-	40
Trade and other receivables	-	130
Inventories	-	222
Other current assets	134	483
Trade and other payables	(140)	(783)
Deferred income	-	(449)
Current tax liability	-	(332)
Deferred tax liabilities	(131)	(1,150)
Total identifiable net assets	**396**	**4,748**
Goodwill	814	16,978
Total	**1,210**	**21,726**

Acquisition-related costs have been charged to profit or loss, $30,000 to other expenses and $20,000 to employee expenses relating to ITTI and $280,000 and $195,000 respectively relating to the NZIS Group.

	ITTI $000	NZIS Group $000
Revenue (since date of acquisition)	669	813
Profit/(loss) after tax (since date of acquisition)	**(44)**	**202**
Revenue	969	11,257
Profit / (loss) after tax	**25**	**2,538**

The balances above reflect what the pro-forma revenue and profit and loss of each business combination that occurred during the year would have been if the acquisition date had been 1 January 2015.

RECOGNITION AND MEASUREMENT

Business combinations are accounted for using the acquisition method as at the acquisition accounting date, which is the date on which control is transferred to the Group. The Group controls the entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

The fair value of land, buildings, property, plant and equipment recognised as a result of a business combination is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

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

- Discount rate in the range of 9% to 13.4%
- Contributory asset charges (after tax) in the range of 0.5% to 9.5%
- Royalty stream in the range of 5% to 15%
- Non-compete period based on the relevant agreements
- EBITDA growth rate in the range of 3% to 5% in the next 5 years
- Terminal EBITDA growth rate of 3%

The fair value of intangible assets is classified as level 3, as the inputs are not wholly based on observable market data.

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

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

4. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of the Group are:

Name	Country of incorporation	Principal activity	31 December 2015 Holding %	31 December 2014 Holding %
Elite Education Holdings Limited	New Zealand	Intermediate Holding Company	100	100
D&A Education Holdings Limited	New Zealand	Intermediate Holding Company	100	100
Commercial Diver Training Limited	New Zealand	Provider of vocational training	100	100
NZSCDT Holdings Limited	New Zealand	Provider of equipment to other subsidiaries	100	100
Design and Arts College of New Zealand Limited	New Zealand	Provider of vocational training	100	100
Elite International School of Beauty and Spa Therapies Limited	New Zealand	Provider of vocational training	100	100
Global Education Group Limited	New Zealand	Provider of vocational training	100	100
NZ School of Outdoor Studies Limited	New Zealand	Provider of vocational training	100	100
The Cut Above Academy Limited	New Zealand	Provider of vocational training	100	100
Intueri Services Limited	New Zealand	Management services	100	100
Quantum Education Group Limited	New Zealand	Provider of vocational training	100	100
Quantum Education Group QT Limited	New Zealand	Provider of vocational training	100	100
Quantum Education Group ES Limited	New Zealand	Provider of vocational training	100	100
Quantum Corporate Training Limited	New Zealand	Provider of vocational training	100	100
Online Courses Australia Group Pty Limited	Australia	Intermediate Holding Company	100	50
Online Courses Australia Pty Ltd	Australia	Provider of vocational training	100	50
Conwal & Associates Pty Ltd	Australia	Provider of vocational training	100	50
Platinum E-learning Pty Ltd	Australia	Provider of vocational training	100	50
Intueri Services Australia Pty Ltd	Australia	Management services	100	-
Intueri Education Australia Pty Ltd	Australia	Intermediate Holding Company	100	-
Academy Group (N.Z.) Limited	New Zealand	Provider of vocational training	100	100
Auckland Academy (North) Limited	New Zealand	Provider of vocational training	100	100
Christchurch Academy Limited	New Zealand	Provider of vocational training	100	100
Manukau Academy Limited	New Zealand	Provider of vocational training	100	100
IT Training Limited	New Zealand	Provider of vocational training	100	-
Information Technology Training Institute Limited	New Zealand	Provider of vocational training	100	-
New Zealand Institute of Sport Limited	New Zealand	Provider of vocational training	100	-
The New Zealand College of Massage Limited	New Zealand	Provider of vocational training	100	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

4. INVESTMENTS IN SUBSIDIARIES CONTINUED

On 7 January 2015, the Group purchased the remaining 50% of Online Courses Australia Group Pty Limited and its controlled entities (Conwal and Associates, Platinum E-learning and Online Courses Australia). Together these are known as OCA Group. For more information see note 5.

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 more information see note 3.

On 30 November 2015, the Group acquired 100% of the share capital of the New Zealand Institute of Sport and New Zealand College of Massage, together referred to as the NZIS Group. For more information see note 3.

Intueri Services Australia Pty Ltd and Intueri Education Australia Pty Ltd were incorporated on 22 May 2015 to provide management services and be the intermediate holding company for Australia respectively.

On 30 November 2015 Auckland Academy (North) Limited, Christchurch Academy Limited and Manukau Academy Limited were amalgamated with Academy Group (NZ) Limited.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries held by the Company are accounted for at cost less impairment.

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

LOSS OF CONTROL

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

TRANSACTIONS ELIMINATED ON CONSOLIDATION

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

5. 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 Group) for a purchase consideration of 2.875 times earnings before interest, tax and amortisation of acquired intangibles (EBITA) for the year to 31 December 2015. An initial amount of AUD 15.2 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 Group. The carrying amount of the non-controlling interests in OCA Group 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 $26,653,000. Acquisition costs in the period of $24,500 have been incurred, $10,000 in travel costs and $14,500 in other costs. OCA Group was considered a controlled entity prior to 2015 due to control being granted via a casting vote mechanism.

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

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Carrying amount of non-controlling interests acquired	4,633	-
Consideration paid/payable to non-controlling interests	(31,286)	-
Excess of consideration paid recognised in parent's equity	(26,653)	-

The following table summarises financial information for OCA Group which had a material non-controlling interest. The non-controlling interest was acquired on 7 January 2015, hence no information is supplied for 2015. The information is before inter-company eliminations.

	OCA Group	
Summarised Consolidated Statement of Financial Position	31 December 2015 $000	31 December 2014 $000
Current		
Assets	-	6,494
Liabilities	-	(4,361)
Non-current		
Assets	-	7,844
Liabilities	-	(710)
Net assets	**-**	**9,267**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

	OCA GROUP	
Summarised Consolidated Statement of Comprehensive Income	31 December 2015 $000	9 months to 31 December 2014 $000
Revenue	-	10,111
Profit after tax	-	1,964
Other comprehensive income	-	(294)
Total comprehensive income	**-**	**1,670**
Total comprehensive income allocated to non-controlling interest	**-**	**835**

	OCA GROUP	
Summarised Consolidated Statement of Cash Flows	31 December 2015 $000	9 months to 31 December 2014 $000
Cash flows from operating activities	-	652
Cash flows from investment activities	-	(225)
Cash flows from financing activities	-	(26)
Net increase/(decrease) in cash and cash equivalents	**-**	**401**

6. 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 nine 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
31 December 2015			
External revenue	63,858	27,704	91,562
Other income	1,000	-	1,000
Management fee	2,103	(2,103)	-
Cost of materials	(4,663)	(591)	(5,254)
Agents fees	(5,519)	(7,139)	(12,658)
Employee expenses	(25,989)	(3,866)	(29,855)
Occupancy expenses	(8,806)	(300)	(9,106)
Marketing expenses	(1,984)	(1,338)	(3,322)
Insurance costs	(375)	(19)	(394)
IT and communications costs	(1,004)	(218)	(1,222)
Travel costs	(898)	(65)	(963)
Depreciation and amortisation	(11,227)	(866)	(12,093)
Impairment charge	(59,870)	-	(59,870)
Other expenses	(4,844)	(1,018)	(5,862)
Finance income	97	21	118
Finance expense	(8,193)	(9)	(8,202)
Income tax expense	10,595	(3,021)	7,574
Net profit after income tax	**(55,719)**	**7,172**	**(48,547)**
Non-current segment assets	65,186	7,818	73,004

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

6. SEGMENT INFORMATION CONTINUED

	In-class voctional training $000	Online vocational training $000	Group Total $000
31 December 2015			
Segmental assets/liabilities			
Assets	89,618	16,966	106,584
Liabilities	(110,761)	(1,775)	(112,536)
Total net assets	**(21,143)**	**15,191**	**(5,952)**

	In-class vocational training $000	Online vocational training $000	Group Total $000
31 December 2014			
External revenue	55,524	10,111	65,635
Cost of materials	(4,347)	(972)	(5,319)
Agents fees	(4,358)	(1,999)	(6,357)
Employee expenses	(18,032)	(1,662)	(19,694)
Occupancy expenses	(6,147)	(96)	(6,243)
Marketing expenses	(1,698)	(944)	(2,642)
IT and communications costs	(687)	(134)	(821)
Travel costs	(645)	(48)	(693)
Depreciation and amortisation	(8,316)	(572)	(8,888)
Impairment charge	(1,294)	-	(1,294)
Other expenses	(4,172)	(352)	(4,524)
Finance income	41	10	51
Finance expense	(1,085)	(40)	(1,125)
Income tax expense	(1,745)	(1,338)	(3,083)
Net profit after income tax	**3,039**	**1,964**	**5,003**
Non-current segment assets	109,009	8,775	117,784

	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	(60,573)	(6,346)	(66,919)
Total net assets	**78,481**	**9,222**	**87,703**

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

SIGNIFICANT ITEMS

7. REVENUE

(A) COURSE REVENUE

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Revenue from students	74,410	53,358
Government grants	14,659	10,298
	89,069	**63,656**

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

a) The proportion of costs to total costs at the inception of the contract for International revenue
b) The probability of the receipt of economic benefits in relation to student withdrawals and levels of re-enrolments.

The impact of the change in estimates in 2015 is to increase (2016 decrease) revenue as follows:

	Estimate change at the inception of the contract $000	Estimate change due to probability of receipts $000	Total impact of estimate change $000
Domestic revenue	-	(406)	(406)
International revenue	411	-	411
Total	**411**	**(406)**	**5**

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

(B) OTHER REVENUE

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Interest on other receivables	713	740
Ancillary goods and services to course delivery	1,780	1,239
	2,493	**1,979**

RECOGNITION AND MEASUREMENT

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

Provision of course services to students
Revenue from the provision of course services to students via a contract is recognised under the percentage of completion method. The stage of completion is measured by reference to the costs incurred to date compared to the estimated total costs to service the contract for Domestic and International revenue, and for Online revenue by reference to the services performed to date compared to the estimated total services to be performed.

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

7. REVENUE CONTINUED

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

8. OTHER INCOME

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Release of contingent consideration	1,000	-
	1,000	**-**

The contingent consideration release arises from the reassessment of the forecast earnings before interest and tax for the Academy Group for 2015. Academy Group 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 earnings for Academy Group did not reach the threshold of $1 million the contingent consideration payable has been released.

9. IMPAIRMENT

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Goodwill	29,430	1,294
Agent relationship	89	-
Non-compete	3,639	-
Intellectual property	2,155	-
Software development	1,502	-
Brand	4,583	-
Customer contract	3,114	-
Course materials	14,408	-
Total intangible assets and goodwill	**58,920**	**1,294**
Freehold buildings	100	-
Leasehold improvements	700	-
Furniture and fittings	50	-
Motor vehicles	50	-
Computer equipment	50	-
Total property, plant and equipment	**950**	**-**
	59,870	**1,294**

The impairment charge arose in relation to Quantum Education Group ($53,092,835, 2014 $nil), Design and Arts College ($2,865,164, 2014 $1,294,000) and NZ School of Outdoor Studies ($3,911,013, 2014 $nil).

Quantum Education Group has had a restriction on enrolments placed on it by the Tertiary Education Group (TEC) which is expected to have a significant impact on the future financial performance.

Design and Arts College has continued to experience a slower than expected rebound in enrolments in Christchurch following the 2011 earthquake, which has impacted on the recoverable amount.

NZ School of Outdoor Studies has been impacted by legacy issues around enrolments and course durations.

Refer to note 15 for further information.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

10. OPERATING EXPENSES BY NATURE

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Employee expenses, including:		
Wages and salaries	28,941	19,098
Pension costs - defined contribution schemes	814	596
Occupancy costs, including		
Rental expense	7,032	5,385
Administrative expenses		
Consultancy	247	507
Independent auditor's remuneration		
Audit fees - audit of financial statements	246	159
Other assurance services*	117	106
Non-assurance services*	237	122
Remuneration to profit or loss	**600**	**387**
Independent auditor's remuneration in respect of capital raising costs*	-	206
Depreciation, amortisation and impairment charges		
Depreciation	1,673	1,296
Amortisation of identifiable intangible assets	10,420	7,593
Impairment charge	59,870	1,294

*Other assurance services provided by the independent Auditor included the review of 30 June 2015 interim financial statements and NZQA and Public Trust attestations. Non-assurance services were in relation to taxation advice and compliance services to the parent and subsidiary companies. Auditor's remuneration in capital raising costs were in respect of their involvement as investigating accountant and auditor of the Initial Public Offering Prospectus during the 2014 financial year.

RECOGNITION AND MEASUREMENT

Operating lease payments
Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in the profit or loss over the lease term as an integral part of the total lease expense.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

11. NET FINANCE COSTS

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Finance income - loans and receivables		
Interest income on cash and cash equivalents	(118)	(51)
Total finance income	**(118)**	**(51)**
Finance costs - liabilities at amortised cost		
Interest expense	2,075	1,125
Adjustment including unwinding of discount and exchange differences on contingent consideration	5,917	-
Foreign currency losses	207	-
Finance lease liabilities	3	-
Total finance costs	**8,202**	**1,125**
Net finance costs	**8,084**	**1,074**

The adjustment on deferred contingent consideration relates to an increase in the earnout amount expected to be paid in 2016 to the former non-controlling interests of OCA Group, along with associated unwinding of discount and exchange differences. The increase arising from the change in EBITA from that forecast for OCA Group for 2015 at the date of the transaction amounted to $5,654,980. See note 5 for further information on the acquisition of additional interest in OCA Group.

RECOGNITION AND MEASUREMENT

Finance income comprises interest income, dividend income, and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

12. INCOME TAX

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
(a) Income tax recognised in profit or loss and other comprehensive income		
Income tax recognised in profit and loss		
Current tax	3,606	4,901
Adjustments in respect of prior years	244	-
Deferred tax (note 13)	(11,424)	(1,818)
Income tax expense / (benefit)	**(7,574)**	**3,083**
No income tax has been recognised in other comprehensive income.		
(b) Reconciliation of income tax expense		
(Loss)/ profit from continuing operations before income tax expense	(56,121)	8,086
Tax calculated at domestic tax rates applicable to profits in the respective countries	(15,509)	2,330
Tax effects of:		
• Permanent differences	8,071	131
• Tax losses offset	(483)	-
• Other	55	(44)
• Adjustment for prior period	292	666
Income tax expense	**(7,574)**	**3,083**
The significant permanent differences arising in the year mainly related to the impairment of goodwill.		
(c) Imputation credits		
Opening balance	1,377	2,412
New Zealand tax payments, net of refunds	3,496	1,210
Resident withholding tax	209	167
Imputation debit due to breach of shareholder continuity	-	(2,412)
Imputation credits attached to dividends paid	(4,012)	-
Other (debits) / credits	301	-
Closing balance	**1,371**	**1,377**

RECOGNITION AND MEASUREMENT

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

13. DEFERRED TAX

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Opening balance	(13,585)	(4,426)
Balance from acquisitions	(1,241)	479
Deferred tax on acquired identifiable intangible assets	-	(11,456)
Current period movement, attributable to:		
- Accrued expenses	435	(356)
- Employee benefits	(130)	42
- Intangible assets	10,979	2,110
- Property, plant & equipment	(77)	22
- Losses carried forward	217	-
Total current period movement	11,424	1,818
Closing balance	**(3,402)**	**(13,585)**
Deferred tax assets are attributable to the following:		
Accrued expenses	-	418
Employee benefits	-	217
Property, plant and equipment	-	(158)
	-	**477**
Deferred tax liability is attributable to the following:		
Identifiable intangible assets	(4,097)	(14,100)
Accrued expenses	807	-
Property, plant and equipment	(306)	(69)
Employee benefits	194	107
	(3,402)	**(14,062)**

No deferred tax was recognised in other comprehensive income.

RECOGNITION AND MEASUREMENT

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

14. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Trade receivables (net of impairment)	290	484
Other receivables	25,332	26,756
Retention in trust	400	400
Interest receivable	63	95
Sundry receivables	-	4
	26,085	**27,739**

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 (NZ) Limited (note 24).

RECOGNITION AND MEASUREMENT

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

15. INTANGIBLE ASSETS

Cost	Agent relationship $000	Goodwill $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	**5,208**	**21,749**	**3,511**	**-**	**-**	**4,652**	**-**	**-**	**7,218**	**42,338**
Measurement period adjustments	(113)	163	(133)	-	(2,156)	144	-	(3,057)	5,087	(65)
Acquisition through business combinations	371	33,454	6,072	3,180	6,348	4,651	3	6,769	14,098	74,946
Exchange differences	(5)	(112)	(10)	-	(16)	(9)	-	-	(17)	(169)
Additions	-	-	-	-	83	-	104	-	382	569
Balance at 31 December 2014	**5,461**	**55,254**	**9,440**	**3,180**	**4,259**	**9,438**	**107**	**3,712**	**26,768**	**117,619**
Year ended 31 December 2015										
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 3)	-	17,824	1,382	-	-	1,879	-	-	1,317	22,402
Exchange differences	5	114	11	-	16	8	-	-	20	174
Additions	-	-	-	-	51	-	11	-	488	550
Balance at 31 December 2015	**5,466**	**73,192**	**10,833**	**3,180**	**4,326**	**11,325**	**118**	**3,712**	**28,593**	**140,745**
Accumulated amortisation										
As at 1 January 2014	1,357	-	919	-	-	-	-	-	1,235	3,511
Exchange differences	-	-	(1)	-	(2)	-	-	-	(9)	(12)
Amortisation for the period	1,592	-	1,803	389	808	-	10	260	2,697	7,559
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	**2,943**	**1,294**	**2,717**	**389**	**864**	**-**	**10**	**227**	**3,942**	**12,386**
Year ended 31 December 2015										
As at 1 January 2015	2,943	1,294	2,717	389	864	-	10	227	3,942	12,386
Exchange differences	(1)	-	(3)	-	(3)	-	-	-	3	(4)
Amortisation for the period	1,601	-	2,463	636	1,377	-	19	371	3,953	10,420
Impairment charge recognised in profit and loss	89	29,430	3,639	2,155	1,502	4,583	-	3,114	14,408	58,920
Balance at 31 December 2015	**4,632**	**30,724**	**8,816**	**3,180**	**3,740**	**4,583**	**29**	**3,712**	**22,306**	**81,722**
Net book value										
As at 1 January 2014	3,851	21,749	2,592	-	-	4,652	-	-	5,983	38,827
As at 31 December 2014	2,518	53,960	6,723	2,791	3,395	9,438	97	3,485	22,826	105,233
As at 31 December 2015	**834**	**42,468**	**2,017**	**-**	**586**	**6,742**	**89**	**-**	**6,287**	**59,023**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

IMPAIRMENT TESTS FOR GOODWILL

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

CGU 2015	Intangible Asset	Opening $000	Addition $000	Impairment $000	Exchange Difference $000	Closing $000
Elite Education	Goodwill	7,095	-	-	-	7,095
	Brand	693	-	-	-	693
Design & Arts College	Goodwill	1,733	-	(1,733)	-	-
	Brand	388	-	(388)	-	-
Global Education Group	Goodwill	5,142	-	-	-	5,142
	Brand	2,055	-	-	-	2,055
The Cut Above Academy	Goodwill	3,797	-	-	-	3,797
	Brand	1,011	-	-	-	1,011
NZSOS	Goodwill	1,759	-	(1,759)	-	-
	Brand	505	-	(505)	-	-
NZSCDT Holdings	Goodwill	929	-	(929)	-	-
OCAG	Goodwill	5,923	-	-	114	6,037
	Brand	394	-	-	8	402
Quantum Education Group	Goodwill	23,403	-	(23,403)	-	-
	Brand	3,690	-	(3,690)	-	-
Intueri Services	Goodwill	1,606	-	(1,606)	-	-
Academy Group	Goodwill	2,573	32	-	-	2,605
	Brand	703	-	-	-	703
NZIS Group	Goodwill	-	16,978	-	-	16,978
	Brand	-	1,747	-	-	1,747
ITTI	Goodwill	-	814	-	-	814
	Brand	-	132	-	-	132
Subtotal						
Goodwill		53,960	17,824	(29,430)	114	42,468
Brand		9,438	1,879	(4,583)	8	6,742
Total		**63,398**	**19,703**	**(34,013)**	**122**	**49,210**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

15. INTANGIBLE ASSETS CONTINUED

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

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on 2016 financial budgets approved by the Board, projected over a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below, which are consistent with long term growth rates in the sector in which the CGU operates.

The projections of the approved budgets are based on the growth rates below for both revenue and costs, based on 2015 actuals, except for:

- Quantum Education Group, the approved budget, and the projections thereon, are based on funding restrictions imposed by the TEC. The cost projections are based on these funding restrictions but no allowance for savings from restructuring has been included as this has not yet been formalised. Other than these modifications, all other key assumptions have been applied.
- NZ School of Outdoor Studies revenue growth rate 51% for year one, and 5% thereafter, and 7% growth in costs year one, 4% thereafter.
- Design and Arts College revenue growth rate 13% for year one, and 7-14% thereafter, and 0-2% cost growth rate.

Goodwill and brand names are intangible assets with indefinite lives. The impairment charge on intangibles recorded in the year of $58,920,000 arose in relation to Quantum Education Group, Design and Arts College and NZ School of Outdoor Studies. For more information see note 9. For the remaining CGU's the Group does not consider any reasonably possible change in the key assumptions would reduce the recoverable amount below the carrying amount.

For each of the CGUs where there has been an impairment loss, the recoverable amount is disclosed below.

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS

	31 December 2015	31 December 2014
Pre-tax discount rate	10%	10%
Cash flow forecast period	5 years	5 years
Terminal growth rate	2.9%	2.9%
Annual revenue and cost growth rate	0% - 3%	3% - 4%

	Quantum Education Group $000	Design and Arts College $000	NZ School of Outdoor Studies $000
Recoverable amount of the CGU	2,131	829	1,940

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

RECOGNITION AND MEASUREMENT

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

GOODWILL

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

SUBSEQUENT MEASUREMENT OF GOODWILL

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

AGENTS RELATIONSHIPS AND CUSTOMER CONTRACTS

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

COURSE MATERIALS

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

IT SOFTWARE

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

BRAND NAMES

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

NON-COMPETE

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

INTELLECTUAL PROPERTY

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

OTHER INTANGIBLE ASSETS

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

SUBSEQUENT EXPENDITURE

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

IMPAIRMENT

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

15. INTANGIBLE ASSETS CONTINUED

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

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

AMORTISATION

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

	Amortisation period	Amortisation period remaining
Agent Relationships	3 - 5 years	1 - 3 years
Course materials	2 - 10 years	2 - 4 years
Customer contract	10 years	-
IT software	3 years	1 - 2 years
Non-compete (restraint of trade)	3 - 5 years	2 - 3 years
Brand names	Indefinite life	Indefinite life
Intellectual property	5 years	-
Other intangibles	4 years	1 - 4 years

16. PROVISIONS

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
TEC payable provision	1,087	1,128
Provision for WorkSafe charges	175	175
Total provisions	**1,262**	**1,303**

(a) TEC payable provision

A provision is recognised for the estimate of the amount of historical over funding in relation to the NZ School of Outdoor Studies received from the TEC but not utilised. The provision is based on the maximum amount calculated by an independent report into the enrolment inconsistencies. The report only considered enrolment inconsistencies, there has been no reliable estimate of any liability in respect of potential overfunding in relation to other matters. It is expected that the final amount of the refund will be determined and repaid to the TEC in the first half of 2016.

(b) Provision for WorkSafe charges

A provision for fines and/or penalties in relation to the previously reported NZ School of Outdoor Studies WorkSafe charges was recognised in 2014. NZ School of Outdoor Studies has pleaded guilty to one charge under the Health & Safety legislation, and on 29 February 2016 received judgement. Reparation of $125,000 is to be paid to the family, along with $25,610 towards costs, and a fine of $53,625. The balance at 31 December 2015 is expected to be utilised in the first half of 2016.

(c) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	TEC payable provision $000	Contingent liability $000	Total $000
At 1 January 2015	1,128	175	1,303
Used during year	(41)	-	(41)
At 31 December 2015	**1,087**	**175**	**1,262**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

RECOGNITION AND MEASUREMENT

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

17. INTEREST BEARING LIABILITIES

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Borrowings - current		
Current loan	33,400	15,000
Current finance lease liabilities	14	68
Total current interest bearing borrowings	**33,414**	**15,068**
Borrowings - non-current		
Bank loans	20,000	4,000
Non-current finance lease liabilities	-	92
Total non-current interest bearing borrowings	**20,000**	**4,092**
Total interest bearing liabilities	**53,414**	**19,160**

On 2 June 2015 a 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 4.32% as at 31 December 2015, and the short term facilities have floating interest rates of between 3.97% - 5.27% at the same date.

A new banking facility agreement has been entered into on 23 March 2016, which replaces the above facility. This is an $80m, 2 year facility consisting of a $35m NZD term loan, a $35m NZD term loan denominated in AUD and a $10m short term advances facility, plus a financial guarantees facility of $870,000 and an overdraft facility of $800,000. All facilities are interest only. The term facility was to refinance existing funding and the short term facility is to assist with working capital requirements and acquisition payments. Facilities are reviewed each year. The financial guarantees facility is to enable the issuance of financial guarantee instruments, mainly in respect of property leases. The covenants associated with the new facility increase the maximum gearing ratio requirement to 3.5 times EBITDA until 31 December 2016 to accommodate the acquisition payments, and will then reduce to current levels over the tenure of the facility. Remaining covenants are unchanged, mainly the fixed charge cover to be maintained at more than 2 times.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

18. DEFERRED CONSIDERATION PAYABLE

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Current		
OCA Group deferred consideration payable	21,192	-
NZIS Group deferred consideration payable	2,070	-
	23,262	-
Non-current		
Academy Group deferred consideration payable	-	1,000
NZIS Group deferred consideration payable	2,056	-
	2,056	1,000
Total deferred consideration payable	**25,318**	**1,000**

The agreement to purchase the remaining 50% of OCA Group on 7 January 2015 included an earnout amount in relation to 2015 EBITA. Refer to note 5.

The deferred contingent consideration amount at 31 December 2015 has been established by reference to the final EBITA for OCA for 2015, the current exchange rate for AUD and an appropriate discount rate to the expected payment date. Payment is expected to be made in March 2016. The fair value adjustment has been included in finance income.

The agreement to purchase the NZIS Group included an initial (current) and final (non-current) earnout amount. Refer to note 3.

The current deferred consideration amount at 31 December 2015 has been established by reference to the EBITDA for the NZIS Group for 2015 and an appropriate discount rate to the expected payment date as calculated assuming the former owner does not exercise his option to leave the business in 2016. Payment is expected to be made in March 2016. The fair value adjustment has been included in finance income.

The non-current deferred contingent consideration amount at 31 December 2015 has been established by reference to the forecast EBITDA for the NZIS Group for 2016 and an appropriate discount rate to the expected payment date. Payment will be made upon finalisation of the 2016 Financial Statements, which is expected to be March 2017.

The Academy Group deferred consideration was released during the year without payment. For more information see note 8.

19. EARNINGS PER SHARE

	Consolidated	
	Group 31 December 2015	Group 31 December 2014
Basic earnings per share attributable to the ordinary equity holders of the Company (cents)	(48.58)	7.11
Diluted earnings per share attributable to the ordinary equity holders of the Company (cents)	(48.58)	7.11
Numerator $000		
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	(48,547)	4,021
Denominator		
Weighted average number of ordinary shares used as denominator in calculating basic earnings per share	99,928,792	56,524,048
Weighted average number of ordinary shares for calculating diluted earnings per share	99,928,792	56,524,048

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

LESS SIGNIFICANT ITEMS

20. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Cash at bank	598	3,392
Short term deposits	134	4,363
	732	**7,755**

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

RECOGNITION AND MEASUREMENT

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

21. OTHER CURRENT ASSETS

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Prepayments	4,866	958
Prepaid property bonds	407	221
	5,273	**1,179**

Prepayments includes amounts paid in advance to resellers of courses in Australia.

22. PROPERTY, PLANT AND EQUIPMENT

Cost	Land $000	Freehold buildings $000	Leasehold improvements $000	Furniture and fittings $000	Motor vehicles $000	Computer equipment $000	Office equipment $000	Plant and equipment $000	Total $000
As at 1 January 2014	-	-	9,028	1,298	89	695	844	3,994	15,948
Exchange differences	-	-	-	-	(2)	-	-	(2)	(4)
Acquisition through business combinations	175	410	538	312	368	363	187	288	2,641
Additions	-	-	386	89	116	399	41	1,426	2,457
Disposals	-	-	(33)	(14)	(47)	(137)	(26)	(42)	(299)
Balance as at 31 December 2014	**175**	**410**	**9,919**	**1,685**	**524**	**1,320**	**1,046**	**5,664**	**20,743**
Balance as at 1 January 2015	175	410	9,919	1,685	524	1,320	1,046	5,664	20,743
Exchange differences	-	-	(19)	(6)	9	-	-	3	(13)
Acquired through business combinations (note 3)	-	-	978	62	106	91	17	252	1,506
Additions	-	-	1,915	149	12	740	63	643	3,522
Disposals	-	-	(770)	(93)	(160)	(260)	(155)	(1,037)	(2,475)
Balance as at 31 December 2015	**175**	**410**	**12,023**	**1,797**	**491**	**1,891**	**971**	**5,525**	**23,283**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

22. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Accumulated depreciation	Land $000	Freehold buildings $000	Leasehold improvements $000	Furniture and fittings $000	Motor vehicles $000	Computer equipment $000	Office equipment $000	Plant and equipment $000	Total $000
As at 1 January 2014	-	-	4,809	847	66	469	577	1,216	7,984
Exchange differences	-	-	-	-	(4)	3	-	10	9
Depreciation for the period	-	-	461	99	84	225	69	358	1,296
Depreciation reversal on disposals for the period	-	-	-	(13)	(42)	(26)	(23)	(16)	(120)
Balance as at 31 December 2014	**-**	**-**	**5,270**	**933**	**104**	**671**	**623**	**1,568**	**9,169**
Balance as at 1 January 2015	-	-	5,270	933	104	671	623	1,568	9,169
Exchange differences	-	-	-	-	4	-	-	1	5
Impairment charge recognised in profit and loss	-	100	700	50	50	50	-	-	950
Depreciation charge	-	-	551	132	89	360	92	449	1,673
Depreciation reversal on disposals for the period	-	-	(654)	(79)	(80)	(235)	(144)	(803)	(1,995)
Balance as at 31 December 2015	**-**	**100**	**5,867**	**1,036**	**167**	**846**	**571**	**1,215**	**9,802**
Net book value									
As at 1 January 2014	-	-	4,219	451	23	226	267	2,778	7,964
As at 31 December 2014	175	410	4,649	752	420	649	423	4,096	11,574
As at 31 December 2015	**175**	**310**	**6,156**	**761**	**324**	**1,045**	**400**	**4,310**	**13,481**

The impairment loss relates to Quantum Education Group and Design and Arts College, see note 9.

RECOGNITION AND MEASUREMENT

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

SUBSEQUENT MEASUREMENT

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

DEPRECIATION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

23. NON-CURRENT 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.

24. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Trade creditors	3,463	1,497
Accruals	1,451	1,146
TEC payable	2,515	1,750
Retention payable	520	400
Sundry payables	93	67
	8,042	**4,860**

Retention payable relates to amounts held in trust by vendors solicitors towards the acquisition of Academy Group (NZ) 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 (government grants).

RECOGNITION AND MEASUREMENT

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

25. OTHER CURRENT LIABILITIES

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Income received in advance	17,280	20,582
Payroll liabilities	1,105	351
GST payable / (receivable)	468	1,084
Rent incentive liability	725	139
	19,578	**22,156**

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.

26. EMPLOYEE BENEFIT EXPENSE

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Employee benefit expense		
Short term benefits	961	1,183
Long term benefits	59	45
	1,020	**1,228**

RECOGNITION AND MEASUREMENT

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

27. SHARE-BASED BENEFITS

The share-based benefit relates to the Foundation Shares Scheme and Annual Share Scheme, of which the CEO and CFO are the beneficiaries. The Foundation Shares 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 Annual Share Scheme was established during the year and permits participants to receive an interest free loan from the Company in order to purchase shares. The loan must be repaid within three years of the acquisition of the shares, and the participants are restricted from selling these shares for a period of one year 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.

As the participants have the right to put their shares back to the Company, the benefit is considered a share option. The fair value of the options have been determined using the Black-Scholes valuation model.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Granted	31 December 2015 Weighted average exercise price in $ per share	31 December 2015 Number of options	31 December 2014 Weighted average exercise price in $ per share	31 December 2014 Number of options
At 1 January 2015	2.35	212,766	-	-
Granted	1.16	326,318	2.35	297,873
Forfeited	-	-	2.35	(85,107)
At 31 December 2015	**1.63**	**539,084**	**2.35**	**212,766**

All outstanding options may be exercised by the participants at any time.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Issued	Expiry date	Exercise price in $ per share options	2015 Share options	2014 Share options
2014	2017	2.35	212,766	212,766
2015	2016	1.16	326,318	-
		-	**539,084**	**212,766**

Fair value of options granted

The model inputs for options granted during the year ended 31 December 2015 included:

(a) options are granted under an interest free loan, with the loan repayable after three years (2014 five years)

(b) exercise price: $1.16 (2014 - $2.35)

(c) grant date: 14 September 2015 (2014 - 23 May 2014)

(d) expiry date: 13 September 2016 (2014 - 22 May 2017)

(e) share price at grant date: $1.16 (2014 - $2.35)

(f) expected price volatility of the company's shares: 56% (2014 - 30%)

(g) expected dividend yield: 18.8% (2014 - 5.5%)

(h) risk-free interest rate: 2.73% (2014 - 2.85%)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense was $86,000 (2014: nil)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

28. SHARE CAPITAL

	2015		2014	
	Number of shares $000	Ordinary shares $000	Number of shares $000	Ordinary shares $000
Opening ordinary shares	100,000	78,779	20,602	20,602
Issued via Initial Public Offering	-	-	79,398	58,177
Treasury shares	(241)	(279)	-	-
Closing ordinary shares	**99,759**	**78,500**	**100,000**	**78,779**

On 23 May 2014 the Company issued 79,398,486 ordinary shares upon listing on both the New Zealand and Australian stock exchanges. The proceeds, net of capital raising costs, were used to fund the acquisition of the Quantum Education Group, initial 50% of OCA Group and Learntree business assets. At 31 December 2015, share capital comprised 100,000,000 authorised and 99,758,789 issued ordinary shares.

All issued shares are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets on winding up. The Company has agreed not to pay dividends while the TEC investigation is ongoing.

29. RESERVES AND RETAINED EARNINGS

(i) Share scheme reserve

The share scheme reserve is used to recognise the fair value of options issued but not exercised.

(ii) Translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations into New Zealand dollars.

(iii) Treasury shares

Elite Education Holdings Ltd, a subsidiary of Intueri Education Group Ltd, has purchased the Company's equity share capital as trustee in respect of the Annual Share Scheme. These shares are treasury shares, and the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

RISK AND CASH FLOW

30. CASH FLOW INFORMATION

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Reconciliation of the operating profit after tax to the net cash flows from operations		
Profit for the year	(48,547)	5,003
Add: Non-cash items and non-operating cash flow items	-	-
Depreciation	1,673	1,295
Amortisation	10,420	7,593
Impairment loss	59,870	1,294
Non-cash employee benefits expense - share based payments	86	-
Finance cost	8,084	1,141
Other Income	(1,000)	-
Net (gain) loss on sale of non-current assets	136	(23)
Deferred tax movement	(11,424)	(1,818)
Change in working capital		
(Increase)/decrease in trade debtors and other receivables	1,783	(4,851)
(Increase)/decrease in inventories	49	(63)
(Increase)/decrease in other current assets	(3,477)	(807)
Increase/(decrease) in trade and other payables	2,259	(556)
Increase/(decrease) in other current liabilities	(3,027)	686
Increase/(decrease) in employee benefits	(208)	669
Increase/(decrease) in provisions	(41)	-
Increase/(decrease) in income tax payable	(4,134)	2,392
Net cash inflow from operating activities	**12,502**	**11,955**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT

OVERVIEW

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

- Credit risk
- Liquidity risk
- Market risk

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

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

(a) Financial instruments classification

Group 2015	Loans and receivables $000	Liabilities at amortised cost $000	Total $000
Assets			
Cash and cash equivalents	732	-	732
Trade and other receivables	26,086	-	26,086
Retention	500	-	500
Total assets	**27,318**	**-**	**27,318**
Liabilities			
Trade and other payables	-	8,042	8,042
Retention	-	500	500
Interest bearing loans	-	53,414	53,414
Deferred consideration payable	-	25,318	25,318
Total Liabilities	**-**	**87,274**	**87,274**

Group 2014	Loans and receivables $000	Liabilities at amortised cost $000	Total $000
Assets			
Cash	7,755	-	7,755
Trade and other receivables	27,739	-	27,739
Retention	500	-	500
Total Assets	**35,994**	**-**	**35,994**
Liabilities			
Trade and other payables	-	4,860	4,860
Retention	-	500	500
Interest bearing loans	-	19,160	19,160
Total Liabilities	**-**	**24,520**	**24,520**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk as at 31 December 2015 was as follows:

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Cash and cash equivalents	732	7,755
Trade and other receivables	26,086	27,739
Retention	500	500
	27,318	**35,994**

CASH AND CASH EQUIVALENTS

All cash and cash equivalents in New Zealand are held with ANZ Bank New Zealand Limited (2015: $474,000, 2014: $7,295,000), and in Australia with National Australia Bank and Bank of Queensland Limited (2015: $258,000, 2014: $460,000). The cash and cash equivalents are held with bank counterparties which are rated AA- (ANZ and NAB) or A- (BoQ) by Fitch Ratings.

TRADE AND OTHER RECEIVABLES

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

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to management of liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables in conjunction with the available credit facilities arranged. The Company has entered into a facilities agreement dated 2 June 2015 with ANZ bank. 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. A new facility has been entered into post the reporting date. For more information see note 17.

The loans are subject to certain covenants which includes maintaining fixed charge cover at more than 2 times and gearing ratio of less than 2.5 times based on a rolling 12 month calculation of EBITDA. The Group has complied with the covenants during the reporting period.

The following are the remaining contractual maturities:

Group 2015	2 months or less $000	2 - 12 months $000	1 - 3 years $000	More than 3 years $000	Total $000
Trade and other payables	(7,922)	(120)	-	-	(8,042)
Retention	-	-	(500)	-	(500)
Interest bearing liability	(367)	(34,579)	(20,431)	-	(55,377)
Deferred consideration payable	(442)	(22,950)	(2,200)	-	(25,592)
	(8,731)	**(57,649)**	**(23,131)**	**-**	**(89,511)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

Group 2014	2 months or less $000	2 - 12 months $000	1 - 3 years $000	More than 3 years $000	Total $000
Trade and other payables	(4,460)	(400)	-	-	(4,860)
Retention	-	-	-	(500)	(500)
Interest bearing liability	(169)	(15,445)	(4,427)	-	(20,041)
	(4,629)	**(15,845)**	**(4,427)**	**(500)**	**(25,401)**

(d) Market risk

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

CURRENCY RISK

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

The Group is also exposed to currency risk on its deferred consideration in relation to the purchase of the remaining 50% of the OCA Group. A forward exchange contract was entered into in October 2015 for AUD 12 million to provide an economic hedge. The change in fair value of the contract has been taken to profit or loss in net finance costs.

	31 December 2015				
	Carrying amount AUD $000	+5% Effect on profit before tax $000	Effect on equity $000	-5% Effect on profit before tax $000	Effect on equity $000
Cash and cash equivalents	242	-	(14)	-	12
Trade and other receivables	4,412	-	(248)	-	224
Trade and other payables	(3,394)	-	191	-	(172)
Deferred consideration payable	(19,872)	1,115	803	(1,009)	(727)
Total increase / (decrease)	**(18,612)**	**1,115**	**732**	**(1,009)**	**(663)**

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

INTEREST RATE RISK

All the Group's borrowings are at a variable market interest rate and as such the determination of fair value approximates to carrying value. This is because the variable market rate included the bank credit risk assessments, the loan has been progressively drawn down since being entered into 6 months prior to reporting date and it is considered that neither the Groups nor the banks credit risk has materially changed in this time, as evidenced by the interest rates on each new drawdown portion. At the end of the reporting period the interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group was as follows:

NOMINAL AMOUNT

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Variable rate instruments		
Financial assets	732	7,755
Financial liabilities	(53,414)	(19,160)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT CONTINUED

Cash flow sensitivity analysis for variable rate instruments

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

(e) Interest rate

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Profit or loss before tax		
Increase by 100 basis points	362	172
Decrease by 100 basis points	(362)	(172)
Equity		
Increase by 100 basis points	261	124
Decrease by 100 basis points	(261)	(124)

(f) Capital risk management

The main objective of capital risk management is to ensure the Group operates as a going concern, meets debts as they fall due, maintains the best possible capital structure and reduces the cost of capital. Group capital is regarded as equity shown in the statement of financial position. The current negative equity situation has arisen due to the acquisition of the remaining 50% of the OCA Group, which flowed through equity, and the impairment charge for the year. For more information see note 2.

The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company has agreed not to pay dividends while the TEC investigation is ongoing. The Company is subject to certain covenants in relation to its financing facilities. There have been no events of default during the reporting period.

The Group's policies in respect of capital management are reviewed regularly by the Board of Directors.

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

	Parent	
	31 December 2015 $000	31 December 2014 $000
Debt (net of cash)	52,682	11,405
Total equity	(5,952)	87,703
Debt to equity ratio	**(885.0)%**	**13.0%**

RECOGNITION AND MEASUREMENT

The Group classifies non-derivative financial assets into the loans and receivables categories.

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

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

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

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

Loans and receivables comprise cash and cash equivalents, trade and other receivables and retention in trust.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, trade and other payables, retention in trust and deferred consideration.

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

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

OTHER INFORMATION

32. DIVIDENDS

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Final dividend for the year ended 31 December 2014 of 7.7 cents per fully paid share paid on 30 March 2015	7,700	-
Interim dividend for the year ended 31 December 2015 of 6.1 cents per fully paid share paid on 25 September 2015	6,100	-

The dividends are fully imputed. Supplementary dividends of $1,354,756 were paid to shareholders not tax resident in New Zealand for which the Company received a foreign investor tax credit entitlement.

33. RELATED PARTIES

KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel remuneration for the year ended 31 December 2015 and 31 December 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
31 December 2015	**2,104**	**86**	**2,190**
31 December 2014	1,632	-	1,632

For more information relating to the share based benefits, refer to note 27.

The Annual Share Scheme was established during the year and permits participants to receive an interest free loan from the Company in order to purchase shares. The loan must be repaid within three years of the acquisition of the shares.

34. CONTINGENT LIABILITIES

The TEC announced in November 2015 reviews into the enrolment and course delivery practices of Quantum Education Group and NZ School of Outdoor Studies. These reviews have commenced and are expected to be finalised mid 2016.

An amount of $1,087,000 is currently provided in relation to NZ School of Outdoor Studies, see note 16.

No amount is provided for Quantum Education Group as it is not possible to determine the liability, if any, due to the early stage of the review.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

35. COMMITMENTS

	Consolidated	
	31 December 2015 $000	31 December 2014 $000
Operating leases		
Non-cancellable operating leases are payable as follows:		
Less than 1 year	7,928	4,876
Between 1 year and 5 years	22,393	12,818
More than 5 years	2,173	3,569
Total	**32,494**	**21,263**

Operating lease commitments includes contracted amounts for various offices, campuses and office equipment under non-cancellable operating leases expiring within 1 to 8 years. A number of the property leases have rights of renewal with a range of periods of renewal up to 10 years. The leases have various escalation clauses. On renewal, the term of the leases are renegotiated.

RECOGNITION AND MEASUREMENT

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

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

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

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

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

In January 2016, the SFO informed the company of an enquiry under Part 1 of the Serious Fraud Office Act 1990 into the Quantum Group.

It is not possible to determine the liability, if any, due to the early stage of the enquiry.

On 23 March 2016 the Group entered into a new debt facilities agreement, for more information see note 17.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

37. COMPARISON OF PROSPECTIVE FINANCIAL INFORMATION

STATEMENT OF COMPREHENSIVE INCOME VS. PROSPECTUS FORECAST

For the year ended 31 December 2015

	Consolidated		
	31 December 2015 Acutal $000	31 December 2015 Prospectus $000	Variance $000
Revenue			
Domestic revenue	39,871	52,354	(12,483)
International revenue	21,494	22,459	(965)
Online revenue	27,704	9,659	18,045
Other revenue	2,493	1,941	552
Total revenue	**91,562**	**86,413**	**5,149**
Other Income	1,000	-	1,000
Cost of materials and agents fees	(17,912)	(14,440)	(3,472)
Employee expenses	(29,855)	(23,958)	(5,897)
Occupancy expenses	(9,106)	(7,452)	(1,654)
Marketing expenses	(3,322)	(3,500)	178
Depreciation and amortisation expenses	(12,093)	(11,682)	(411)
Impairment loss	(59,870)	-	(59,870)
Other expenses	(8,441)	(4,571)	(3,870)
Operating profit before net finance cost	**(48,037)**	**20,810**	**(68,847)**
Net finance cost	**(8,084)**	**(997)**	**(7,087)**
Profit before income tax	(56,121)	19,813	(75,934)
Income tax expense	7,574	(5,969)	13,543
Profit for the period	**(48,547)**	**13,844**	**(62,391)**
Other comprehensive income			
Exchange loss arising on translation of foreign operations	171	-	171
Total other comprehensive income for the period, net of tax	**171**	**-**	**171**
Total comprehensive income for the period	**(48,376)**	**13,844**	**(62,220)**
Profit/(loss) for the period attributable to:			
Non-controlling interest	-	691	(691)
Owners of the parent	(48,547)	13,153	(61,700)
	(48,547)	13,844	(62,391)
Total comprehensive income for the period attributable to:			
Non-controlling interest	-	691	(691)
Owners of the parent	(48,376)	13,153	(61,529)
	(48,376)	13,844	(62,220)

Domestic revenue was lower than forecast in 2015, due to the weak performance of the Quantum Education Group, offset by revenue from acquisitions not forecast (ITTI, Academy Group and NZIS Group). The Online business significantly out performed as demand for VET Fee Help programmes rose. This out performance impacted on costs, particularly agents fees and employee expenses. The inclusion of acquisitions were the other main impact on expenses, alongside continued investment in shared support services to drive the quality focus. Other income was a result of the release of the deferred contingent consideration payable for Academy.

The impairment charge arose mainly from a write down of the Quantum Education Group, along with Design and Arts College and NZ School of Outdoor Studies (note 15).

The variance in net finance cost was due to additional borrowings for acquisitions and the change in the contingent consideration payable for the final 50% of the OCA Group (note 11).

Income tax was impacted by the movement in deferred tax liability resulting from the impairment charge.

There was no non-controlling interest as the remaining 50% of OCA Group was acquired.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

37. COMPARISON OF PROSPECTIVE FINANCIAL INFORMATION CONTINUED

STATEMENT OF FINANCIAL POSITION VS. PROSPECTUS FORECAST

As at 31 December 2015

	Consolidated		
	31 December 2015 Acutal $000	31 December 2015 Prospectus $000	Variance $000
Assets			
Current assets			
Cash and cash equivalents	732	10,881	(10,149)
Trade and other receivables	26,086	33,624	(7,538)
Other current assets	5,273	2,169	3,104
Inventories	338	-	338
Current tax receivable	1,152	-	1,152
Total current assets	**33,581**	**46,674**	**(13,093)**
Non-current assets			
Property, plant and equipment	13,481	11,327	2,154
Intangible assets and goodwill	59,023	87,985	(28,962)
Retention in trust	500	-	500
Deferred taxation	-	-	-
Total non-current assets	**73,004**	**99,312**	**(26,308)**
Total assets	**106,585**	**145,986**	**(39,401)**
Liabilities			
Current liabilities			
Trade and other payables	8,042	4,458	3,584
Other current liabilities	19,578	32,465	(12,887)
Income tax payable	-	1,233	(1,233)
Provisions	1,262	-	1,262
Interest bearing loans	33,414	3,106	30,308
Employee benefits	961	514	447
Deferred consideration payable	23,262	-	23,262
Total current liabilities	**86,519**	**41,776**	**44,743**
Non-current liabilities			
Interest bearing loans	20,000	3,795	16,205
Employee benefits	59	-	59
Deferred tax liability	3,402	10,979	(7,577)
Retention in trust	500	-	500
Deferred consideration payable	2,056	-	2,056
Total non-current liabilities	**26,017**	**14,774**	**11,243**
Total liabilities	**112,536**	**56,550**	**55,986**
Equity			
Share Capital	78,779	79,787	(1,008)
Translation Reserve	24	-	24
Retained Earnings	(84,562)	8,193	(92,755)
Non-controlling interest	-	1,456	(1,456)
Share Scheme	86	-	86
Treasury Shares	(279)	-	(279)
Total shareholders' equity	**(5,952)**	**89,436**	**(95,388)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

EXPLANATION OF VARIANCES

The variance in cash and interest bearing loans to forecast is largely related to acquisitions (OCA Group, Academy Group, ITTI and NZIS Group), which have been funded by debt. Trade and other receivables and other current liabilities have been impacted by the lower Domestic revenue and the FY 2014 changes in revenue estimation from Prospectus, which in turn has resulted in lower Public Trust balances. Other current assets included increased prepayments related to agents fees resulting from the out performance of online revenue. The increase in property, plant and equipment has arisen from acquisitions. Intangible assets has been impacted by the impairment, offset by intangibles associated with acquisitions (note 15).

Trade and other payables has largely risen due to acquisitions. Short term provisions resulted from the historical over funding within NZ School of Outdoor Studies, along with the WorkSafe Health & Safety fine. Acquisition of the remaining 50% of OCA Group, and of NZIS Group resulted in current and non-current deferred consideration payable. The impairment has reduced deferred tax liabilities.

Retained earnings are lower than forecast as explained in relation to the statement of comprehensive income, and the statement of changes in equity.

STATEMENT OF CHANGES IN EQUITY VS. PROSPECTUS FORECAST

For the year ended 31 December 2015

	Consolidated		
	31 December 2015 Acutal $000	31 December 2015 Prospectus $000	Variance $000
Opening balance at 1 January 2015	**87,703**	**89,380**	**(1,677)**
Profit for the period	(48,547)	13,844	(62,391)
Other comprehensive income	-	-	-
Exchange gain arising on translation of foreign operation	171	-	171
Total comprehensive income for the period	**(48,376)**	**13,844**	**(62,220)**
Transactions with owners			
Dividends paid to shareholders	(13,800)	(13,788)	(12)
Acquisition of non controlling interest in OCA Group	(31,286)	-	(31,286)
Employee share option scheme:	-	-	-
• Value of employee services	86	-	86
Purchase of treasury shares	(279)	-	(279)
Total transactions with owners	**(45,279)**	**(13,788)**	**(31,491)**
Balance as at 31 December 2015	**(5,952)**	**89,436**	**(95,388)**

EXPLANATION OF VARIANCES

The opening equity balance is less than forecast due to the impact of the restatement in 2014. Profit for the period is discussed under the statement of comprehensive income. The acquisition of the final 50% of OCA Group was not anticipated in the Prospectus.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

37. COMPARISON OF PROSPECTIVE FINANCIAL INFORMATION CONTINUED

	Consolidated		
	31 December 2015 Acutal $000	31 December 2015 Prospectus $000	Variance $000
Cash flows from operating activities			
Receipts from customers	89,159	97,451	(8,292)
Payments to suppliers	(68,826)	(64,339)	(4,487)
Income taxes received / (paid)	(7,982)	(8,226)	244
Interest received	151	-	151
Net cash inflow/(outflow) from operating activities	**12,502**	**24,886**	**(12,384)**
Cash flows from investing activities			
Sale of property, plant and equipment	343	-	343
Purchase of property, plant and equipment	(4,109)	(1,479)	(2,630)
Purchase of subsidiaries/businesses (net of cash acquired)	(17,773)	-	(17,773)
Net cash inflow/(outflow) from investing activities	**(21,539)**	**(1,479)**	**(20,060)**
Cash flows from financing activities			
Proceeds from borrowing	34,254	-	34,254
Repayment of borrowings	-	(10,037)	10,037
Interest paid	(2,089)	(1,012)	(1,077)
Purchase of treasury shares	(279)	-	(279)
Purchase of interest in a subsidiary from non-controlling interest	(16,041)	-	(16,041)
Dividends paid	(13,800)	(13,788)	(12)
Net cash inflow/(outflow) from financing activities	**2,045**	**(24,837)**	**26,882**
Net decrease in cash and cash equivalents	**(6,992)**	**(1,430)**	**(5,562)**
Cash and cash equivalents at the beginning of year	7,755	12,310	(4,555)
Effects of foreign exchange rate changes on cash and cash equivalents	(31)	-	(31)
Cash and cash equivalents at end of year	**732**	**10,880**	**(10,148)**

EXPLANATION OF VARIANCES

The variance in cash flow from operating activities reflects the variances in revenue and operating costs. Purchase of property, plant and equipment includes the addition of two further kitchens to meet International student demand. The acquisitions of ITTI, Academy Group, NZIS Group and the final 50% of OCA Group were not anticipated, and were mainly funded by increases in debt, which also impacted interest paid.

38. NZX WAIVERS

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.

On 2 September 2015, NZX granted a waiver with respect to NZX Main Board listing rule 7.6.4(b)(iii)to enable financial assistance to be provided by way of an interest free loan from Intueri to the Chief Executive Officer and Director, Rob Facer, to enable participation in an employee share scheme.

Please refer to the investor section of Intueri.co.nz or NZX.com (code IQE) for the full details and conditions of the waivers.

39. ACCOUNTING POLICIES NOT DISCLOSED ELSEWHERE

FOREIGN CURRENCY TRANSLATION

Transactions and balances

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2015

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

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities presented for each statement of financial position are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

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

GOODS AND SERVICES TAX (GST)

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

ADOPTION STATUS OF NEW RELEVANT FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

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

At the date of authorisation of the financial statements for the year ended 31 December 2015, the following Standards and Interpretations relevant to the Group were in issue but not yet effective:

- **NZ IFRS 9 'Financial Instruments'** addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in September 2014. It replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments and is not expected to have a material impact on the Group. The Group intends to adopt IFRS 9 on its effective date for annual periods beginning on or after 1 January 2018.
- **IFRS 15 'Revenue from Contracts with Customers'** deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. There are two ways in which IFRS 15 can be adopted, the Retrospective Method and the Cumulative Effect Method. The Group intends to adopt NZ IFRS 15 on its effective date but has not yet decided which approach it will utilise and accordingly no impact can be calculated.
- **IFRS 16 'Leases'** supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases - Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. The Standard is effective from 1 January 2019 and the Group has yet to assess its impact.
- There are no other NZ IFRSs or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

RECLASSIFICATION OF STATEMENT OF FINANCIAL POSITION 2014

Certain changes in classification of balances within the statement of financial position were made in the year to better correspond to their actual nature. This resulted in changes to the comparative statement of financial position as shown below.

	Consolidated	
	31 December 2014 $000 Previously presented	31 December 2014 $000 Re-presented
Assets		
Trade and other receivables	28,239	27,739
Retention in trust non-current asset	-	500
Liabilities		
Trade and other payables	5,342	4,860
Other current liabilities	23,477	22,156
Provisions	-	1,303
Retention in trust non-current liability	-	500

BDO Auckland

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

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Intueri Education Group Limited ("the Company") and its subsidiaries ("the Group") on pages 22 to 63, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with section 207B(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Directors' Responsibility for the Financial Statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

In addition to audit services, our firm provides other services in the area of taxation advice and compliance. We have no other relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of the Group.

BDO Auckland

Opinion
In our opinion, the financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicates the going concern assumption is dependent on the ability of the Group to continue meeting its obligations under its bank facility agreement. If the Group is unable to comply with its bank covenants, renegotiate banking facilities or undertake an appropriate capital restructure, then this indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

BDO Auckland

BDO Auckland
24 March 2016
Auckland
New Zealand

CORPORATE GOVERNANCE STATEMENT

Intueri Education Group Limited *(Intueri or the Group)* is a company incorporated in New Zealand under the Companies Act 1993. In Australia, Intueri is registered with the Australian Securities and Investments Commission as a foreign company. General corporate activities are governed by the New Zealand Companies Act 1993 and the Financial Markets Conduct Act 2013. Intueri's primary listing is on the NZX and it is also listed on the ASX and is required to comply with the listing rules of both exchanges.

References to the Board, Directors and Chief Executive Officer in this corporate governance statement are to the board, directors and chief executive of Intueri.

The Board is responsible for the governance framework which operates under various policies, charters and practices. These are reviewed and updated at least annually to incorporate regulatory requirements and best practice.

Intueri's corporate governance policies and charters can be found on the Company's website at the following address: www.intueri.co.nz/corporate-governance/.

These include:

- Board Charter
- Audit and Risk Committee Charter
- Nomination and Remuneration Committee Charter
- Code of Ethics
- Corporate Responsibility Policy
- Related Parties Transactions Policy
- Risk Management Policy
- Trading in Securities Policy
- Diversity Policy
- External Audit Independence Policy
- Market Disclosure Policy
- Stakeholder Communication Policy
- Delegations Policy

The framework for corporate governance reporting is based on the ASX Corporate Governance Council Principles and Recommendations 3rd edition (ASX Recommendations) and takes account of the Corporate Governance Best Practice Code set out in the NZX Main Board Listing Rules (NZX Code) and the Financial Markets Authority Corporate Governance Principles and Guidelines (FMA Guidelines). The framework reflects the Board's commitment to maintain the highest standards of business behaviour and accountability.

The Board considers that the corporate governance practises it has adopted do not differ materially from those in the ASX Recommendations, the NZX Code or the FMA Guidelines.

In accordance with the ASX Listing Rules and the ASX Recommendations, the Board has disclosed the extent that it has followed the ASX Recommendations and, where it has decided not to follow those recommendations, reasons for its divergence from the ASX Recommendations, as at the date of issuing this annual report.

Intueri complies with the ASX Recommendations, except:

- 1.4 The Company Secretary is not accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. Instead the Company Secretary, (currently the Chief Financial Officer), is accountable to the Chief Executive Officer, who is directly accountable to the Board.
- 4.2 The Chief Executive Officer and Chief Financial Officer do not give a certificate with respect to the financial statements with the wording required by the Australian Corporations Act 2001, as Intueri is a New Zealand incorporated company. They do, however, give a management representation letter to the Board.
- 7.2 and 7.4 The risk management framework was not reviewed by the Board in 2015 as, following the annual corporate governance review, it was determined that the Risk Management Policy and resourcing will be fully reviewed in 2016 by the Risk and Audit Committee.

Intueri complies with the NZX Code, except for clause 2.7 of Appendix 16, where Directors are encouraged to take a portion of their remuneration under a performance based equity security plan.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The primary role of the Board is to create long term value for shareholders by providing strategic guidance for Intueri and its related companies, and effective oversight of management.

The Board Charter sets out its role and responsibilities and describes those matters reserved for the Board's determination and those matters delegated to management. Delegated authorities are subject to review and approval by the Board. The Board maintains ultimate responsibility for strategy and control of Intueri and its businesses.

The Board is responsible for the following:

a) Establishing clear strategic goals with appropriate supporting business plans;

b) Ensuring there are adequate resources available to meet the Company's objectives;

c) Monitoring strategy implementation and performance;

d) Selecting and appointing the Chief Executive Officer, determining conditions of employment, and monitoring performance against established objectives;

e) Monitoring financial performance and the integrity of reporting;

f) Setting delegated authority levels for the Chief Executive Officer and Executive Management to commit to new expenditure, enter contracts or acquire businesses;

g) Approving transactions relating to acquisitions, divestments, and capital expenditure above Delegation Policy limits;

h) Ensuring that effective audit, risk management and compliance systems are in place and monitored to protect the Company's assets and to minimise the possibility of the Company operating beyond legal or regulatory requirements or beyond acceptable risk parameters as determined by the Board;

i) Approving Executive Management appointments, remuneration including performance remuneration and monitoring performance against objectives;

j) Reviewing succession and development plans for the Chief Executive Officer and Executive Management;

k) Establishing and reviewing employment and remuneration practices to ensure that talented and motivated staff are recruited and retained;

l) Ensuring effective and timely reporting to shareholders;

m) Setting the Company's dividend policy;

n) Ensuring that the Company adheres to high standards of health, safety, corporate behaviour, responsibility and ethics in order to safeguard its reputation;

o) Ensuring that Board capability is annually reviewed and when appropriate, making recommendations for new Directors

p) Ensuring that Directors' and Committee fees are reviewed and recommendations made to shareholders.

The Chief Executive Officer has responsibility for the day to day management of Intueri and is supported in this function by the executive leadership team. Details of the executive leadership team are set out on pages 16 and 17 of this annual report. The Board's Charter records this delegation.

Key focus areas for the Board during the year ended 31 December 2015 included:

- Overseeing management's performance in strategy implementation and monitoring the financial position and capital needs of Intueri;
- Reviewing business operations, budgets and development plans likely to impact long-term shareholder value creation;
- Developing the Board's breath of skills and independence, resulting in the appointment of Mr Nico Marx as a non-executive Director and Dame Alison Paterson as an independent Director;
- Approving the payment of a final FY14 dividend of 7.7 cents and an interim FY15 dividend of 6.1 cents per fully-paid ordinary share which distributed $13.8 million to shareholders;
- Approving growth opportunities to complement the existing portfolio of colleges, including the acquisition of IT Training Limited, New Zealand Institute of Sport Limited and The New Zealand College of Massage Limited;
- Oversight of the implementation of a comprehensive health and safety compliance plan, including review of earthquake ratings of buildings;
- Oversight of reviews of two schools by the Tertiary Education Commission;
- Reviewing policies to improve the Group's corporate governance framework, including approving amendments to the Board and Committee Charters and policies, to align with best practice.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Director Elections

Intueri has processes in place to ensure appropriate checks are undertaken in relation to candidates proposed for election or re-election as a Director. Intueri notifies shareholders of their right to nominate a candidate for election as a director by stock exchange notice and by publication on the Intueri website. Where any director election or re-election occurs at a shareholder meeting, the notice of meeting includes all material information and is given to shareholders to enable an informed vote.

Director and Executives' Written Agreements

Intueri has written agreements in place with each Director and senior executive setting out the terms of their appointment.

Role of Company Secretary

The Board Charter sets out the role of the Company Secretary. The Company Secretary is currently the Chief Financial Officer, Rod Marvin, and he reports to, and is accountable to, the Chief Executive Officer. The Company Secretary attends all Board meetings. All Directors have access to the Company Secretary with respect to Board matters.

Diversity Policy

The Board has approved a diversity policy, which recognises that the sustained commercial success of the business is underpinned by the capability and performance of employees and relationships with key partners, customers, suppliers and the communities within which it operates. As such, Intueri has a genuine commitment to and continued focus on investing in growing capability and recognising and valuing difference, as part of driving an inclusive and high performance culture.

The Board has approved the following measurable diversity objectives:

1. Intueri is to become a member of the Equal Employment Opportunity Trust and to consult with the Trust to access tools to implement best practice and improve ways of fully realising the diverse workforce;
2. A diversity and inclusion council is to be formed in 2016;
3. Introduce an education programme for managers regarding legal compliance on diversity issues;
4. Audit of premises for ease of accessibility to be undertaken in 2016;
5. Introduce a cultural awareness programme for all tutors, with 80% of tutors attending by the end of August 2016;
6. Source comprehensive external market data with a view to comparing internal pay rates to ensure pay is fair;
7. Work towards more gender diversity at Board level.

Progress has been made in meeting these objectives. Intueri is now a member of the Equal Employment Opportunity Trust. Pay comparisons using external data are almost complete. An education programme is in place for managers to understand legal compliance obligations for diversity issues and approximately 20% of managers have participated to date. A cultural awareness programme is being trialled with a view to being delivered to 80% of tutors by the end of August 2016.

Gender Diversity

As at 31 December 2015, gender was represented across the Group as follows:

	Female	Male	Change from 31 December 2014
Board members	1	5	1 additional female
Senior executives	4	3	No change

Following 31 December 2015, one female senior executive has gone on leave and been replaced by a male.

Senior executives for this purpose are Chief Executive Officer and the members of the Senior Executive Team. The Senior Executive Team all report directly to the Chief Executive Officer, other than the GM Business Performance and Systems who reports to the Chief Financial Officer.

Performance of the Board

At least annually, the Board formally reflects and reviews its own performance, with the Chair leading this process. Consideration is given to the effectiveness of Board as a group, each committee and each individual's contribution. Expectations of members are discussed. Progress made by the Board against work plans are reviewed. Skill sets of members and any gaps are considered and structure of Committees are reviewed to ensure skills are well utilised. In 2015 this Board evaluation occurred in March and identified skills required by the Board, leading to the appointment of a director with financial skills, Dame Alison Paterson.

Evaluation of the Performance of Senior Executives

The Board is responsible for evaluating the performance of the Chief Executive Officer who has an employment agreement setting out his role and his conditions of employment. The Nomination and Remuneration Committee is required to annually review the performance of the Chief Executive Officer and make recommendations to the Board in relation to setting annual performance goals and recommending adjustments to the Chief Executive Officer's remuneration.

Senior executive's performance is reviewed annually by the Chief Executive Officer, in conjunction with the Human Resources team. The Chief Executive Officer and each member of the Senior Executive Team have each had their performance reviewed in 2015.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Intueri is committed to ensuring that the composition of the Board includes Directors who bring an appropriate mix of skills, experience, expertise and diversity to Board decision-making. The Board is of the view that the current Directors possess an appropriate mix of skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic priorities as a private tertiary education provider. To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors. The combined skills, experience and expertise presently represented on the Board are set out in the chart below.

Board Skills Matrix

Skill/Experience	Directors
Financial	Dame Alison Paterson, Nico Marx
Education regulation	James Turner, Chris Kelly
International education marketing	Russell Woodard
Education management	Rob Facer
Risk management	Dame Alison Paterson
Health and safety	Dame Alison Paterson
Listed company governance	Dame Alison Paterson
Audit committee experience	Dame Alison Paterson
Capital markets	Nico Marx
Leadership	Chris Kelly, Dame Alison Paterson, Rob Facer
Banking	Nico Marx
Securities regulatory compliance	Dame Alison Paterson
Government relations	Chris Kelly, Dame Alison Paterson, James Turner
Australian experience	Russell Woodard, Nico Marx, Rob Facer

The number and rotation of directors is determined by Intueri's constitution and the Listing Rules of the NZX and the ASX. The constitution provides that the size of the Board should be between five and eight directors and determines directors who are required to retire by rotation. The Board Charter requires that the majority of the Board members, and the Chair, are independent. The Board consists of five non-executive Directors, four of which are considered to be independent Directors, and one executive Director. The roles of Chief Executive Officer and Chair are exercised by different persons.

The Chair is elected by the Board from the non-executive Directors. The Board supports the separation of the roles of Chair and Chief Executive Officer. The Chair's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the Chief Executive Officer. The current Chair, Chris Kelly, was appointed on 10 April 2014. Mr Kelly is a non-executive Director and is independent.

As at the date of this Annual Report, the Directors, their qualifications and the dates of their appointments, are:

	Appointed	Length of Service
Chris Kelly (Chair), MVSc, CFInstD	10 April 2014	23 months
Rob Facer, MBA, CMInstD	10 April 2014	23 months
James Turner*, BSc (Hons) MBA	10 April 2014	23 months
Russell Woodard, BA, MEdAdmin, MAICD	10 April 2014	23 months
Nico Marx*, MBA	21 May 2015	10 months
Dame Alison Paterson, DNZM, QSO, ADistFInstD, Hon Fellow of University of Auckland, DCom, FCA	18 June 2015	9 months

**James Turner was re-elected at the ASM on 21 May 2015. Nico Marx was elected as a Director at the ASM on 21 May 2015.*

Chris Kelly, Dame Alison Paterson and Russell Woodard will be required to retire at the ASM in 2016 and will be eligible for election/re-election.

A biography of each Director is set out on page15 of the Annual Report and on the Intueri website.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Independence

The majority of the Board is, and is required by the Board Charter to be, independent. The Board Chair is required by the Board Charter to be an independent director. The Board Chair is Chris Kelly who is an independent Director and his responsibilities are set out in the Board Charter.

The Board's standards for determining independence include the requirements of the NZX and the ASX. The Board assesses the independence of Directors on their appointment and at least annually thereafter.

Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement, having regard to the best interests of the company as a whole. The Code of Ethics reinforces the primary obligation to act in the best interests of Intueri and to avoid conflicts of interest.

An independent Director is a non-executive Director who is not a member of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board assesses independence in light of the information which each Director is required to disclose in relation to any material contract or other relationship in accordance with the Director's terms of appointment, the Companies Act 1993 and the Board Charter and falls within the NZX and ASX definitions.

Each non-executive Director may be involved with other organisations which may from time to time have dealings with Intueri. Details of some of the offices held by Directors with other organisations are set out on page 75.

The Board considers any changes to non-executive Director's interests, positions, associations or relationships that could bear upon his or her independence. The Board considers a relationship to materially interfere with, or that could reasonably be perceived to materially interfere with, a Director's independent judgement where it is of such substance and consequence that there is a real possibility that it would affect the director's judgement across all aspects of the Director's role.

The Board has reviewed the position and relationships of all Directors in office as at the date of this annual report and considers that four of the five non-executive Directors are independent.

Nico Marx is not considered to be independent, due to his employment by Arowana International Limited, the ultimate owner of Arowana Education Holdings Pty Limited, which has a 24.88% shareholding in Intueri.

Board and Committee Meeting Attendance in 2015

		BOARD			RISK AND AUDIT COMMITTEE			REMUNERATION AND NOMINATION COMMITTEE		
Name	Status	16 Meetings Held			3 Meetings Held			1 Meeting Held		
		Member	Number of meetings eligible to attend	Number of meetings attended	Member	Number of meetings eligible to attend	Number of meetings attended	Member	Number of meetings eligible to attend	Number of meetings attended
Chris Kelly	Independent non-executive	✓	16	16	✓	3	3	✓	1	1
Glen Dobbie*	Non-independent Non-executive	✓	4	4	✓	1	1			
Rob Facer	Executive	✓	16	16						
Dame Alison Paterson**	Independent non-executive	✓	11	11	✓	2	2			
Nico Marx***	Non-independent Non-executive	✓	12	11	✓	2	1			
James Turner****	Independent non-executive	✓	16	14	✓	1	1	✓	1	1
Russell Woodard	Independent non-executive	✓	16	13				✓	1	1

** Glen Dobbie retired as a Director on 21 May 2015*

*** Dame Alison Paterson was appointed as a Director on 18 June 2015*

**** Nico Marx was elected as a Director at the ASM on 21 May 2015*

***** James Turner ceased to be a member of the Risk and Audit Committee on 18 June 2015*

New Directors

As set out in the Board Charter, the Board seeks to ensure that new Directors are appropriately introduced to the Group's management and businesses, are acquainted with relevant industry knowledge and receive all appropriate papers, policies and documents to enable them to effectively discharge their duties and add value to the Group.

Committees of the Board

The Board has established an Audit and Risk Committee and a Remuneration and Nomination Committee as standing Committees to assist with the discharge of its responsibilities. These Committees review matters on behalf of the Board. Each Committee has a charter that sets out its Terms of Reference.

The Committees:

- refer matters to the Board for decision, with a recommendation from the Committee where the Committee acts in an advisory capacity; or
- determine matters, where the Committee acts with delegated authority, which it then reports to the Board.

Because of the size of the Board and of the skill set of the Committee members, the Remuneration and Nomination Committees are combined, as are the Risk and Audit Committees.

Details of the current membership and composition of each Committee are set out below.

Risk and Audit Committee Members	Nomination and Remuneration Committee Members
Dame Alison Paterson, Chair Independent	James Turner, Chair Independent
Chris Kelly Independent	Chris Kelly Independent
Nico Marx Non-independent, non-executive	Russell Woodard Independent

Intueri has a joint Risk and Audit Committee comprised solely of non-executive Directors, the majority of whom are independent. The Chair is a Fellow Chartered Accountant.

The primary function of the Risk and Audit Committee, as set out in its Charter, is to assist the Board in fulfilling its responsibilities relating to Intueri's risk management and internal control framework; the integrity of its financial reporting and Intueri's auditing processes and activities.

The Audit and Risk Committee is responsible for:

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

The Audit and Risk Committee also acts as a forum for communication between the Board and senior financial management staff, and internal and external auditors where appropriate. It meets with the external auditors as required during the year, including at least once without management present.

Intueri has a joint Nomination and Remuneration Committee comprised solely of independent Directors.

The Remuneration and Nominations Committee is responsible for:

- Establishing the criteria for determining the suitability of potential Directors and recommending persons suitable for appointment to the Board;
- Considering all appointments at senior management level including contractual conditions;
- Monitoring outcomes of policy implementation at senior management level, including incentive payments;
- Reviewing Intueri's remuneration policy at least annually;
- Advising on induction of new directors and ongoing director development;
- Recommending the process for evaluation of the Board and its Committees.

CORPORATE GOVERNANCE STATEMENT CONTINUED

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

The Board has adopted a Code of Ethics which applies to the Board and sets out the ethical and behavioural standards expected of the Directors, officers, employees and contractors of Intueri. The Code of Ethics is available on the Intueri website.

The Code of Ethics sets out rules covering each Director's duty to act in the best interests of the company, conflicts of interest, obligations to act within the law and company policy, use of corporate information, use of company property and process if unethical behaviour is suspected. The Risk and Audit Committee has oversight of this Code.

The agenda for each Board meeting includes items addressing any previously undeclared conflicts of interest. Directors, officers, employees, contractors and secondees of Intueri or any of its subsidiaries are restricted in their trading of Company securities under New Zealand and Australian law and by Intueri's Trading in Company Securities Policy which is available on the Intueri website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

The Audit and Risk Committee has responsibility for the oversight of financial reporting. The Committee's members and main functions are set out on page 71. The Chief Financial Officer attends meetings of the Committee to answer questions from the Committee. The Committee also holds periodic discussions with the external auditor without management in attendance.

The Chief Executive Officer and the Chief Financial Officer are required each year to provide a Letter of Representation to the Board confirming a number of matters, including that the Group's:

- financial statements have been prepared in accordance with Generally Accepted Accounting Principles in New Zealand; and that
- financial statements are free of material misstatements, including omissions.

A letter of representation confirming those matters was received by the Board for the 2015 year.

The external auditor for the year ended 31 December 2015 was BDO Auckland. Intueri has an External Audit Independence Policy, overseen by the Risk and Audit Committee, to ensure that Intueri has external audit independence in line with best practice to ensure reliable and credible financial reporting.

The Policy defines the services that may or may not be performed by the external auditors. Any services to be provided by the external auditor, not specifically covered by the policy, require the approval of the Chair of the Risk and Audit Committee to ensure that there is no risk to auditor independence.

The external auditors are required to report to the Risk and Audit Committee on its compliance with independence requirements of the Policy, the firm's own internal policies and relevant professional bodies' professional and ethical requirements.

At the annual shareholders' meeting, the external auditor will be available to answer questions.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Intueri is committed to maintaining a fully informed market through effective communication with the NZX and ASX, shareholders, analysts, media and other interested parties. Intueri provides shareholders with timely and equal access to material information that is accurate and meaningful.

The Market Disclosure Policy sets up the framework to ensure full, fair and timely disclosure is made to the investment community. The Chief Financial Officer is the Disclosure Officer who has responsibility for administering the policy. The Disclosure Committee is ultimately responsible for ensuring that disclosure obligations are met. Its members are the Board Chair, Chair of the Risk and Audit Committee, the Chief Executive Officer and one Director who has been appointed by the Board. That Director is Nico Marx, a non-independent, non-executive Director.

The Senior Executive Team is responsible for providing the Disclosure Officer with all material information relating to each executive's area of responsibility. In addition, Directors consider at each Board meeting whether there is any material information which should be disclosed to the market.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Stakeholder Communication Policy details the steps that Intueri will take to communicate with its investors to engage with them in an informed manner.

Intueri's website contains all governance documents and a comprehensive set of investor-related material including all stock exchange announcements, presentations and interim and annual reports.

Intueri has an active investor relations programme, managed by the Chief Executive Officer, to maintain dialogue with institutional investors, retail investors and analysts through meetings, newsletters and teleconferences. On the day that interim and preliminary results are announced to the market, a briefing is held, which is webcast or can be joined by teleconference with a replay facility made available.

At the annual shareholders' meeting, the external auditor, legal advisors and the share registrar will be in attendance. The Board encourages active participation in the meeting and shareholders may submit questions for the Board prior to the meeting. The annual meeting is webcast live.

The share registrars in New Zealand and Australia were consolidated during the year to one provider, Computershare, to ensure a more streamlined service for shareholders.

Intueri encourages shareholders to provide email addresses to enable the receipt of shareholder communications by electronic means and the option to receive the annual report in electronic format. The registrar, Computershare, enables shareholders to access their transactions online.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Risk Management Policy, available on the Intueri website, sets out the Board's requirements for risk management and the implementation of the Policy overseen by the Risk and Audit Committee of the Board. A risk matrix has been reviewed by the Board. The Chief Financial Officer is the executive with delegated responsibility for risk management.

The Risk Management Policy is supplemented by other policies, including the Delegations Policy, health and safety policies and Treasury Management Policy. A Group-wide quality management system is being implemented across all schools giving a consistent platform for further managing risk.

The Risk and Audit Committee Charter sets out that the Committee is specifically responsible for the internal audit function. This includes endorsing the appointment, replacement, reassignment or dismissal of the internal auditor, reviewing and agreeing the nature, scope and objectives of the Group's Internal Audit Plan with management and the internal auditor, considering and reviewing any significant findings and meeting with the internal auditor at least annually without management present. Currently Intueri does not have an internal audit function.

No material exposure to economic, environmental or social sustainability risks have been identified to date.

The Risk Management Policy and its implementation is to be comprehensively reviewed during the 2016 year.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Remuneration and Nomination Committee is required to review the Remuneration Policy annually and make recommendations to the Board. The first such policy is in the course of being developed in 2016. Currently senior executive remuneration has an element that is dependent on performance. The targets set are typically a mixture of both overall company performance (e.g. achievement of budget revenue, enrolments and EBIT) and a range of personal objectives (i.e. alignment with company values and targets specific to their portfolio).

In 2015 Intueri introduced an employee share scheme for executives, to incentivise building long term value for shareholders. This is in addition to the Founding Share Scheme, which was established at the time of listing. Participants are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Scheme.

Director Remuneration

With the exception of the Chief Executive Officer, no Director is entitled to any remuneration from Intueri except for directors' fees and reimbursement of reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors. No non-executive Director has an entitlement to a retirement payment.

Fees paid to Directors during the year ended 31 December 2015 are disclosed in the Statutory Information section. Further commentary is contained in the Director and Employee Remuneration section of this report at page 74.

THIS CORPORATE GOVERNANCE STATEMENT IS CURRENT AS AT 24 MARCH 2016, THE DATE IT WAS APPROVED BY THE BOARD.

STATUTORY INFORMATION

DIRECTORS

The total of the remuneration and the value of other benefits received by each Director or former Director from the Company during the year ended 31 December 2015 is as follows:

Directors remuneration	Director's fees $000	Salary and benefits $000
Chris Kelly	120	
James Turner	73	
Russell Woodard	68	
Glen Dobbie (ceased 21 May 2015)	34	
Nico Marx (appointed 21 May 2015)	34	
Dame Alison Paterson (appointed 18 June 2015)	35	
Rob Facer	-	481
Total	**364**	**481**

EMPLOYEE REMUNERATION

During the year ended 31 December 2015, there were 28 employees (or former employees) who received remuneration and other benefits in excess of $100,000 in their capacity as employees as set out in the table below:

Remuneration range	Number of employees
$100,000 - $110,000	4
$110,001 - $120,000	7
$120,001 - $130,000	2
$130,001 - $140,000	2
$140,001 - $150,000	2
$150,001 - $160,000	2
$160,001 - $170,000	2
$170,001 - $180,000	4
$190,001 - $200,000	1
$350,001 - $360,000	1
$480,001 - $490,000	1

This includes salary, short- and long-term performance bonuses, settlement payments and redundancy payments for all permanent employees.

DONATIONS

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

Look Good Feel Better	$23,905

DIRECTORS' DISCLOSURES

Section 140(1) of the Companies Act 1993 requires a director of a company to disclose certain interests. A director may make a disclosure by giving a general notice of a position held in another named entity. The following are particulars included in the Company's interests register as at 31 December 2015.

Name	Entity	Role
Chris Kelly	Intueri Education Group Limited	Chair
	Massey University	Chancellor
	B & LNZ Genetics Limited	Chair
	Crown Irrigation Investments Limited	Director
	Deep South N.S.C. Governance Board	Director
	Transforming the Dairy Value Chain	Chair
James Turner	Ministry of Business Innovation and Employment (Science Investments Branch)	Contractor
	Contract to develop an International Education strategy for Study Queenstown – completed April 2015	Contractor
	Contract for CERA	Contractor
	Contract to provide strategic advice re TEC + NZQA issues for Servilles Hairdressing Academy	Contractor
Rob Facer	Nil	
Russell Woodard	Navitas Corporation	Minor Shareholder
	University of Wollongong Enterprises	Director of Strategic Projects
	University of Wollongong Enterprises	Global Recruitment Director
Nico Marx	Arowana International	Investment Director and shareholder
Dame Alison Paterson	Vector Limited	Director
	NZX Disciplinary Tribunal	Member
	Health Quality and Safety Commission New Zealand	Board Member
	BPAC NZ Limited	Chair
	New Zealand Formulary Limited	Chair
	Stevenson Agriculture Limited	Chair
	Farm IQ Systems Limited	Chair
	Te Aupouri Commercial Development Limited	Chair
	Te Aupouri Fisheries Management Limited	Chair
	Forestry Industry Safety Council	Chair
	GMI Group	Chair

STATUTORY INFORMATION CONTINUED

Directors' and officers' shareholdings and share dealings during 2015 are shown in columns A and B below and total shareholdings as at 31 December 2015 are shown in column C:

			A	B	C
Director	Shares purchased in IPO in 2014	Founding Share Scheme established in 2014	Annual Share scheme established in 2015	Shares purchased otherwise than through share schemes in 2015	Total shareholding as at 31 December 2015
Directors					
Chris Kelly	15,000				15,000
Nico Marx					0
Dame Alison Paterson					0
Russell Woodard	12,000				12,000
Rob Facer	42,553	127,659	176,986		347,198
James Turner	7,500				7,500
Officers					
Rod Marvin	63,830	85,107	149,332	20,000	318,269
Cheryl Brookes				2,700	2,700

Glen Dobbie ceased to be a Director on 21 May 2015, at which time he held 35,000 shares.

DIRECTORS' LOANS

No loans have been provided to Directors in the year to 31 December 2015, other than a $204,653 loan to Rob Facer (Director and Chief Executive Officer) under the terms of the Annual Share Scheme.

DIRECTORS' INSURANCE

The Group has arranged insurance cover for Directors' and Officers' to cover acts or omissions of those persons in carrying out their duties and responsibilities as directors and officers.

COMPANY SECRETARY

The Company Secretary is Rod Marvin, who is also the Chief Financial Officer.

WAIVERS RELIED ON DURING 2015

NZX Rule 5.2.3 Waiver Extension
On 22 May 2015, NZX granted a further extension of the waiver with respect to NZX Main Board listing rule 5.2.3 for a further period of 12 months. This allows Intueri to remain listed on the NZX Main Board whilst retaining less than 500 shareholders of the public, subject to certain requirements. The total number of shareholders exceeded 500 at year end.

NZX Rule 7.6.4(b)(iii) Waiver
On 2 September 2015, NZX granted a waiver with respect to NZX Main Board listing rule 7.6.4(b)(iii) to enable financial assistance to be provided by way of an interest free loan from Intueri to the Chief Executive Officer and Director, Rob Facer, to enable participation in an employee share scheme.

Please refer to the investor section of intueri. co.nz or NZX.com (code IQE) for full details and conditions of the waivers.

SHARES

The total number of listed ordinary shares as at 31 December 2015 was 100,000,000. The Company has only ordinary shares on issue. The shares have the rights set out in the constitution of the company. There is no current on market buy-back. Shares held by Arowana Education Holdings Pty Limited are now released from the restrictions on trading imposed at the time of listing.

STOCK EXCHANGE LISTINGS

Intueri Education Group Limited is listed on both the New Zealand and Australian Stock exchanges with standard listings.

SHAREHOLDER INFORMATION

Largest shareholders

The following are the names and holdings of the twenty largest registered shareholders on the register as at 4 March 2016:

Name	Total	Percentage
Arowana Education Holdings Pty Limited	24,883,552	24.88
New Zealand Central Securities Depository Limited	19,691,935	19.69
HSBC Custody Nominees (Australia) Limited	7,443,677	7.44
National Nominees Limited	4,990,444	4.99
JP Morgan Nominees Australia Limited	4,659,749	4.65
National Nominees Limited <DB A/C>	3,335,807	3.33
Citicorp Nominees Pty Limited	2,311,018	2.31
BNP Paribas Noms Pty Limited <DRP>	1,529,353	1.52
UBS Nominees Pty Limited	1,515,513	1.51
Brispot Nominees Pty Limited <House Head Nominee No 1 A/C>	1,121,987	1.12
Pongarauhine Jeffery	1,087,000	1.08
RTO Solutions Pty Limited	753,539	0.75
Woo Sik Kim	580,000	0.58
Leveraged Equities Finance Limited	550,500	0.55
Elite Education Holdings Limited	539,084	0.53
Catherine Olweny	499,265	0.49
Redbrook Nominees Pty Limited	479,500	0.47
Custodial Services Limited <A/C 3>	462,350	0.46
UBS Wealth Management Australia Nominees Pty Limited	412,448	0.41
Acres Holdings Pty Limited <Noel Edward Kagi Family A/C>	400,000	0.4

SUBSTANTIAL SECURITY HOLDERS

According to notices given under the Financial Markets Conduct Act 2013, the following were the substantial security holders in Intueri Education Group Limited as at 31 December 2015:

	Date of notice	Number of shares	% held
Intueri Education Holdings Pty Limited*	23 May 2014	24,883,552	24.88%
JCP Investment Partners Ltd	21 July 2015	13,511,177	13.51%
Challenger Limited and its associated entities	10 November 2015	9,682,713	9.68%
First NZ Capital Group Limited	21 September 2015	7,481,699	7.48%
Harbour Asset Management Limited	30 July 2015	6,342,368	6.34%
Regal Funds Management Pty limited	18 December 2015	5,534,131	5.53%
Deutsche Bank AG	21 July 2015	5,010,698	5.01%

*Now called Arowana Education Holdings Pty Limited

STATUTORY INFORMATION CONTINUED

Distribution of shareholders and shareholdings as at 29 February 2016. Ordinary shares are the only class of shares on issue.

Range of number of shares held	Total holders	Units	% of Issued Capital
1 - 99	11	74	0.00
100 - 199	2	293	0.00
200 - 499	13	4,011	0.00
500 - 999	23	15,248	0.02
1,000 - 1,999	76	93,044	0.09
2,000 - 4,999	184	555,485	0.56
5,000 - 9,999	186	1,273,975	1.27
10,000 - 49,999	329	6,494,820	6.49
50,000 - 99,999	58	3,677,202	3.68
100,000 - 499,999	64	12,932,690	12.93
500,000 - 999,999	4	2,383,123	2.38
1,000,000 - 9,999,999,999,999	11	72,570,035	72.57
Rounding			0.01
Total	**961**	**100,000,000**	**100.00**

UNMARKETABLE PARCELS

As at 29 February 2016, there were 49 shareholders (with a total of 19,626 shares) holding less than a marketable parcel of shares under the ASX Listing Rules. The ASX Listing Rules define a marketable parcel of shares as a parcel of not less than A$500.00.

EMPLOYEE INCENTIVE SCHEME

Securities totalling 241,211 were purchased on-market for the purposes of the Annual Share Scheme by the Scheme trustee, Elite Education Holdings Limited, during the year ended 31 December 2015. The average price of the purchases was $1.155 per share. In addition, a further 85,107 shares were purchased off market at a purchase price of $1.16 per share, for the purposes of the Annual Share Scheme. Rob Facer and Rod Marvin received interest free loans to purchase shares under the Annual Share Scheme during 2015.

Company Directory

REGISTERED OFFICE

New Zealand
100 Symonds Street
Grafton, Auckland 1010

Australia
Allens Operations Pty Limited
Level 33, 101 Collins Street
Melbourne, Victoria 3000

DIRECTORS

Glen William Dobbie
Ceased: 21 May 2015

Robert Charles Facer
Appointed: 10 April 2014

Christopher Morton Kelly (Chair)
Appointed: 10 April 2014

Nico André Marx
Appointed: 21 May 2015

Dame Alison Mae Paterson
Appointed: 18 June 2015

James Alexander Charles Turner
Appointed: 10 April 2014

Russell John Woodard
Appointed: 10 April 2014

COMPANY DETAILS

Company number
4013538

ARBN
168 915 900

Independent Auditor
BDO Auckland

Bankers
ANZ Bank

Solicitors
Minter Ellison
Chapman Tripp

Date of Formation
17 September 2012

Principal Business
Investment in private training establishments in New Zealand and registered training organisations in Australia

SHAREHOLDER SERVICES

New Zealand
Computershare Investor Services Limited
Private Bag 92119, Auckland 1142
Phone: +64 9 488 8777
Email: enquiry@computershare.co.nz

Australia
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnson Street
Abbotsford, Victoria 3001
Phone: +61 3 9415 4083
Email: enquiry@computershare.co.nz

Glossary

FINANCIAL TERMS

EBITA: Earnings Before Interest, Impairment, Tax and Amortisation of Acquired Intangibles

Underlying EBITA: EBITA excluding significant non-recurring items such as acquisition costs and the one off $1 million changes to Academy deferred consideration. The Board has used Underlying EBITA as the basis for its full year forecast guidance as it believes this provides the most appropriate measure of Intueri's operating performance. This is a non-GAAP measure

NPAT: Net Profit After Tax

NPATA: Net Profit After Tax and Before after tax Amortisation of Acquired Intangibles, Impairments, and Change in Deferred Contingent Consideration of OCA Group. The Board believes NPATA provides a better comparable measure of its operating performance and cash flow and it is the basis for the Intueri Dividend Policy. It is a non-GAAP financial measure

PFI: This is the prospective financial information provided in Intueri's prospectus

OPERATIONAL TERMS

Funded and Unfunded Students: PTEs receive student achievement component (SAC) funding for a level of 'funded students'. Some PTEs also receive approval to enrol 'unfunded students" to satisfy student demand or supplement their revenues. These PTEs do not receive Government funding but students do pay course fees (via student loans) to the PTE

Gross Enrolments: Students who completed an enrolment application

Net Enrolments: Students who have successfully enrolled and have gone past the withdrawal period during which they could be eligible for a refund

INDUSTRY AND REGULATORY TERMS

PTE: Private Training Establishment. All Intueri's New Zealand schools and colleges 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

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

VET FEE-HELP: Student loan scheme funded by the Commonwealth Government in Australia to assist eligible students studying higher level vocational education and training (VET) qualifications to pay their tuition fees

ACADEMY GROUP NZ

CUT ABOVE ACADEMY

DESIGN AND ARTS COLLEGE

ELITE INTERNATIONAL SCHOOL OF BEAUTY AND SPA THERAPIES

INFORMATION TECHNOLOGY TRAINING INSTITUTE

NSIA – THE PROFESSIONAL HOSPITALITY ACADEMY

NZ COLLEGE OF MASSAGE

NZ INSTITUTE OF SPORT

NZ SCHOOL OF OUTDOOR STUDIES

QUANTUM EDUCATION GROUP

THE OCA GROUP

INTUERI
EDUCATION GROUP

INTUERI EDUCATION GROUP LIMITED
100 SYMONDS ST GRAFTON, AUCKLAND 1010, NEW ZEALAND
PHONE : +64 9 302 7295

www.intueri.co.nz

Update your imformation:

Online:
www.investorcentre.com/nz

By Mail (New Zealand):
Computershare Investor Services Limited
Private Bag 92119, Auckland 1142
By Mail (Australia):
Computershare Investor Services Pty Limited
GPO Box 3329, Melbourne, VIC, 3001, Australia

Enquiries:
Phone (New Zealand): +64 9 488 8777
Phone (Australia): +61 3 9415 4083
Fax: +64 9 488 8787
Email: enquiry@computershare.co.nz

Dear Shareholder

Intueri Education Group Annual Report 2015

We have the pleasure of informing you that our 2015 Annual Report for the year ending 31 December 2015 is now available on our website at http://www.intueri.co.nz/reports.

All future Annual and Half Year Reports will also be available on our website as they are released. Intueri does not produce Concise Annual Reports.

Even though Intueri's shareholder reports are available electronically, you have the right to receive, upon request, a copy free of charge of the Annual Report and the next Half Year Report (when available). If you wish to receive a printed copy of these reports, please tick the box below and return this form to Computershare Investor Services within 15 business days of receiving this notice.

Report Request

Only complete and return if you wish to receive a printed copy of Intueri's annual and half year report each year.

☐ Yes I would like to receive printed copies of Intueri's Annual and Half Year Reports

Request for Electronic Communications

You can choose to receive email notification when Intueri's reports are available to view online (and other shareholder communication) by entering your email address below and returning this form to Computershare.

☐ By providing my email address below I am electing to receive all my shareholder communications via email. This includes notifications by email (where offered) of dividend statements, transaction statements, notices of meeting, voting forms and Annual and Half Year Reports and replaces any prior election I may have made:

Email Address: ....

Please return this form to Intueri's Share Registrar, Computershare, in any of the following ways:

Scan and email: enquiry@computershare.co.nz
(Please put Intueri Education Group in the subject line for easy identification)

Fax: +64 9 488 8787

Mail: Complete, fold and return this FreePost form

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

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

FOLD HERE

FOLD HERE

FreePost Authority Number 2888

INTUERI
EDUCATION GROUP

Free

SHARE REGISTRAR
Intueri Education Group
c/- Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand

FOLD HERE

FOLD HERE

Rules 4.7.3 and 4.10.3[1]

Appendix 4G

Key to Disclosures
Corporate Governance Council Principles and Recommendations

Name of entity:

INTUERI EDUCATION GROUP LIMITED

ABN / ARBN:	**Financial year ended:**
168 915 900	31 December 2015

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

☒ These pages of our annual report:

☒ This URL on our website: www.intueri.co.nz

The Corporate Governance Statement is accurate and up to date as at *[insert effective date of statement]* and has been approved by the board.

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

Date: 30 March 2016

Name of Director or Secretary authorising lodgement: Rodney Marvin

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

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

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

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

[3] Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "<u>OR</u>" at the end of the selection and you delete the other options, you can also, if you wish, delete the "<u>OR</u>" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): ☒ at www.intueri.co.nz	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	… the fact that we follow this recommendation: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☒ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

[4] If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

<table>
<tr><th colspan="2">Corporate Governance Council recommendation</th><th>We have followed the recommendation in full for the whole of the period above. We have disclosed …</th><th>We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]</th></tr>
<tr><td>1.5</td><td>A listed entity should:
(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
(b) disclose that policy or a summary of it; and
(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</td><td>… the fact that we have a diversity policy that complies with paragraph (a):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
… and a copy of our diversity policy or a summary of it:
☒ at www.intueri.co.nz
… and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
… and the information referred to in paragraphs (c)(1) or (2):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]</td><td>☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u>
☐ we are an externally managed entity and this recommendation is therefore not applicable</td></tr>
<tr><td>1.6</td><td>A listed entity should:
(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td><td>… the evaluation process referred to in paragraph (a):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
… and the information referred to in paragraph (b):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]</td><td>☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u>
☐ we are an externally managed entity and this recommendation is therefore not applicable</td></tr>
<tr><td>1.7</td><td>A listed entity should:
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td><td>… the evaluation process referred to in paragraph (a):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
… and the information referred to in paragraph (b):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]</td><td>☐ an explanation why that is so in our Corporate Governance Statement <u>OR</u>
☐ we are an externally managed entity and this recommendation is therefore not applicable</td></tr>
</table>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] … the fact that we have a nomination committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at www.intueri.co.nz … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	… our board skills matrix: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	… the names of the directors considered by the board to be independent directors: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and, where applicable, the information referred to in paragraph (b): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and the length of service of each director: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	… our code of conduct or a summary of it: ☐ in our Corporate Governance Statement **OR** ☒ at www.intueri.co.nz	☐ an explanation why that is so in our Corporate Governance Statement

<table>
<tr><th colspan="2">Corporate Governance Council recommendation</th><th>We have followed the recommendation in full for the whole of the period above. We have disclosed …</th><th>We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]</th></tr>
<tr><td colspan="4">PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</td></tr>
<tr><td>4.1</td><td>The board of a listed entity should:
(a) have an audit committee which:
(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
(2) is chaired by an independent director, who is not the chair of the board,
and disclose:
(3) the charter of the committee;
(4) the relevant qualifications and experience of the members of the committee; and
(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</td><td>[If the entity complies with paragraph (a):]
… the fact that we have an audit committee that complies with paragraphs (1) and (2):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
… and a copy of the charter of the committee:
☒ at www.intueri.co.nz
… and the information referred to in paragraphs (4) and (5):
☒ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]
[If the entity complies with paragraph (b):]
… the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:
☐ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]</td><td>☐ an explanation why that is so in our Corporate Governance Statement</td></tr>
<tr><td>4.2</td><td>The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</td><td>… the fact that we follow this recommendation:
☐ in our Corporate Governance Statement <u>OR</u>
☐ at [insert location]</td><td>☒ an explanation why that is so in our Corporate Governance Statement</td></tr>
</table>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	… our continuous disclosure compliance policy or a summary of it: ☐ in our Corporate Governance Statement **OR** ☒ at www.intueri.co.nz	☐ an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	… information about us and our governance on our website: ☒ at www.intueri.co.nz	☐ an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	… our policies and processes for facilitating and encouraging participation at meetings of security holders: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	… the fact that we follow this recommendation: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] … the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at www.intueri.co.nz … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	… the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and that such a review has taken place in the reporting period covered by this Appendix 4G: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☒ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] … how our internal audit function is structured and what role it performs: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	… whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] … the fact that we have a remuneration committee that complies with paragraphs (1) and (2): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] … and a copy of the charter of the committee: ☒ at www.intueri.co.nz … and the information referred to in paragraphs (4) and (5): ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*] [If the entity complies with paragraph (b):] … the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	… separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: ☒ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	… our policy on this issue or a summary of it: ☐ in our Corporate Governance Statement **OR** ☒ at www.intueri.co.nz	☐ an explanation why that is so in our Corporate Governance Statement **OR** ☐ we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable **OR** ☐ we are an externally managed entity and this recommendation is therefore not applicable

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed …	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed …[4]
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	*Alternative to Recommendation 1.1 for externally managed listed entities:* The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	… the information referred to in paragraphs (a) and (b): ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement
-	*Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:* An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	… the terms governing our remuneration as manager of the entity: ☐ in our Corporate Governance Statement **OR** ☐ at [*insert location*]	☐ an explanation why that is so in our Corporate Governance Statement