ASX Release

navitas

28 September 2018

2018 Annual Report

The 2018 Annual Report of Navitas Limited (ASX: NVT) is attached.

A copy of the report will be sent by mid-October 2018 to those shareholders who have elected to receive a copy.

Navitas' 2018 Corporate Governance Statement and Appendix 4G have been separately lodged with ASX today in accordance with ASX Listing Rule 4.10. These documents and the 2018 Annual Report are also available at www.navitas.com/organisation/investors.

------ENDS------

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About Navitas
Navitas is a leading global education provider that offers an extensive range of educational services through two major Divisions to students and professionals including university programs, creative media education, professional education, English language training and settlement services. Navitas is a S&P/ASX200 company. Further details about Navitas are available at www.navitas.com

Life-changing opportunities to learn

NAVITAS LIMITED
ANNUAL REPORT 2018

Life-changing opportunities to learn

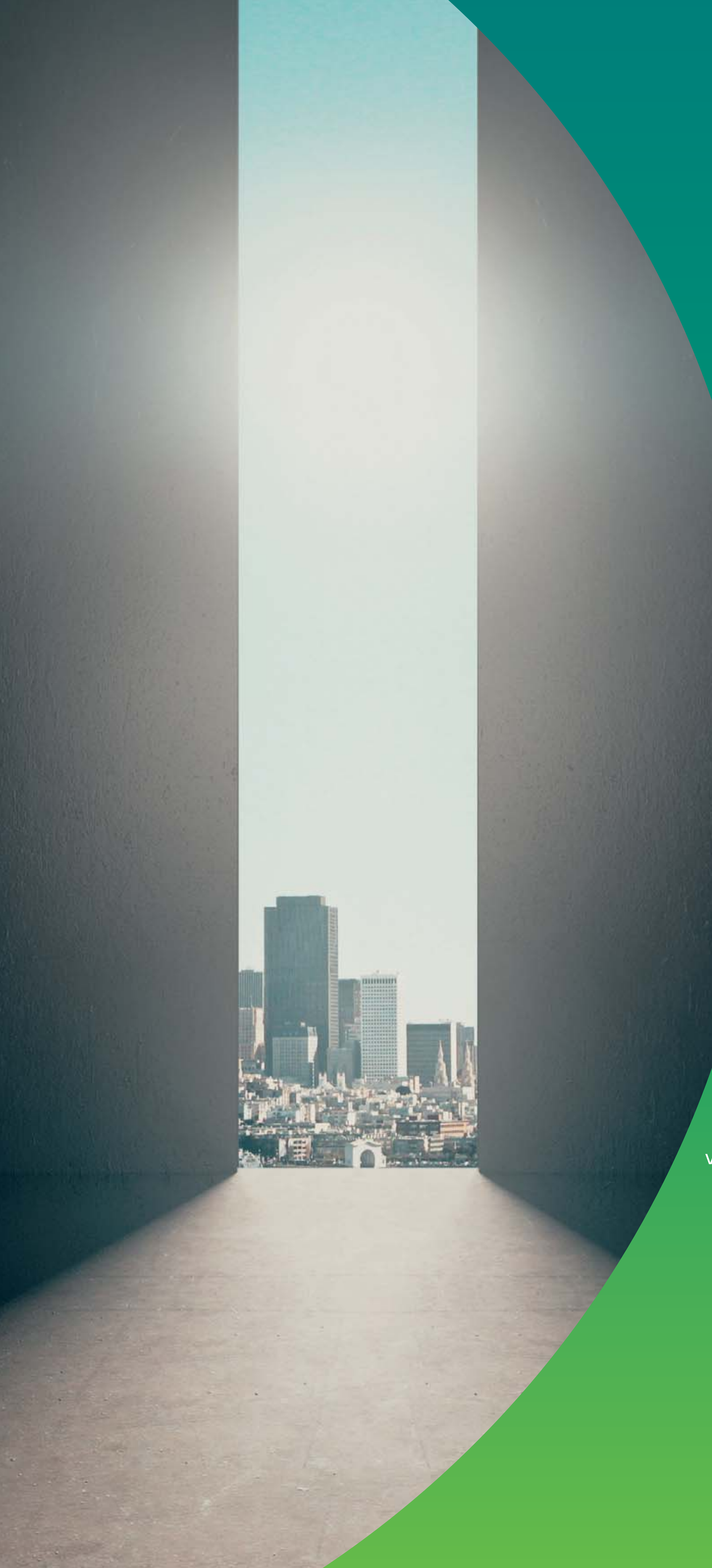
Navitas has helped generations of learners transform their lives through education. For over 40 years, hundreds of thousands of learners from around the world have graduated from Navitas colleges having experienced a teaching and learning environment that supports them to harness their talents and achieve their dreams.

Navitas' success is underpinned by its unparalleled international network, a peerless commitment to student experiences and outcomes, a track record of working in partnership with universities and industry and a passion for discovering new technologies and models of teaching and learning that will improve education now and into the future.

From pre-university and pathway programs to university, to English language and vocational training and undergraduate and postgraduate degrees, Navitas reaches aspirational learners at more than 120 colleges and campuses across its global network each year, powered by a diverse group of talented employees.

Navitas is a proud Australian company that pioneered an innovative university partnership model of education in Perth in 1994. Its entities have delivered education programs across the country since 1976.

Navitas is listed on the Australian Securities Exchange (ASX:NVT) and is part of the S&P/ASX 200 Index.



OUR VISION

To be one of the most trusted learning organisations in the world.

OUR MISSION

Navitas is passionate about creating opportunities through lifelong learning, and being a global leader in delivering better learning solutions.

OUR VALUES

DRIVE to achieve and advance together.

ADVENTUROUS in mind and spirit.

CONVICTION in our purpose and potential.

GENUINE in the way we behave and deliver.

RIGOUR to enhance our professional reputation and credibility.

RESPECT by celebrating, valuing and caring for people and the environment.

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Operating & Financial Review

navitas

FY18 Highlights and Achievements

QUALITY

Global University average Pass rates 84%, Retention rates 90%, Progression rates 94%

Above sector average Quality Indicators for Learning and Teaching (QILT) survey results

6 University Partnership contracts renewed

EFFICIENCY

Rationalisation of Careers and Industry Division (C&I) announced – stabilising foundation for growth

40 bps margin improvement in continuing University Partnerships operations

Operations streamlined and shared service implementation progressed

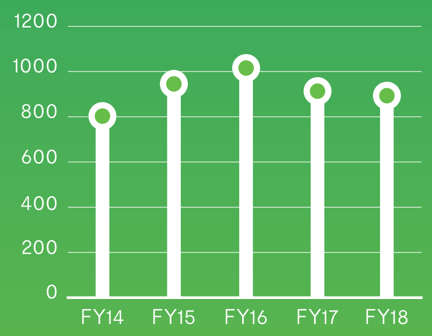
GROWTH

6% growth in FY18 enrolments for University Partnerships

New agreements with Virginia Commonwealth, Murdoch University and conversion of Swansea College to JV

C&I opportunities with growing demand for tertiary skills education, short courses, micro credentialing

Navitas Group Revenue ($m)



Navitas Group EBITDA ($m)

Navitas Group NPAT ($m)

CORPORATE RESPONSIBILITY

Non-Executive Director Gender Diversity

50% FEMALE

50% MALE

Management Gender Diversity

40% FEMALE

60% MALE

Staff Gender Diversity

60% FEMALE

40% MALE

$495,000

Navitas Education Trust Donations

265 Scholarships awarded worth $1.1m

1,450 Hours Volunteered

5 YEAR FINANCIAL SUMMARY

	2018	2017	2016	2015	2014	% Change
	$000s	$000s	$000s	$000s	$000s	18/17
Revenue	930,980	955,195	1,010,651	980,341	878,219	-2.5%
EBITDA	81,959	155,048	164,581	163,107	144,929	-47.1%
Profit/(loss) attributable to members of Navitas	(55,847)	80,337	90,078	71,810	51,584	n/a
Basic earnings per Share (cents)	(15.6)	22.1	24	19.1	13.7	n/a
Interim dividend per Share (cents)	9.4	9.4	9.6	9.4	9.4	
Final dividend per Share (cents)	8.0	10.1	9.9	10.1	10.1	
EVA® created	38,642	49,545	60,286	62,861	51,779	
Operating cash flows	92,301	101,534	125,810	141,834	140,939	
Total equity	28,807	155,738	209,799	206,667	211,709	
Return on capital employed	15.3%	18.2%	21.6%	22.8%	19.9%	

> “At the end of FY18, Rod Jones, co-founder and inaugural CEO and Managing Director of Navitas retired from his executive roles. We pay tribute to his tremendous vision and leadership in building Navitas to the company it is today.”

Chairman and Group CEO Report

Dear Shareholder,

The overall financial outcomes for the 2018 financial year (FY18) were disappointing, with the financial statements showing an after-tax loss of $55.8m after taking account of a range of one-off charges associated with a major rationalisation of our Careers and Industry Division. Despite the disappointing result for FY18, the University Partnerships and the remaining Careers and Industry businesses remain strong and are positioned well for the future. The rationalisation of the Careers and Industry Division was implemented following a detailed portfolio review undertaken to address the lower-than-expected return on capital of the Division in the face of challenging regulatory conditions.

The majority of this restructure will be in the US and will include investigating the divestment of all SAE US colleges. After-tax one-off charges totaling $123.8m were included in the FY18 financial statements as a result. A further $5m of restructuring costs will be incurred in FY19 relating to staff termination payments and campus merger costs.

Navitas remains focused on delivering quality student outcomes and strong shareholder returns. Student and academic outcomes have been pleasing throughout the period, and earnings and margin growth excluding one-off charges associated with the rationalisation program have been in line with expectations. These positive results have been achieved despite challenges in some markets.

At the end of FY18, Rod Jones, co-founder and inaugural CEO and Managing Director of Navitas retired from his executive roles. We pay tribute to his tremendous vision and leadership in building Navitas to the company it is today, and to his enormous positive impact on the education sector in Australia and on the lives of many hundreds of thousands of students who have benefited from expanded and improved global education opportunities. The Navitas Board appointed Rod as a Non-Executive Director, effective 1 July 2018. He will be taking a well-deserved leave of absence until the December board meeting. We look forward to his continued contribution to Navitas and to the education sector more broadly.

QUALITY OUTCOMES CONTINUE TO BE THE CORE FOCUS

Academic outcomes across Navitas' divisions and regions continued to improve including pass and retention rates in the University Partnerships Division, and Australian Quality Indicators for Learning and Teaching (QILT) survey scores for C&I colleges in Australia. Net Promoter Scores and other student satisfaction surveys completed across the Group also demonstrated high quality outcomes.

The Company invested to ensure compliance with new global privacy and data regulations to safeguard student and staff information, including European-led General Data Protection Regulation (GDPR) principles across all Navitas entities and Notifiable Data Breach requirements in Australia.

RATIONALISATION OF CAREERS AND INDUSTRY DIVISION TO UNDERPIN IMPROVED RETURNS

The portfolio review of the Careers and Industry Division highlighted the variability of financial returns across different regions. In high-demand sectors and regions with stable regulatory environments, the Division is well placed to offer high quality student programs profitably. However, SAE's US operations have experienced challenging operating conditions, a situation that is not expected to improve in the foreseeable future. For example, accreditation is required at both state and national levels, leading to long lead times, high compliance costs, and relatively small student cohorts.

The rationalisation program will include the closure and relocation of some colleges and the investigation of the sale of the SAE US business. Health Skills Australia (HSA) will also be closed or divested, as changes to the vocational education funding rules in Australia have impacted the economic viability of the business. We will support affected students to either complete their programs before closure or transfer to an alternative provider for completion.

This rationalisation is expected to reduce the Division's revenue but improve operating EBITDA, margins and ongoing working capital requirements. It also provides the Division with a stronger foundation for future growth.

CONTINUED GROWTH IN ENROLMENTS

The University Partnerships Division grew enrolments by 6% across FY18 ahead of Navitas' 2020 target of 5%. New partnership contracts were signed with Virginia Commonwealth University and Murdoch University and five existing partner contracts were successfully renewed with no change in key commercial terms. In addition, the college operated with Swansea University was converted to a joint venture on 1 March 2018 to implement a broader strategic opportunity for growth.

The Careers and Industry Division opened a new SAE campus in Hannover and several SAE campuses were refurbished and relocated, including Vienna, Paris and Brisbane, to drive improved student outcomes and enrolments.

CAPITAL MANAGEMENT INITIATIVES

Navitas has declared a final dividend of 8.0 cents per share, partially franked at 70%. This takes the full year dividend to 17.4 cents per share. Navitas concluded its share buy-back program in the period with approximately 70% of the buy-back target achieved.

CORPORATE GOVERNANCE

An overview of our governance and risk management processes is available on page 25 and the full version online. We encourage shareholders to read it in full.

David Buckingham was announced as the successor for Rod Jones as CEO and Managing Director in October 2017. Following a handover period, David assumed CEO responsibilities in March 2018 and Managing Director responsibilities in July 2018. As previously mentioned, Rod was appointed as a Non-Executive Director upon his retirement from executive duties. The Board is pleased with the stability provided for Navitas and its stakeholders going forward.

The period also saw the retirement of James King from the Board after 13 years of excellent service for Navitas. Jim was a long-term member of the Navitas Board and a great source of wisdom and support.

THANK YOU FOR YOUR CONTINUED SUPPORT

Navitas has taken some difficult but necessary measures in FY18 to strengthen its platform for long term growth. This work will continue in FY19 but as an education provider with a history of delivering quality student outcomes, a reputation for innovation and with access to capital, Navitas is well positioned to excel in an evolving education sector.

We would like to thank the Board and the entire Navitas team for their contribution to the outcomes achieved in FY18. We would also like to thank all our shareholders for their ongoing support and look forward to delivering on our plans for growth in shareholder returns.

Tracey Horton

TRACEY HORTON AO
Chairman

DAVID BUCKINGHAM
Group Chief Executive Officer

About Navitas

VISION AND PURPOSE

Navitas' vision is to be universally recognised as one of the world's most trusted learning organisations, and its purpose is to transform lives by increasing student access to quality tertiary education.

PURPOSE

Transform lives by increasing student access to quality tertiary education

CONVICTION DRIVE ADVENTUROUS RIGOUR GENUINE RESPECT

VISION

To be one of the most trusted learning organisations in the world

UNIVERSITY PARTNERSHIP (UP) BUSINESSES

The preferred transformation partner to universities around the world

Australasia | North America | Europe

CAREERS AND INDUSTRY (C&I) BUSINESSES

Providing students with a quality, valued education in segments with strong employment prospects

Creative | Govt. Programs | Human Services | Health

NAVITAS VENTURES

MEASURES OF SUCCESS

WORLD CLASS QUALITY: Partner NPS | Contract Renewal | Student Progression | Employee engagement | Senior retention

LEADING EFFICIENCY: EBITDA Margin

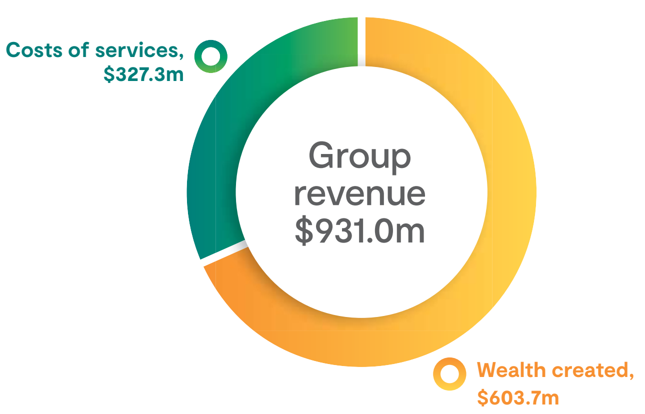
SUSTAINABLE GROWTH: Student commencement | EFTSU | New partners | EBITDA | EVA

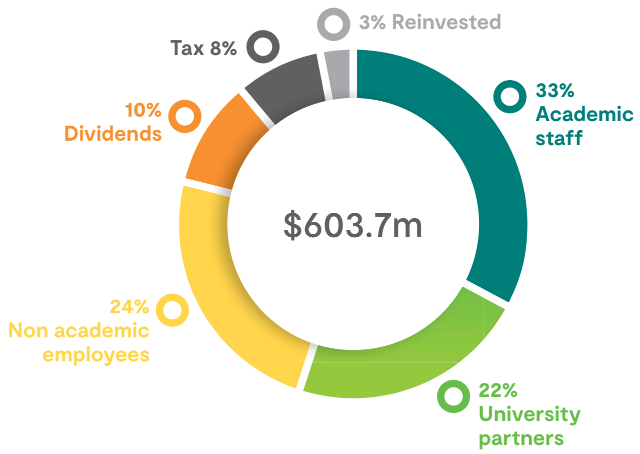
HOW WE CREATE VALUE

Navitas is an Australian headquartered, global education company operating in 27 countries. Navitas creates value by providing high quality outcomes and experiences for our students through their learning journey:

Product and information distribution → Enquiry and offer management → Timetabling and registration → Study and learning → Completion and graduation

This commitment to high quality academic outcomes and student experience covers more than 120 education and training operations in the post-secondary education sector. Navitas also plays a vital economic role in its communities. In FY18 wealth generated by Navitas was distributed as follows:





Navitas operates across two Divisions, supported by a shared corporate function and Navitas Ventures, the Company's education venturing arm:

- University Partnerships: provides pre-university, managed campus and university pathway programs that increase students' access to higher education and prepare them for future success; and
- Careers and Industry: delivers vocational and higher education programs in the creative, government services, human services and leadership and management sectors.

STRATEGY

Navitas continued to pursue its strategic plan in FY18, incorporating the following vision and goals:

DIVISION	VISION	GOALS
University Partnerships	To be the preferred transformation partner to universities around the world	· Extend and enhance University Partnerships contracts, services and student outcomes · Develop new products · Develop new partners · Transform to broader partner activities
Careers and Industry	Provide students with a quality, valued education in segments with strong employment prospects	· Refocus the Division into industry aligned sectors · Increase performance of the core including academic outcomes · Build or acquire new industry niches · Develop online and EdTech opportunities
NAVITAS VENTURES	Support the ideas, people and companies that will shape the future of Higher Education	· Appoint key resources and establish deal pipeline · Make investments that provide a 15% minimum IRR to Navitas · Gain access to new capabilities that enable, extend and hedge Navitas' core business

The Group intends to deliver the following set of Key Strategic Goals by 2020, focused on quality, efficiency and growth. Progress to date includes:

	METRIC	2020 TARGET	FY18	FY17
Quality	PASS RATES	84%[1]	84%	82%
Quality	RETENTION	90%[1]	90%	87%
Efficiency	GROUP EBITDA MARGIN	18%	15.3%[3]	16.3%
Efficiency	SAE EBITDA MARGIN	20%	13.4[3]	14.9%
Efficiency	MAINTENANCE CAPEX	$20m	$21.1m	$44.1m[4]
Growth	REVENUE CAGR	5%[2]	2%[5]	KPI commenced in FY18
Growth	FULL TIME ENROLMENT CAGR	5% Full time enrolment CAGR[1]	6%	5%
Growth	NEW UNIVERSITY PARTNERSHIPS	5 BY 2020	2	KPI commenced in FY18

[1] University Partnerships Division only

[2] Based on constant currency and CAGR calculated assuming AMEP revenue reduction excluded from FY17 to FY20. This reduces to 3% CAGR against FY17 Group revenue if AMEP revenue is included

[3] Excludes Careers and Industry Division rationalisation charges

[4] Net capex after lease incentive of $37.6m

[5] Based on constant currency and assuming AMEP revenue is excluded from reported numbers

Review of Operations

FY18 GROUP FINANCIAL PERFORMANCE

The Group's summary results for FY18 were:

Year ended 30 June	Reported			Continuing Operations[1]		
	2018	2017	vs pcp (%)	2018	2017	vs pcp (%)
Revenue ($m)	931.0	955.2	(3)	931.0	939.7	(1)
EBITDA ($m)	82.0	155.0	(47)	142.1	145.0	(2)
EBITDA margin (%)	8.8	16.2	(46)	15.3	15.4	(1)
Pro-forma EBITDA ($m)[2]	84.0	156.4	(46)	144.0	146.4	(2)
Reported NPAT ($m)	(55.3)	80.9	–			
EPS (cents)	(15.6)	22.1	–			
Operating cash flow per Share (cents)	25.8	28.3	(9)			
Full year dividend	17.4	19.5	(11)			

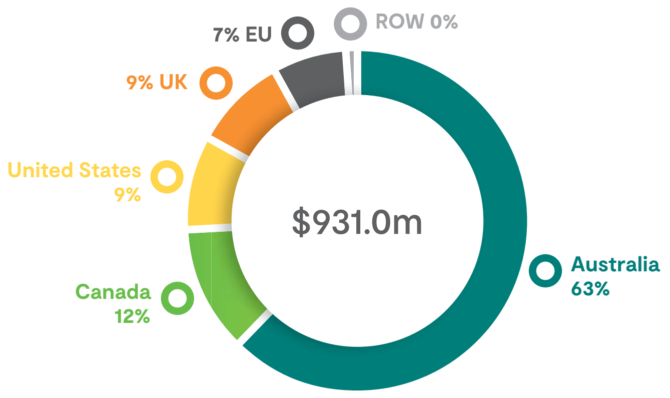
Note[1] – Continuing operations excludes contributions from closed Business Units (Macquarie and Curtin Sydney) and adjustments arising from the rationalisation of the Careers and Industry Division as announced to the ASX on 18 July 2018.

Note[2] – Pro-forma EBITDA includes share of EBITDA from joint ventures.

Group revenue was $931.0m reflecting:

- Solid enrolment growth in Australian, Canadian and UK University Partnerships colleges;
- Fee growth across all University Partnerships regions;
- Enrolment growth in SAE's Australian and European campuses;
- Ongoing global demand for quality higher education and vocational programs;
- FY17 Group revenue included income for the now closed Macquarie University college and more Adult Migrant English Program (AMEP) contract regions;
- Contributions from underperforming colleges such as HSA and SAE US which are now progressing towards teach-out and closure or sale;
- Restrictive operating conditions for the University Partnerships Division in the US following tighter visa regulations; and
- The conversion of ECC to a joint venture in FY17, with revenue disclosed in equity accounted entities.

Revenue was distributed geographically as below:



EBITDA for continuing operations was in line with expectations at $142.1m driven primarily by enrolment and fee growth across the University Partnerships Division.

Reported EBITDA declined to $82.0m, impacted by the Careers and Industry rationalisation cost, $10.1m contribution from closed University Partnerships colleges in FY17, a $14.0m reduction in AMEP earnings following a reduced number of contract regions and the ongoing impact of changes to federal vocation funding rules on HSA and ACAP. Including $1.9m from four joint venture colleges Group Pro-Forma EBITDA was $144.0.

Reported net loss after tax was $55.3m, impacted by the $123.8m charge for rationalised colleges announced on 18 July 2018.

Divisional EBITDA results were as follows:

Year ended 30 June $m	Reported 2018	Reported 2017	Reported vs pcp (%)	Reported FY18 margin (%)	Continuing Operations[1] 2018	Continuing Operations[1] 2017	Continuing Operations[1] vs pcp (%)	Continuing Operations[1] FY18 margin (%)
University Partnerships	**132.1**	**131.2**	**1**	**22.1**	**132.1**	**121.2**	**9**	**22.1**
Professional and English Programs (PEP)	15.4	31.1	(50)	13.5	18.4	31.1	(41)	16.1
SAE	(29.9)	29.9	–	–	27.2	29.9	(9)	13.4
Careers & Industry	**(14.5)**	**61.0**	**–**	**–**	**45.6**	**61.0**	**(25)**	**14.4**
Divisional EBITDA	117.6	192.2	(39)	–	177.8	182.2	(2)	
Corporate costs	(35.7)	(37.2)	(4)	–	(35.7)	(37.2)	(4)	
EBITDA	**82.0**	**155.0**	**(47)**	**8.8**	**142.1**	**145.0**	**(2)**	**15.3**
Share of EBITDA from joint ventures	2.0	1.4	43	–	2.0	1.4	43	
Pro-forma[2] EBITDA	**84.0**	**156.4**	**(46)**	**–**	**144.0**	**146.4**	**(2)**	
Reported NPAT	**(55.3)**	**80.9**	**–**					

Note[1] – Continuing operations excludes contributions from closed Business Units (Macquarie and Curtin Sydney) and adjustments arising from the rationalisation of the Careers and Industry Division as announced to the ASX on 18 July 2018.

Note[2] – Pro-forma EBITDA includes share of EBITDA from joint ventures.

FINANCIAL CONTROLS AND SYSTEMS

All of Navitas' major operations now utilise Oracle, which is integrated with a new upgraded student management system. The new shared financial service structure for financial reporting was completed in FY18.

CAPEX AND DEPRECIATION

Capex for the FY18 period was $21.1m (FY17: $81.7m) with key items including investment in upgraded IT security and student management systems as well as SAE's refurbishment of the Paris and Brisbane campuses.

Depreciation for the year was $31.4m (excluding $24.4m of impairments to Property, Plant and Equipment), a 2.5% decrease on FY17 (FY17: $32.3m). This reflected stabilisation to a lower level of capital expenditure.

INTEREST

Net interest expense of $7.9m was higher than FY17 ($5.8m) reflecting the Group's higher net debt.

TAX

For FY18, before the C&I Division rationalisation charges, Navitas' global effective tax rate was 35.7%, which is higher than the Australian corporate income tax rate of 30%.

Navitas' global tax rate is impacted by a number of considerations, including the tax rates of the jurisdictions where Navitas derives income, the entitlement to tax concessions (such as Research and Development deductions) and the ability to recognise tax benefits on losses recorded in foreign tax jurisdictions.

These factors substantially account for any difference between Navitas' global effective tax rate and the Australian corporate income tax rate of 30%.

Navitas' approach to tax strategy is to ensure robust tax governance across the countries in which Navitas operates, to meet compliance obligations with local tax authorities. In conducting Navitas' operations (both in Australia and offshore), Navitas pays tax where the underlying economic activity takes place.

Navitas supports initiatives by revenue authorities and large corporations to provide additional tax transparency to stakeholders and the community. Navitas has proactively adopted the Australian Board of Taxation's Voluntary Tax Transparency Code and other comparable initiatives being adopted internationally to support these initiatives. For more information on Navitas' tax activities please see the 2017 Tax Transparency Report.

A UK subsidiary of Navitas has been in dispute with HM Revenue & Customs (HMRC) in the UK as to whether the subsidiary provides exempt education for the purposes of UK VAT. Over the course of the dispute Navitas' UK subsidiary has prepaid all VAT claimed by HMRC pending the result of the court process. The UK subsidiary is awaiting the outcome of its appeal to a recent decision that ruled in favour of HMRC.

BALANCE SHEET

Net debt at 30 June 2018 was $201.9m (FY17: $186.0m) reflecting:

- Improved operating cashflows more than offset by lower lease incentives, higher tax and higher investing cashflows; and
- A one-off adverse foreign currency adjustment on recognition of new cross currency swaps.

Total equity at 30 June 2018 was reduced to $28.8m (FY17: $155.7m) as a result of the charges incurred for rationalising the Careers and Industry Division portfolio. Deferred revenue at 30 June 2018 was $278.5m (FY17: $262.1m).

CASH FLOWS

Operating cash flows were $92.3m compared to the prior year (FY17: $101.5m) though the prior period included $37.6m of one-off lease incentives.

SHAREHOLDER VALUE AND EVA®

Navitas utilises the economic value added (EVA®) framework to assess shareholder value with EVA® being a measure of returns above or below the Group's weighted average cost of capital for funds employed by the business. Targets for EVA® growth are set every three years with the targets being set for the FY18 to FY20 period. EVA® for FY18 was $38.6m, which represents a $10.9m decrease in EVA® compared to FY17. Further details about the calculation of EVA® can be found on page 42 of this report.

DIVIDEND

The Directors have declared a partially franked (70%) final dividend of 8.0 cents per share (FY17: 10.1 cents). This takes the full year dividend to 17.4 cents (FY17: 19.5 cents). The lower dividend announced this year reflects the reported net loss after tax resulting from the decision to rationalise the Careers and Industry division. This dividend represents approximately 90% of normalised earnings per share and free cash flows. The dividend will be paid on 17 September 2018 with the record date being 3 September 2018.

RISKS

Navitas deals with a variety of business risks, which are actively assessed and managed. These disclosures relate to economic and social sustainability risks (as defined by the Corporate Governance Principles and Recommendations (3rd Edition) published by the ASX Corporate Governance Council). Navitas does not consider it has any material environmental risks. Material business risks and the way the Company manages them are described below. This is not a comprehensive list of the risks which Navitas faces or the mitigating actions that have been adopted.

GOVERNMENT POLICY AND REGULATION

Navitas operates in the higher education sector, which is subject to extensive laws and regulations relating to, among other things: the accreditation of courses and colleges; minimum standards for the quality of teaching and student outcomes; the mobility, migration and immigration of international students; and the management and appropriation of government funding for education purposes.

Recent years have seen several government and policy changes in the countries in which Navitas operates. Navitas believes that education, training and immigration will continue to be topical policy in these countries in the near to medium term.

During FY18, Navitas was impacted by changes to relevant government regulation and policy globally, including: VAT rulings impacting the SAE UK operations and an uncertain immigration position in the USA.

Government policy and regulation mitigation

Navitas monitors policy and regulatory developments and engages appropriately with politicians, policy makers and regulatory bodies to effect positive change. Our operations in North America, Europe and Australasia create an opportunity to channel students into colleges and courses in countries with more certain or favourable policy settings.

If government policy and regulatory conditions are predicted to impact profitability over future periods, management makes appropriate business decisions – such as the changes announced by the Company (18 July 2018) and posted on the Navitas website (https://www.navitas.com/organisation/investors).

REGULATORY COMPLIANCE

Navitas is subject to applicable laws, regulations and standards to operate its core education business. If licences or accreditations for the operation of courses, colleges or campuses (where required) are adversely amended or revoked, it could result in negative impacts to the Company's reputation and limit its licence to operate.

Regulatory compliance mitigation

Navitas embeds compliance processes into its core business in order to maintain the licence and accreditation status required to operate.

Navitas liaises with governments and regulatory bodies on proposed changes which may directly or indirectly impact its core business and the wider education and immigration sectors.

COMPETITION

Navitas' core business of running pathway programs is underpinned by a nurturing face-to-face learning environment for international students that provides a range of benefits to integrate students into a foreign country and a university education.

This method of learning remains popular and continues to grow with the middle-income demographic growth in emerging markets of China, the India subcontinent and South-East Asian countries – all of which are traditional recruitment strongholds for our business.

However, the higher education sector, like many others, is subject to increased competition and a degree of disruption, including from government policy – where, for example the Australian Government has introduced funding caps that may see the universities which Navitas partners with respond by lowering entrance scores, thus creating competition for student enrolments.

Disruption from new entrants and emerging education technology (EdTech) is something the Company continues to monitor, however, it is believed that wide-scale disruption to the core pathway business will not have a significant impact in the short to medium term.

Competition mitigation

Navitas assesses its existing service offerings and that of the universities it partners with to meet current and projected future needs, including to seek out opportunities in potential growth markets to increase enrolments.

During the year a 'digital experience' team was formed to find ways to enhance the student experience to enable growth and retention.

Navitas has a Global Learning and Teaching function which leads innovation and change in its core operations, providing support to colleges and university partners.

Outside the core business, Navitas Ventures provides a means to invest in new income streams, including innovative EdTech. Navitas Ventures investments are tightly controlled and subject to comprehensive due diligence procedures including senior executive and Board approval.

DATA PROTECTION AND CYBER RISK

Navitas' core business requires it to collect, store and process student and business partner data.

Like many organisations across all industries, Navitas is not immune to the threat of a cyber-security attack. Such attacks are generally malicious in nature and have the potential to compromise the confidentiality, integrity and/or availability of sensitive information and technology assets. Along with changes to data protection laws, including GDPR, a European Union data protection regulation, expectations have increased globally that personal data is protected.

Failure to adequately secure such data could see Navitas face significant fines and incur reputational damage.

Data protection and cyber risk mitigation

Navitas has an ongoing information security program of work which is designed to identify and reduce the information security risks to its business, its students and its business partners. Further to this, Navitas recently completed a GDPR compliance program of work. Both programs have delivered a number of key outcomes, including:

- Increased staff awareness around the prevention and detection of data breaches;
- Updated information security policy framework;
- Proactive incident identification and response;
- Automated malware prevention across the Navitas IT environment; and
- Visibility of information security vulnerabilities.

MARKET DEPENDENCY

Navitas has a high market dependency on certain countries (including China) for student enrolments.

There are varying degrees of political, legislative and environmental stability in some source countries where prospective students originate and also the destination countries in which Navitas operates.

A major political crisis or natural event may limit or restrict, for a short to medium period, the freedom of movement for students from source countries or into destination countries in which Navitas operates. One or more of these events could negatively affect the ability to source students into educational programs, as well as the Company's overall student enrolments and financial results.

Market dependency mitigation

Navitas utilises a broad network of source country offices and education advisors/agents, aligned to a global marketing and recruitment program to ensure a reliable flow of students.

Navitas assesses the markets in which it operates and potential new markets to identify and proactively seek growth opportunities.

During FY18 the Company tested its crisis management plan which is designed to ensure the business continues to operate in the event of a major crisis.

PARTNER RELATIONSHIPS

Navitas works with a variety of partners including industry bodies, regulators, service providers, governments and partner universities for core business operations; and believes that all parties benefit from a strong relationship.

There are a number of events which could affect these relationships, including: strategic misalignment; student, business and compliance performance; and commercial differences. If mismanaged, a poor relationship could impact the Company's growth potential with its partners.

Partner relationships mitigation

Key Navitas executives and business managers are accountable for the health and management of relationships within their portfolios. They draw upon a range of formal and informal processes, both internal and external, to monitor, assess, improve and add value to partnerships and relationships.

Navitas commenced in FY18 an external study with its university partners to assess the health of its relationships with key stakeholders and customers.

CONTRACT RENEWAL

The core of Navitas' operations is based on contractual relationships with university partners, Commonwealth and State Governments and industry partners. Most contracts have a fixed term requiring renewal or extension of terms, conditions, the scope and tenure period. Navitas has a good track record for renewing and extending contracts with its partners, however, from time to time these contracts may not be renewed.

Contract renewal mitigation

Navitas takes a disciplined approach to contract renewal. Accountability for ongoing partner relationships is assigned to executives and regular updates are provided to the Navitas Board.

In FY18 Navitas renewed all contracts which were due and commenced two new contracts with university partners. All contract renewal activity is disclosed on the Navitas website (https://www.navitas.com/organisation/investors)

"Navitas' core business of running pathway programs is underpinned by a nurturing face-to-face learning environment for international students that provides a range of benefits to integrate students into a foreign country and a university education."

About our Businesses

REVIEW OF OPERATIONS - UNIVERSITY PARTNERSHIPS DIVISION

FY18 HIGHLIGHTS

QUALITY

- Average Pass rates increased from **82% to 84%**, retention rates increased from **87% to 90%,** progression-to-partner university rate held at **94%**;
- Continued delivery of strong student experience and academic outcomes; and
- Five University Partnerships **contracts renewed** – no change in key commercial terms.

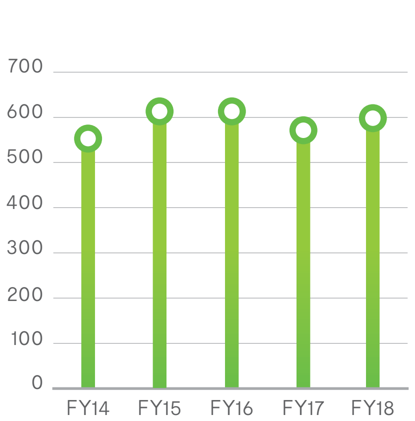
EFFICIENCY

- 40 bps EBITDA margin improvement for continuing operations to **22.1%**.

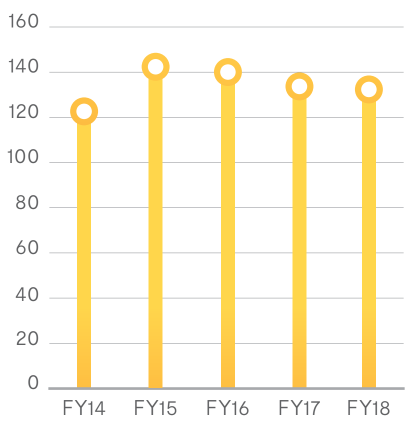
GROWTH

- **6%** enrolment growth in FY18;
- Average fee growth offset marginally by a change to lower priced courses;
- **New agreements signed** with Virginia Commonwealth University and Murdoch University in Dubai; and
- Swansea College converted to joint venture model.

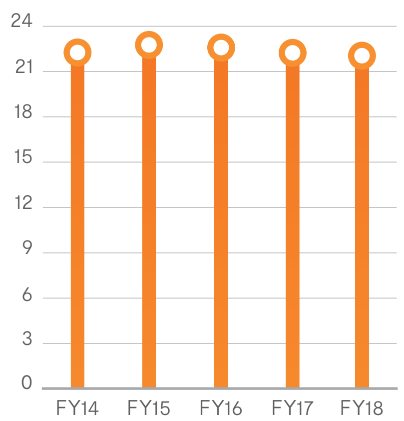
UNIVERSITY PARTNERSHIPS REVENUE ($M)



UNIVERSITY PARTNERSHIPS EBITDA ($M)



UNIVERSITY PARTNERSHIPS EBITDA MARGIN (%)



UNIVERSITY PARTNERSHIPS OVERVIEW

The University Partnerships Division provides pre-university and university pathway programs to international and domestic students, enhancing their probability of success in higher education. Pathway programs are delivered across both undergraduate and postgraduate levels.

The pathway program model provides pre and first-year university courses to international students from more than 140 countries who do not qualify for direct entry to partner universities due to either language or academic record. Some Australian and UK colleges also admit domestic students who do not gain direct entry to our partner universities.

On completion of the Navitas program, students are eligible for direct entry into second and third year programs at partner universities, or Masters level programs for postgraduate students.

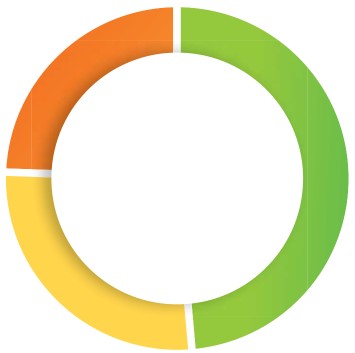
REVIEW OF OPERATIONS - UNIVERSITY PARTNERSHIPS DIVISION (CONTINUED)

University Partnerships courses are delivered via on-campus colleges, through an agreement with a partner university, in a structured environment aimed at maximising student success. This includes additional teaching hours, smaller class sizes and increased levels of learning support and pastoral care.

Navitas currently operates 37 University Partnerships' colleges across three main regions. In addition, the Division has responsibility for eight English Language colleges across Australia.

Location of University Partnerships colleges

- Australasia 18
- North America 10
- Europe 9



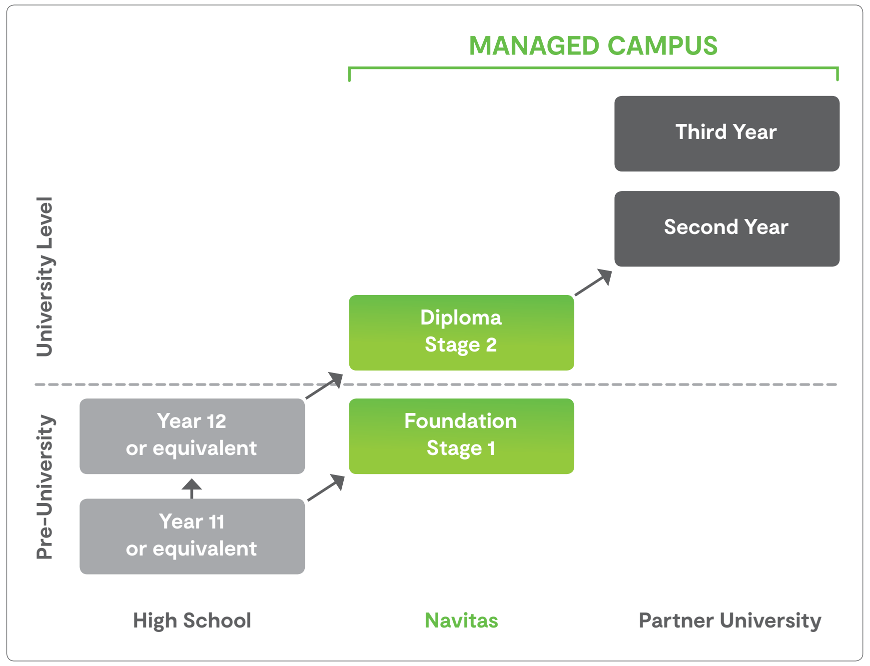
QUALITY

University Partnerships' colleges continued to achieve high quality outcomes:

- An increase in average pass rates to 84%;
- An increase in average retention rates to 90%; and
- An average progression-to-partner university rate of 94%.

A student satisfaction survey completed in 2017 by over 6,000 students found that 97% of students were satisfied with the quality of teaching at their Navitas pathway college. In addition, one of the Division's English Language schools was voted the #1 recommended English Language school in Australia and #2 globally in an independent survey of more than 19,000 students globally at 73 institutions.

University Partnerships model



EFFICIENCY

Following the review and optimisation of the University Partnerships college operating model in FY17 the Division focused on supporting the development of three global shared services centres for Finance, IT and HR services in FY18. In the UK student admissions and recruitment were also centralised to improve efficiency and promote best practice.

GROWTH

Overall enrolments were up 6% in FY18 compared with FY17 due to continued strong demand for quality education opportunities by international students. The average price growth across the colleges was offset marginally by a change in programs and university mix. The Division recorded 4% growth in revenue to $598.9m with EBITDA of $132.1m. The prior comparative period included contributions from the closed Macquarie and Curtin Sydney colleges and from ECC before conversion to a joint venture. Excluding these non-recurring items University Partners revenue grew 7% and EBITDA grew 9%.

Business development to renew existing partnership contracts or establish new partnership agreements continues to be a major focus across all regions. New agreements were signed with Virginia Commonwealth University in the US and Murdoch University for its Dubai campus.

Contracts with our partners at Deakin University, Curtin University (Singapore and Perth colleges), Anglia Ruskin University and Brunel University were all renewed in the year with no change in key commercial terms. Swansea College, in conjunction with Swansea University, was also converted to a joint venture to expand the strategic opportunity to grow more broadly.

MARKET CONDITIONS AND SHARE

The University Partnerships Division operates in Australia, Canada, the US, the UK, New Zealand, Sri Lanka and Singapore. Regulation and government policy can significantly influence the Division's operations and varies across jurisdictions.

In Australia, the government's immigration policy and the Simplified Student Visa Framework (SSVF) continued to support growth in international student enrolments. Canada continues to have a very supportive international student visa regime as well.

The US and UK sectors remained challenging during FY18 though there was some improvement in the UK in the lead up to Brexit. Sector wide enrolments in the US continued to decline under a highly restrictive immigration environment.

Navitas has a leading market share in the Australian and Canadian pathway sectors, with a smaller market share in the UK and US.

PROGRESS AGAINST STRATEGY

In FY18 Navitas released its revised strategic direction and vision for the University Partnerships Division. Progress to date against that strategy is outlined in the table below.

	FY18 progress	By 2020
Extend and enhance University Partnerships contracts, services and student outcomes	✓ High pass, retention and progression-to-university rates maintained ✓ Anglia Ruskin University, Deakin University, Curtin University (Perth and Singapore) and Brunel University contracts renewed ✓ Optimal College model completed in Australia and North America ✓ Sales and Marketing transformation program well progressed	· Maintain high pass, retention and progression rates · Renew all contracts due in FY19 – University of Canterbury (November), University of Portsmouth (February), University of Plymouth (March) · Complete the implementation of Sales and Marketing transformation initiatives · Improve Division efficiency and margin
Develop new products	✓ English language programs fully integrated	· Expand new programs and products to partners · Explore pathways-to-employment offering and work integrated learning
Grow, retain and support partners	✓ Signed new agreements with Virginia Commonwealth University and Murdoch University ✓ Strong Business Development pipeline ✓ Swansea College converted to Joint Venture model	· Sign 5 new university partners by 2020 · Maintain strong Business Development pipeline · Continue to expand suite of pathway solutions · Explore a variety of models to suit different needs of university partners · Develop and target transformation offerings for partners

About our Businesses

REVIEW OF OPERATIONS - CAREERS AND INDUSTRY DIVISION

FY18 HIGHLIGHTS

QUALITY

- Above sector average Quality Indicators for Learning and Teaching (QILT) survey results including student support and teaching quality.

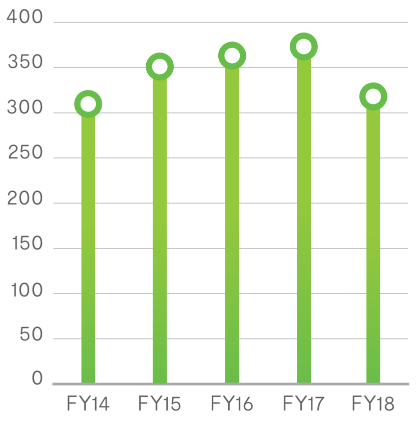
EFFICIENCY

- Rationalisation of the Careers and Industry portfolio announced to improve returns and create foundation for future growth.

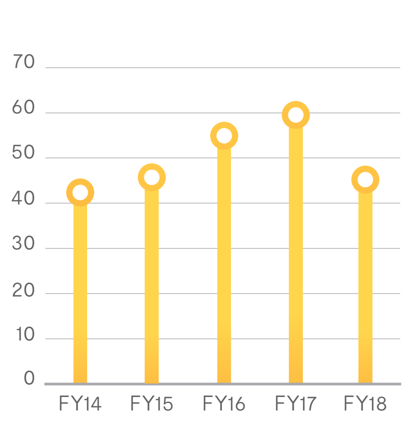
GROWTH

- New SAE campus in Hannover and several campuses refurbished for growth.

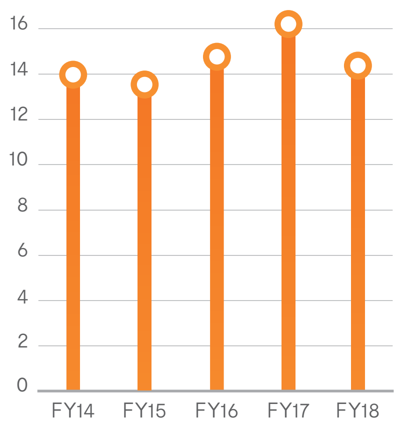
C&I REVENUE* ($M)



C&I EBITDA* ($M)



C&I EBITDA MARGIN* (%)



*Continuing operations

REVIEW OF OPERATIONS - CAREERS AND INDUSTRY DIVISION (CONTINUED)

CREATIVE

Brand: SAE

- Global SAE operations
- 51 campuses globally
- Licensed territories

GOVERNMENT SERVICES

Brand: Navitas

- Language, literacy and numeracy
- Employment services
- Internships, Professional Year programs and work integrated learning

HUMAN SERVICES

Brand: ACAP

- Counselling
- Psychological Services
- Social Work
- Criminal Justice
- Youth Work
- Community Services

LEADERSHIP & MANAGEMENT

Brand: ASAM, Women in Leadership, NESLI

- Leadership Education
- Management Development
- Teacher Development

CAREERS AND INDUSTRY OVERVIEW

The Careers and Industry Division delivers tertiary to post graduate level programs across several sectors:

- Creative: delivers a range of predominantly Higher Education programs via the SAE chain of creative media colleges across several major fields of study: audio, film, animation, gaming, design, and web. SAE is one of the world's largest creative media education companies, with 51 campuses across 26 countries.
- Government Services: delivers the Australian Government's Adult Migrant English Program (AMEP) and the Skills for Education and Employment (SEE) program across Australia, as well as
- Human Services: delivered by the Australian College of Applied Psychology. Courses include diploma to higher education programs in psychology, counselling, social work and criminal justice.
- Leadership and Development: delivered by the Australian School of Applied Management including leadership education and professional development for teachers.

All colleges and campuses across the Division are industry orientated with a focus on the delivery of strong employment outcomes and with curricula that are fully owned by Navitas. Students are predominantly domestic students.

MARKET CONDITIONS AND SHARE

The Careers and Industry Division operates across multiple jurisdictions, including Australia, the UK, US and Europe.

While higher education policy in Australia remained supportive, widespread reforms to Commonwealth vocational education funding introduced in 2017 continue to inhibit enrolment growth. It is not expected that there will be any improvement in funding availability in the medium term which has led to the decision to close Health Skills Australia.

Ongoing reforms to national accrediting bodies in the US have continued to delay the approval process for new courses and programs that are available for launch. These delays, along with high lease, administration and compliance costs resulted in a decision by the Company to close two SAE US colleges and explore the divestment of the remaining colleges. In addition the SAE Oxford college will be closed and the SAE Indonesia college converted to a licensed operation in FY19.

SAE UK has lodged its appeal regarding its VAT exemption status and the outcome should be known in FY19.

QUALITY

A commitment to quality outcomes is reflected in high Net Promoter Scores (NPS) and strong student experience survey results compared to the wider higher education sector.

ACAP achieved above-average results in the 2018 Australian Quality Indicators for Learning and Teaching (QILT) survey in many areas including graduate satisfaction (+7%), student support (+6%), skills development (+4%) and teaching quality (+5%).

SAE achieved higher than sector-average scores in the same survey in the areas of student support (+14%), learner engagement (+14%), skills development (+5%) and teaching quality (+4%). Additionally over 90% of students surveyed at SAE globally were satisfied with both academic support levels and the relevancy of teaching content to a career in the industry.

EFFICIENCY

Following an extensive portfolio review a number of Careers and Industry colleges and campuses were scheduled for closure or divestment due to underperformance.

GROWTH

Careers and Industry revenue for continuing operations decreased to $317.5m and EBITDA decreased to $45.6m following a reduced number of AMEP contract regions and the effect of restrictive Vocational Education funding on Health Skills Australia and ACAP.

SAE opened a new campus in Hannover, Germany, and relocated or refurbished the Paris, Glasgow and Brisbane campuses to allow for greater growth.

PROGRESS AGAINST STRATEGY

	FY18 progress	By 2020
Refocus into industry aligned vertical segments	✓ Careers and Industry portfolio review completed ✓ 4 sub-scale SAE campuses exited with divestment being explored for SAE US ✓ Acquired ASAM business joins the Division	· Implement C&I portfolio review outcomes and deliver full benefits
Increase performance of core – including academic outcomes	✓ Strong academic and student experience outcomes	· Keep improving academic and student experience outcomes · Develop efficiencies across the Division
Develop future business opportunities	✓ New vertical segments developed and expanded ✓ Market research continued to identify appropriate new verticals ✓ Screening ongoing for quality entry options (organic/inorganic) ✓ Partner with Navitas Ventures to explore borderless opportunities	· Further develop online capability · Build or acquire high quality borderless education organisations aligned to vertical segments · Explore further SAE licensing opportunities

Corporate Responsibility

Navitas has a reputation as a socially responsible organisation. Importantly, this reputation sits alongside the Group's commitment and track record of delivering high quality academic outcomes.

Navitas' corporate responsibility strategy focuses on: Our Communities, Our People, Our Environment and Our Customers. The strategy aligns with current business objectives and is also reflective of the significant interaction and involvement that Navitas and individual business units have had within their communities for many years.

The strategy is mutually beneficial, delivering benefits to global stakeholders and participants while bringing long term benefits to Navitas and its shareholders.

SUPPORTING OUR PEOPLE AND BEING A GOOD EMPLOYER

Navitas was built on a desire to support a diverse group of students from various countries to succeed in their tertiary studies overseas. Today, this important sentiment of unity and camaraderie is still alive and represented in Navitas' diverse employee, student and partner base. It is also echoed in the way Navitas operates – the Company is proud to celebrate what makes it unique.

Navitas is committed to providing a safe and productive workplace for its ~7,000 employees around the world, and continued to report strong results on gender representation and workplace safety in FY18.

Navitas promotes a workplace that recognises and embraces the skills, characteristics and experiences that people bring to the Group. Accordingly, a diversity strategy is in place that outlines measurable objectives to achieve gender diversity within the Group.

TARGET	FY18 PERFORMANCE MALE	FY18 PERFORMANCE FEMALE
The Non-Executive Director group should comprise a minimum of 40% female Directors and 40% male Directors	50%	50%
The Navitas Leadership Team should comprise a minimum of 40% female staff and 40% male staff	87%	13%
The senior executive group should comprise a minimum of 40% female staff and 40% male staff	60%	40%
Total employees should be comprised of a minimum of 40% female staff and 40% male staff with appropriate skills and attributes	40%	60%

*Senior executives for the purposes of the above table are defined as members of the Navitas Leadership Team, the Senior Management Team, the Executive General Management (EGM) and the senior direct reports to the EGM of the operating Divisions in total approximately 179 employees.

As at 30 June 2018, the proportion of men and women employed by the Navitas Group in Australia is set out in the table below:

POSITION	FY18 PERFORMANCE MALE	FY18 PERFORMANCE FEMALE
Non-Executive Directors	3 (50%)	3 (50%)
Senior Managers	82 (55%)	67 (45%)
Full time Permanent Employees	537 (42%)	732 (58%)
Full time Contract Employees	152 (46%)	176 (54%)
Part time Permanent Employees	180 (26%)	501 (74%)
Part time Contract Employees	90 (48%)	97 (52%)

The Diversity Policy is publicly available on the Company's website: www.navitas.com/corporate/investors

Navitas is committed to providing a safe and secure workplace with world class health and safety capabilities. In FY18 Navitas' Australian operations reported:

Metric	FY18	FY17
Fatalities	0	0
Lost Time Injury Frequency Rate (LTIFR) - number of lost time injuries per million hours worked	2.45	0.95
Prosecutions or Regulatory/Improvement notices	0	0

Navitas' Wellness, Health and Safety (WHS) program continued the focus on protecting and enhancing health and wellness for everyone who works, learns or visits with Navitas in FY18. Consequently, improved awareness has resulted in increased reporting levels and a higher LTIFR for FY18. Navitas has continued to deliver its WHS Strategy 2017-2020, which is driving WHS improvements through four strategic focus areas;

- People, Capability and Culture;
- Keeping Staff and Students Safe;
- Workplace Injury & Illness Support Programs; and
- Promoting Physical & Mental Wellness.

PRIVACY

In FY18 Navitas also significantly improved its policies and practices on privacy and data security, in line with a number of new regulations including GDPR in Europe and Notifiable Data Breach requirements in Australia. This has included:

- Implemented tools to maintain and continuously improve data privacy and protection;
- Established a global data privacy & protection organisational structure;
- Compulsory privacy training for all affected staff;
- New policies and procedures on privacy, data management, IT security and data breaches;
- Amending partner and supplier contracts to reflect privacy regulations; and
- Regular data audits.

ENSURING ENVIRONMENTAL AWARENESS AND SUSTAINABILITY

Most of Navitas' global network of more than 120 campuses and colleges are leased or owned by partners. Within this constraint Navitas aims to:

- Ensure sustainability is included in design and construction guidelines, and where possible, all design materials come from sustainable, low energy use resources;
- Ensure that contractors used in construction and maintenance demonstrate sustainability credentials as part of tender or contract establishment; and
- Introduce energy savings through the introduction of energy efficient equipment and education.

As part of this sustainability strategy Navitas:

- Has continued to improve measurement of key environmental outputs such as energy usage;
- Is supporting its staff at a college level by providing information about ways to reduce energy consumption; and
- Has continued to improve monitoring the generation of general waste at a college level, with the view of finding ways to improve waste management.

ENSURING POSITIVE OUTCOMES FOR STUDENTS, CLIENTS AND PARTNERS

Navitas utilises a range of annual surveys and studies to monitor and ensure key academic performance indicators are met. External benchmarking involves comparing key academic performance indicators across Navitas colleges, while internal benchmarking takes place between the individual colleges and their partner universities.

Within the University Partnerships Division, pass rates and retention target rates (the rate of students moving from semester to semester) are set at greater than 75%. In the 2017 calendar year, both targets were exceeded, with average pass rates of 84%, retention rates at 90% and progression to partner rates of 94%. Other student and client outcomes are listed on pages 9-20.

OUR COMMUNITY CONTRIBUTION

At Navitas we firmly believe that education is essential to building better futures and is a core component of the sustainable development of any community. We are pleased to support community organisations around the world, both locally where we operate, and globally where there is need.

The Navitas Education Trust (NET) is Navitas' corporate responsibility philanthropic vehicle for supporting education-related charities and not-for-profit organisations. It was established to share some of our success through projects that improve access to quality education in disadvantaged communities globally.

The NET has been in operation since 2013 and since that time has made commitments of over $2 million in funding to education-focused programs.

Every year Navitas contributes $500,000 to the NET with a portion used to fund education-based initiatives in partnership with not-for-profit charitable organisations and the remainder invested to generate interest on the funds for future programs.

In December each year the NET opens grant applications for the coming financial year, accepting submissions from organisations that meet the key criteria outlined in the NET Application Guidelines.

The application window closes in February and applications are then assessed through a formal review and evaluation process. All applicants are notified of outcomes in May, with funds distributed to successful applicants at the beginning of the financial year.

In FY18, seven new initiatives were funded, with the NET making new commitments of $496,365 to support programs delivered over one to three years. A total of $372,691 was granted to nine programs through the NET in FY18.

CORPORATE RESPONSIBILITY (CONTINUED)

Below is an outline of the nine programs supported by NET in FY18.

1. Navitas partnered with Rotary Australia to help the Chiedza Childcare Centre of Zimbabwe provide access to education for 395 children and youth in urban and rural communities in Zimbabwe. The project benefits boys and girls between 9 and 15 who are orphaned, poor and vulnerable and who either failed to start school by the age of nine, or dropped out of school before completing the first seven years of basic education.
2. Navitas supported the Australian Business Community Network (ABCN) for the fifth year in a row. NET funding is used for two Navitas-named scholarships that support high-performing but disadvantaged year 10 students. The scholarships provide financial support over a three-year period, along with corporate mentoring, workshops, program delivery and more, helping recipients through the last two years of high school and the first year of work or tertiary study.
3. Navitas provided funds to Classroom of Hope to support activities in four primary schools in rural Battambang, Cambodia that improve education access and quality. This is an extension of an earlier NET program, with some funds used to construct school buildings at one particularly remote school.
4. Assisi Aid Projects received funding to support Assisi's Education and Skill Development Project, which works to improve the livelihood of 490 children aged 6-16 years across 15 tribal villages in Kanchipuram district, Tamil Nadu, India. The project is delivering an integrated health, education and life skills program to the Irular people, a tribal group whose villages are isolated from mainstream Indian society geographically, linguistically and culturally. The Irular people have high rates of illiteracy with many living below the poverty line.
5. Through the NET, KOTO in Vietnam received funding to assist 30 trainees with education, accommodation, healthcare and career support services. The program aims to transform the lives of disadvantaged and at-risk youth in Vietnam through its holistic hospitality training program. The partnership with KOTO empowers disadvantaged youths to study hard and make the most of their opportunities to become employable young adults, ready to inspire their community.
6. The Leprosy Mission Australia (TLMA) received funding to improve awareness and access to education for those impacted by leprosy in Nepal. With the support of NET, the reach of the TLMA scholarship program in Nepal has almost doubled. More than 330 children have been given access to education, including uniforms and stationery costs, along with referrals for rehabilitation and further medical assistance.
7. NET partnered with Oaktree to support their Inspiring Young Learners through Quality Education program – an initiative that aims to improve the quality of the teaching and learning environment for secondary students in Timor-Leste. NET funding has provided teacher training and mentoring to 120 teachers and has assisted in governance support across four schools.
8. Through funding from the NET, the Sharing Stories Foundation is working with Indigenous communities in Australia to protect, maintain and grow language, stories and cultural heritage through digital technologies and vibrant artistic art forms. NET funding is creating 13 comprehensive teacher resources to support student engagement. This collection of vibrant, interactive and bilingual multi-touch books shares animated interpretations of Indigenous stories from across Australia. When completed, the series will be mapped to the Australian Curriculum to assist teaching of Aboriginal and Torres Strait Island perspectives.
9. NET extended its partnership with Plan International for the Inclusive Education for Children with Disabilities program, which provides infrastructure, training, and resources so that children with disabilities can learn alongside their able-bodied peers across ten schools in Dhaka, Bangladesh.

Navitas also supported a number of other community activities through FY18, including:

- Providing more than 265 academic scholarships worth approximately $1.1 million;
- Donating or raising almost $45,000 for a variety of causes;
- 450 employees volunteered 1,472 hours globally to participate in volunteer programs across a variety of causes; and
- Committing more than 1,200 management hours to support corporate responsibility activities.

Corporate Governance

The Board believes a high level of governance and transparency is critical for fostering a productive corporate culture and business practices. Operating in accordance with high standards is essential to achieving sustainable long-term performance and value creation.

ROLE AND RESPONSIBILITIES OF THE BOARD

Navitas' Board of Directors is responsible for the corporate governance of Navitas and its subsidiary companies. The Board determines all matters relating to the strategic direction, academic quality and governance, policies, practices, management and operations of Navitas with the aim of protecting the interests of the Company's shareholders and other stakeholders, including employees, students and partners.

Without limiting this general role, the specific functions and responsibilities of the Board include:

- oversight of the Group, including its educational outcomes, control and accountability systems;
- appointing and removing the CEO (or equivalent), including approving remuneration of the CEO and the remuneration policy and succession plans for the CEO;
- ratifying or approving the appointment and, where appropriate, the removal of the CFO (or equivalent) or Company Secretary;
- final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

BOARD MEMBERS

To assist in identifying areas of focus and maintaining an appropriate mix of skills, experience, knowledge and diversity, the People and Remuneration Committee (PRC) uses a Board skills matrix that is reviewed on a regular basis. It is an important component of the criteria used for Director appointments.

The Board skills matrix contains the mix of skills, experience, knowledge and diversity that the Board both currently has and is looking to achieve in its composition. Each of these areas is currently well represented on the Board, recognising that each Director may not necessarily have experience in or fit within all areas. However, the Board benefits from the combination of the Directors' individual skills, experience, knowledge and diversity.

INDEPENDENCE

A Director is 'independent' where he or she is a non-executive Director, is not a member of management, and is free of any relationship that could, or could reasonably be perceived to, materially interfere with the independent exercise of their judgment. Six of seven Directors were independent as at 30 June 2018.

RISK MANAGEMENT

The Board is ultimately responsible for risk management, and must satisfy itself that significant risks faced by the Group are being managed appropriately, and that the system of risk management within the Group is robust enough to respond to changes in Navitas' business environment.

The Audit and Risk Committee has the following responsibilities regarding risk management:

- assessing the internal process for determining and managing key risk areas;
- confirming management's risk appetite and tolerance;
- ensuring that the Group has an effective risk management system and that macro risks to the Group are reported at least twice a year to the Board;
- evaluating the process Navitas has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk;
- ·assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk; and
- ensuring the continuous development of risk management in the Group and for supervising the implementation of risk management in compliance with the risk management policy and guidelines.

BOARD COMMITTEES

Two standing Board committees have been established to assist the Board in fulfilling its responsibilities.

BOARD OF DIRECTORS

Audit and Risk Committee

Purpose: to assist the Board in fulfilling its corporate governance and oversight responsibilities.

FY18 focuses included:

- Reviewing the independence, objectivity and competency of Navitas' external auditors
- Monitoring and reviewing the integrity of Navitas' financial statements
- Monitoring the performance and outcomes of Navitas' internal audit program
- Reviewing the Company's FY18 Full and Interim Year financial reporting

People and Remuneration Committee

Purpose: to review and approve the strategies and practices for people management within Navitas.

FY18 focuses included:

- Succession planning for the Board and senior executive
- Reviewing and approving executive remuneration policy
- Reviewing the effectiveness of workplace diversity and safety strategies
- Reviewing the Company's FY18 remuneration report
- A comprehensive external Board review

Details of Navitas' compliance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations (3rd Edition) for the year ended 30 June 2018 will be disclosed in the Company's Appendix 4G. This document will be lodged with ASX in accordance with Listing Rule 4.10.

Navitas Leadership Team

DAVID BUCKINGHAM

Engineering BTech (Hons), CA UK, UK ACT, GAICD

Chief Executive Officer and Managing Director

2.5 years with Navitas

David has a diverse educational background and impressive career which he began in the United Kingdom with PricewaterhouseCoopers. He later moved into the telecommunications industry to which he has devoted much of his career.

He worked for Telewest Global, Virginmedia, and iiNet in the telecommunications and media industries before moving in to Education when he joined Navitas in February 2016 as Chief Financial Officer. David became Group CEO on 1 March 2018 and was recently appointed as Managing Director of Navitas on 1 July 2018.

PHIL MIRAMS

BComm, CA ANZ

Chief Financial Officer

Phil was appointed CFO in June 2018. He has more than 25 years of international experience in accounting, corporate finance and management roles within a number of different industries. He started his professional career as an accountant in New Zealand in 1989 before moving to the UK in 1995 where he held senior roles with Deutsche Bank and Andersen in London.

Phil moved to Australia in 2004 to become the Chief Financial Officer of Deutsche Bank, Australia and New Zealand before joining UGL, an ASX 100 company, as CFO in 2007. He was the CFO for Automotive Holdings Group an ASX 200 company prior to joining Navitas and holds a Bachelor of Commerce from the University of Otago, New Zealand. He is a member of the Australia and New Zealand Institute of Chartered Accountants.

ROB LOUREY

BBus (HR), ADip PM, MAICD

Head of Human Resources

5 years with Navitas

Rob has many years' experience in the human resources function across a number of industries including media, property, construction, manufacturing and financial services.

Rob has been the principal human resources executive in publicly listed companies in each of these sectors and has had responsibility for operations in Australia, Asia, UK/Europe, Africa, US and New Zealand.

Rob has been a non-executive director with Afrox and Afrox Healthcare, South African listed companies and Michael Page International, a FTSE plc; and KU Children's Services, an Australian early childhood education organisation.

Rob holds a Bachelor of Business in Human Resources and an Associate Diploma in Personnel Management and is a member of the Australian Institute of Company Directors.

SCOTT JONES

BComm, GAICD

CEO of Navitas Careers and Industry

17 years with Navitas

Scott was appointed to the role of Chief Executive Officer Navitas Careers and Industry Division in December 2016, having been Global SAE Chief Executive Officer since 2014 and Chief Operating Officer since 2013.

Prior to his role at SAE, Scott was Executive General Manager responsible for Navitas' Student Recruitment Division (from 2008 to 2012), Director of Marketing and Admissions at Curtin University, Sydney (2005 to 2008), and Marketing Manager (from 2001).

Scott has a strong track record of strategic growth, organisational performance and leadership, both within Navitas and SAE, and before that within the FMCG sector. Throughout his career, Scott has gained significant international experience as well as contacts and partnerships across the US, UK, Europe, Asia, Africa and Middle East. With over 20 years of commercial and strategic experience, Scott started his career with Coca Cola Amatil and the Mars Corporation in sales and marketing roles.

BEV HUDSON

BEd, Grad Dip Lang Studies, MEd

CEO of University Partnerships, Australasia

12 years with Navitas

Bev has been working in international education for thirty years in four countries. The last twelve years have been working for Navitas in North America across a number of roles including: College Director and Principal at Navitas' first pathway program in North America; Fraser International College; General Manager for Navitas Canada and as President and CEO of University Partnerships, North America. Bev has recently relocated to take up the role as CEO of University Partnerships in Australasia.

Bev has been involved in all aspects of international education including curriculum design, student services, faculty, administration and developing and setting up new international partnerships. She has developed and implemented the strategic vision for internationalisation at several universities including internationalising the curriculum, international recruitment and marketing, student support, and international partnership development.

Bev received her Master of Education from Edith Cowan University. In 2014 she was awarded the International Education Distinguished Leadership Award from the British Columbia Council for International Education.

MICK CAMPBELL

BSc, BSc Statistics (Dip), GAICD

Chief Information Officer

2 years with Navitas

Mick joined Navitas in 2016, bringing over 20 years' experience in IT with him. He is responsible for leading the Group IT function and digitalisation of Navitas across all of the Company's global divisions.

He has held senior roles in a variety of industries, spanning not-for-profits, healthcare, professional services, IT, banking and finance, and education. His career has seen him work at AIT, Westpac, Oracle, Ashurst, Ramsay Health Care and Cerebral Palsy Alliance.

Mick has deep expertise in the leadership of IT and places strong emphasis on ensuring that the process, people and technology aspects of IT are properly balanced. He has a passion for applying and optimising IT, aiming to promote intuitive user interfaces, simple language and improved project execution.

Mick is an avid supporter of the Cerebral Palsy Alliance. In 2014, he co-devised and organised the Krazy Kosci Klimb (www.krazykosciklimb.com.au), where young adults with cerebral palsy are provided with the opportunity to climb Australia's highest peak, Mt Kosciuszko. The event since went on to provide that opportunity to 100 participants and fundraised over $1.1m in the process. He was awarded 2016 NSW Volunteer of the Year for his efforts.

NAVITAS LEADERSHIP TEAM (CONTINUED)

PAUL LOVEGROVE

Law LLB(Hons), MBA, MPhil

CEO of University Partnerships, Europe

3 year with Navitas

Paul joined Navitas in 2015 and has overall responsibility for establishing new partnerships and overseeing all University Partnerships operations in Europe. Paul is responsible for determining the strategic direction of the Division, overseeing the quality of delivery and ensuring a focus on efficiency.

Paul has a deep and intimate knowledge of international higher education and pathways markets in the United Kingdom gained during his two decades of employment with Study Group in a diverse range of roles. Across his career, Paul worked his way from a teacher to Director of the pathway division, and established trusted and strategic university partnerships with over 18 higher education institutions – 12 of which he personally led the set-up of.

Paul holds a LLB from John Moores University, an MBA in General Management from the University of Brighton and a MA, Research from the University of Brighton.

IAIN ROTHWELL

BBus, MAcc, CPA

Chief Commercial Officer

8 years with Navitas

Iain has held a number of executive roles at Navitas and has been the Chief Commercial Officer since July 2016. Prior to this, he was the Chief Operating Officer of Navitas' University Partnerships Division.

Iain has more than 20 years of experience in the education sector. He has held a range of executive roles including Chief Financial Officer and Director Business Development with the University of Western Sydney, as well as Managing Director of Access MQ Ltd and Assistant Vice-Chancellor with Macquarie University.

With a focus on innovation, Iain has participated in many business start-ups as a founder, director and mentor including a co-founder of MultiLit Pty Ltd, a literacy business where he continues as a Board Director.

From 2007 to 2009 Iain was the Chief Executive Officer and Fund Manager of Campus Living Villages, a global student housing business based in Sydney.

Section 2
Directors' Report

Directors' report

YOUR DIRECTORS SUBMIT THEIR REPORT FOR THE YEAR ENDED 30 JUNE 2018.

The names and details of the Company's directors in office during the financial year and until the date of this report are set out on pages 33 to 36. Directors were in office for this entire period unless otherwise stated.

Directors

TRACEY HORTON AO

BEcon (Hons) UWA, MBA Stan, Prof Emer, FAICD, FGIA

Non-Executive Chairman

Appointed as a Director on 13 June 2012 and as Chairman on 16 November 2016.

Ms Horton has extensive international business and education experience including as Winthrop Professor and Dean of the University of Western Australia's Business School. Prior to that she held executive and senior management roles in North America with Bain & Company and across Australia with Poynton and Partners and the Reserve Bank of Australia.

Ms Horton has significant governance experience including past directorships with Skilled Group and Automotive Holdings Group. Ms Horton is a Commissioner for Tourism Western Australia, Chairman of Presbyterian Ladies College, a national director of the Australian Institute of Company Directors and Past President of the Chamber of Commerce and Industry (WA). Ms Horton is also a member of the Australian Takeovers Panel and the Bain & Company WA Advisory Board.

During her time at the Reserve Bank and in the management consulting industry, Ms Horton gained extensive management and leadership experience in financial analysis, economic modelling and research, risk management, strategy development and implementation, operational and productivity improvement and change management in several different industries and geographic regions.

During her time at the University of Western Australia, with line management responsibility for the University's largest cash-generating business unit, she accumulated considerable leadership experience at a senior executive level in the education sector, including focus on people management and remuneration and incorporating digital technologies into the faculty's business model.

Ms Horton has been sitting on boards across the listed, private, government and not-for-profit sectors since 2002. Over this period she has gained significant corporate governance experience through her various Director, Chairman and Chair of Committee roles in a wide range of industries and organisations. She contributes to the corporate governance profession through her membership of the board of the Australian Institute of Company Directors and her chairmanship of its National Education Advisory Committee.

In 2017, Ms Horton was made an Officer of the Order of Australia for distinguished service to business and business education through a range of leadership and academic roles, and to the arts in Western Australia.

During the past three years Ms Horton has served as a director of the following other listed companies:

- Skilled Group (from 10 February 2011 to 19 October 2015)
- Automotive Holdings Group Limited (from 3 May 2012 to 20 November 2015)

Ms Horton is also a member of the Board's People and Remuneration Committee.

ROD JONES

BComm, DEd (Hon) ECU, FAICD

Director

Appointed Group CEO and Managing Director on 18 June 2004. Resigned as Group CEO on 28 February 2018. Resigned as Managing Director on 30 June 2018. Became Non-Executive Director on 1 July 2018.

Mr Jones has over 45 years' experience in educational administration and has held a number of senior administrative positions within the government and the private education sectors. His background covers both secondary and higher education in Australia.

Mr Jones has been involved in international education since 1987 and is recognised as one of the leaders in the successful establishment of the sector in Australia. He is one of the co-founders of Navitas and was Group CEO of the Company from its founding in 1994 until 2018. As CEO he has been instrumental in the expansion and development of the Navitas model into the various markets in which it now operates.

Through this executive and Board experience at Navitas Mr Jones is considered to have extensive experience in executive leadership, financial analysis, risk management, strategy, corporate governance, remuneration, the education sector and technology.

In April 2007, Mr Jones received an honorary Doctor of Education from Edith Cowan University in recognition of his outstanding contribution to the development of the international education sector both in Australia and overseas, and in 2008 was awarded the Australian Ernst & Young Entrepreneur of the Year. In 2010, Mr Jones was recognised by his colleagues with an International Education Excellence Award from the International Education Association of Australia for his leadership in the field of international education.

Mr Jones is a member of the Business Council of Australia and a fellow of the Australian Institute of Company Directors. He is also a significant supporter of a number of charitable causes in Australia.

During the past three years, Mr Jones has not served as a director of any other listed companies.

TONY CIPA

BBus, Grad Dip Accounting

Non-Executive Director

Appointed 1 May 2014

Mr Cipa has extensive international business and finance experience including his roles as Chief Financial Officer and Executive Finance Director for CSL Limited, the ASX listed international biopharmaceutical company.

During his time leading the finance function of CSL the company grew from a previously government owned business to a global market leader with over 20 international locations including the USA, UK, Canada and Germany. Mr Cipa was CFO from 1994 to 2000 then served as Executive Finance Director on CSL's Board of Directors from 2000 to 2010.

Mr Cipa is currently a Non-Executive Director of Healthscope Limited. He was previously the Chairman of the Audit and Risk Committee and a Non-Executive Director of Skilled Group.

Through this executive and Board experience Mr Cipa is considered to have extensive experience in executive leadership, financial analysis, risk management, strategy, corporate governance and remuneration.

During the past three years Mr Cipa has served as a director of the following other listed companies:

- Healthscope Limited* (from 28 June 2014 to present)
- Skilled Group (from 4 April 2011 to 19 October 2015)

* Denotes current directorship

Mr Cipa is also the Chairman of the Board's Audit and Risk Committee.

HARVEY COLLINS

BBus, SFFin, FAICD

Non-Executive Director

Appointed as a Director since 9 November 2004 and Chairman from March 2006 until 16 November 2016.

Mr Collins has extensive executive and board experience in a range of industries. From 1986 to 1996 he held senior executive roles in Western Australian regional bank, Challenge Bank Limited, including five years as Chief Financial Officer. From 1997 to 2002, he was an Executive Director of listed investment company, Chieftain Securities Limited.

From 2009 to 2012, he was the Non-Executive Chairman of Bank of Western Australia Limited (Bankwest). From 2004 to 2013, he was a Non-Executive Director (Deputy Chairman) of Verve Energy (Electricity Generation Corporation).

Mr Collins has held board appointments in industries as diverse as financial services, health insurance, telecommunications, equipment hire, mining services, electricity and the not-for-profit sector. He is a director of Save the Children Australia, Chairman of Insitor Impact Asia Fund Pte Ltd and is a past member of the WA State Council of the Australian Institute of Company Directors.

Through this executive and Board experience Mr Collins is considered to have extensive experience in executive leadership, financial analysis, risk management, strategy and corporate governance. In addition, due to his tenure as Chairman of the Navitas Board, Mr Collins is considered to have significant education experience.

During the past three years, Mr Collins has not served as a director of any other listed companies.

Mr Collins is also a member of the Board's Audit and Risk Committee.

DIRECTORS (CONTINUED)

DIANA EILERT

BSc (Syd) MComm (UNSW)

Non-Executive Director

Appointed 28 July 2014

Ms Eilert is a professional Non-Executive Director with extensive board and executive experience gained in a 30 year career across a variety of sectors.

Ms Eilert is currently a Non-Executive Director of Super Retail Group (ASX: SUL), Domain (ASX: DHG) and Elders (ASX: ELD) and was previously a Non-Executive Director of digital business realestate.com.au (ASX: REA), Veda Group Limited (ASX: VED), and digital start-ups such as "onthehouse" and OurDeal.

As an executive Ms Eilert has held operational roles as Group Executive for Suncorp's entire insurance business and later, Group Executive People, Technology, Marketing and Joint Ventures for Suncorp. She had 10 years' experience with Citibank running retail bank credit and risk, the mortgage business, the retail funds management business, and the Direct Bank, reporting to the Country Head.

In her final executive role, Ms Eilert was Head of Strategy and Corporate Development for News Ltd, where her focus was on digital transformation and emerging business models.

Through this executive and Board experience Ms Eilert is considered to have extensive experience in executive leadership, financial analysis, risk management, strategy, corporate governance and remuneration. In addition, due to her specialised experience in the digital and technology area at News Ltd, IBM and Suncorp, Ms Eilert is considered to have significant Digital and Technology experience.

During the past three years Ms Eilert has served as a director of the following other listed companies:

- Super Retail Group* (from 21 October 2015 to present)
- Veda Group Limited (from 18 October 2013 to 26 February 2016)
- Elders Limited* (from 14 November 2017 to present)
- Domain Holdings Australia Limited* (from 15 November 2017 to present)

* Denotes current directorship.

Ms Eilert is also the Chairman of the Board's People and Remuneration Committee (PRC).

LISA PAUL AO PSM

BA (Hons), FAICD, FACEL, FAIM, FIPAA, FANZSOG

Non-Executive Director

Appointed 2 February 2016

Ms Paul has been a Chief Executive in the Australian federal government for 11 years, most recently as the Secretary of the Australian Government Department of Education and Training.

In 2011, Ms Paul was made an Officer of the Order of Australia for distinguished service to public sector leadership. In 2003, she was awarded a Public Service Medal for leading the Australian Government's domestic response to the Bali bombings.

Ms Paul is a fellow of the Australian Institute of Company Directors, a fellow of the Australian Council for Educational Leaders, National Fellow of the Institute of Public Administration Australia, a fellow of the Australian Institute of Management, an Australian National University Public Policy Fellow, a member of Chief Executive Women and a Fellow of the Australian and New Zealand School of Government.

Ms Paul currently serves on the boards of Social Ventures Australia, Australian Schools Plus, Australian Research Alliance for Children and Youth, High Resolves and the Australia American Educational Leadership Foundation Ltd. She was appointed to the Government's Naval Shipbuilding Advisory Board in January 2017. She was also formerly on the boards of Programmed Maintenance Services Limited and APM Australia.

Ms Paul is Enterprise Professor, Public Policy at the University of Melbourne and is a Councillor of Bond University.

Through this executive and Board experience Ms Paul is considered to have extensive experience in executive leadership, financial analysis, risk management, strategy, corporate governance, remuneration and the education sector. In addition, due to her experience in the Department of Education and Training, Ms Paul is considered to have significant Digital and Technology experience.

During the past three years Ms Paul has served as a director of the following other listed company:

- Programmed Maintenance Services Limited (from 3 February 2016 to 27 October 2017)

Ms Paul is also a member of the Board's People and Remuneration Committee (PRC).

DAVID ROBB

BSc, GradDip (Personnel Administration), FAIM, FAICD

Non-Executive Director

Appointed 9 May 2017

Mr Robb has an extensive corporate background, most recently serving as Managing Director and CEO of Iluka Resources (an ASX 100 company) for 10 years. As CEO, he transformed the company's financial, commercial and human capabilities and drove major achievements in shareholder returns and investment market reputation, in workforce diversity and employee engagement and in corporate sustainability practices.

Prior to that, Mr Robb held a number of senior executive positions at Wesfarmers, including Executive Director, and senior roles at BP in Asia, the US, the UK and Australia.

Mr Robb is also currently a Director of the Melbourne Football Club, a Director of the WA Cricket Foundation and Chair of the Dean's Council of the Faculty of Engineering, Computing and Mathematics at the University of Western Australia. He was previously Chairman of Consolidated Rutile Limited and Deputy Chair of Methodist Ladies College, Perth.

Through this executive and Board experience Mr Robb is considered to have extensive experience in executive leadership, financial analysis, risk management, strategy, corporate governance and remuneration.

During the past three years Mr Robb has served as a director of the following other listed company:

- Iluka Resources Limited (from 18 October 2006 to 2 September 2016)

Mr Robb is also a member of the Board's Audit and Risk Committee.

Remuneration Report

This Report outlines the remuneration arrangements in place for the key management personnel (KMP) of Navitas Limited. The KMP are the Group Chief Executive Officer and certain Navitas senior executives, together referred to in this Report as 'executives', and the non-executive directors. The disclosures are in accordance with the requirements set out in section 300A of the Corporations Act 2001 (Cth).

The Report comprises the following sub sections:

1. FREQUENTLY ASKED QUESTIONS

This section provides an overview of the key questions Navitas' shareholders may have in relation to KMP remuneration arrangements.

Remuneration policy

How are executives at Navitas remunerated?	Navitas executives are remunerated in two parts: 1. Fixed remuneration, which is used to attract and retain executives with the talent and skills to support the Group's objectives; and 2. Variable remuneration, which is paid utilising an executive incentive plan, based on Group, business unit and individual performance.
How is fixed remuneration determined?	Fixed remuneration for each role is set by the Board through the People and Remuneration Committee (PRC) and is based on comparable roles in like companies. Fixed remuneration is reviewed annually based on individual and Group performance as well as market data. Navitas aims to pay at the 50th percentile of fixed remuneration levels for comparable roles and organisations.
How are variable payments for individual executives set?	A percentage of each executives' fixed remuneration is set as Target Variable Pay (TVP). This ranges from 60% to 75% of fixed pay for executives depending on the executive's role and level of responsibility, and 150% of fixed pay for the CEO. Fixed and variable remuneration are set to provide a market competitive total remuneration package. The policy for this is specified in Navitas' executive incentive plan.
How are incentives determined for executives working in Group or business unit roles?	Growth targets for the Group and each business unit are set, with Group executives tied to the Group Economic Value Added (EVA®) result and business unit executives tied to their business unit and Group EVA® results.
How are incentive payments funded?	Incentive payments are funded based on the year-on-year growth in EVA® achieved by the Group or business unit against pre-established targets set by the Board.
How is the executive incentive plan pool determined?	The incentive pool is based on the combined TVP of participants and how well the Group and its business units performed against the EVA® growth targets set by the Board. If targets are exactly met, the incentive plan pool will be equal to the combined TVP of participants. If targets are not achieved, the pool will be lower, if targets are exceeded, the pool will be higher. The size of the pool is uncapped for achievement above the target.
What growth targets are used to determine the incentive pool?	Growth targets are set by the Board for a three-year period, with the three-year target broken down into annual growth targets. Incentive funding is determined each year based on EVA® growth achieved against those annual targets. We do not disclose the growth targets set by the Board as they are commercially sensitive. In setting the target for FY18 - FY20, the Board gave consideration to Group plans, shareholder return expectations, industry developments, as well as comparative performance analysis prepared by independent consultancy Juno Partners of the top 300 Australian listed companies, excluding investment, mining and utility companies over the five years to June 2016.

What is EVA® and how is it calculated?	The executive incentive plan is based on sustained improvements in the financial performance of Navitas, as measured by EVA®. EVA® measures the profit Navitas makes above and beyond what investors could expect to earn, had their funds been invested elsewhere at similar risk. For EVA® calculations see page 42.
How are financial outcomes weighted between Group and business unit performance?	Executives working in Group roles have incentive outcomes based 100% on Group financial performance. Executives working in business unit roles have their incentive outcomes based 50% on business unit performance, and 50% on Group performance. This weighting split encourages collaboration between executives to improve overall Company performance.
How are incentive payments and the EVA® pool linked?	While the combined TVP of participants and financial performance against pre-set targets determines the maximum size of the pool, the share of that pool that the executive receives is subject to an assessment of their individual performance.
How are financial performance and individual performance linked?	Incentive payments are based on a combination of financial (60%) and personal (40%) objective outcomes. If executives do not meet their personal objectives, or do not perform as well as others, their incentive payment will vary. An executive's share of the incentive pool will only be rewarded in full for exceptional individual performance. If the financial EVA target for an executive's business unit is not achieved then no incentive is payable (regardless of an executive's performance against their personal objectives). Payments are assessed against previously agreed objectives and then approved by Board.
What are personal performance objectives?	Personal performance objectives allow for greater emphasis to be placed on non-financial performance. Objectives are established and performance assessed in the context of student outcomes, Group plans, shareholder return expectations and industry developments amongst other things. This approach recognises the importance of strategic non-financial initiatives to the Group's long term success.
Does the 40% weighting of personal objectives mean the incentive pool available has increased?	No. The funding of the incentive pool has not changed, i.e. rewards are subject, at first instance, to financial performance against the pre-set financial targets determined by the Board. If an executive is assessed not to have reached acceptable levels of individual performance, they are not eligible for any variable rewards (even if financial EVA targets have been achieved).
Can incentives be deferred or forfeited?	For executives, rewards are uncapped and any amount, positive or negative, may be declared. Amounts between zero ($0) and an executive's TVP opportunity are settled in the current year. Any amount over the executive's TVP or below zero is settled in three equal parts - the first in the current year and the remainder in the two years that follow.
What happens if EVA® growth declines?	If EVA® growth is substantially below target, a negative incentive is declared reducing the value of any previously deferred incentives and any future incentives under the plan.
What happens to the deferred amount if an executive ceases employment?	An executive must be in employment at the time the Board approves the incentive payment made under the executive incentive plan to be eligible for the payment. Where an executive ceases employment before the end of any deferral period, the deferred amount is treated as follows: i. If an executive voluntarily resigns from the Company or if they are dismissed for cause, e.g. misconduct, then they are ineligible to receive any deferred amounts. ii. In all other circumstances, e.g., redundancy, death, incapacitation due to illness or injury, or retirement from full-time employment, any deferred amount due to the executive remains on foot until such time as the amount falls due. At that time, a pro rata payment of the amount will be made, based on the length of employment service during the deferral period. The Board retains discretion to determine treatment of some or all terminating executive's deferred incentives.
Do executives have to maintain a Navitas shareholding?	Executives have to allocate at least 50% of any post-tax incentive payment to purchase shares until the executive has established a holding in Navitas equal to the value of their fixed remuneration. Please refer to changes to the incentive plan for FY19 on page 40 for an update to this policy effective 1 July 2018.

REMUNERATION REPORT (CONTINUED)

New CEO remuneration details

What are the remuneration details for the new CEO?

(Note any incentive payment is subject to both financial and personal performance and not guaranteed)

Mr. David Buckingham became Group CEO on 1 March 2018.

Fixed remuneration	Variable remuneration	Notice period	Termination period for material change
$1.0m	150% of fixed remuneration based on EVA® performance and meeting other KPIs.	6 months by Navitas or Mr. Buckingham	1 month by Mr. Buckingham. A separation payment in these circumstances will be made of 12 months fixed remuneration

FY18 outcomes

What are the remuneration outcomes for FY18?

Fixed remuneration

Executives did not receive a fixed remuneration increase in FY18.

Variable remuneration

The Group financial performance did not meet minimum EVA® achievement expectations and an incentive declaration of 0.03x is expected for Group executives, including the Chief Executive Officer and Chief Financial Officer.

For business unit executives the expected range of incentive declarations across executives is from 0.03x to 0.47x, depending on the EVA® created by each business unit.

This is consistent with the objective of the plan, which is to base variable rewards on sustained growth in EVA® being achieved.

Changes to the remuneration policy for FY19

Are there any changes to fixed remuneration for FY19?

Fixed remuneration for executives will be reviewed taking into account remuneration market data for comparable roles in like companies. Outcomes will be reported in the FY19 Remuneration Report.

Are there any changes to variable remuneration opportunity for FY19?

Following an increase in the TVP opportunity for executives in FY18, as detailed in last year's Remuneration Report, there are no changes planned for executive's TVP opportunity in FY19.

Are there any changes to the incentive plan?

Changes to incentive plan elements

Beginning in FY19 the following incentive plan elements will be introduced:

- One-third of an executive's annual incentive payment, up to their TVP, will be deferred pre-tax into rights to acquire Navitas equity;
- Vesting of these rights will be deferred for 3 years, subject to continuing employment (or good leaver status);
- At vesting, a top up will be provided to recognise dividends foregone during the vesting period.

The introduction of rights, with vesting deferred for 3 years, will further align executives with shareholders by:

- providing a simple mechanism that is consistent across all countries;
- increasing executives' Navitas equity participation;
- confirming a Navitas equity shareholding retention mechanism;
- improving alignment with market practice and emerging trends in executive remuneration policies; and
- ensure Navitas' ability to retain key talent.

The changes to the incentive plan will also align executives' rewards more closely with the Company's strategic objectives by rewarding both group financial and individual performance.

Shareholder approval

Following the introduction of rights for the incentive plan, shareholder approval will be sought at the FY18 Annual General Meeting for a proposed grant of rights to Navitas' Managing Director & Chief Executive Officer. The terms and calculation methodology for the grant of rights will be disclosed in the FY18 Notice of Meeting.

Change to executives' minimum shareholding requirement

Beginning in FY19 executives are encouraged to hold Navitas securities as follows:

	Value of securities	Time period to acquire securities
CEO	100% of fixed remuneration	3 years
Executive	50% of fixed remuneration	5 years

To meet the minimum shareholding requirement any Navitas securities, including rights granted under the incentive plan, are counted when considering whether an executive has met the guideline.

Are there any other changes?

The Board continues to review executive remuneration and will provide details of any changes that are made in future Remuneration Reports.

2. KEY MANAGEMENT PERSONNEL (KMP)

The following were KMP at any time during the 2018 financial year and, unless otherwise indicated, were KMP for the entire year.

(i) Non-Executive Directors

Tracey Horton	Non-Executive Chairman
Tony Cipa	Non-Executive Director
Harvey Collins	Non-Executive Director
Diana Eilert	Non-Executive Director
James King	Non-Executive Director (retired 15 November 2017)
Lisa Paul	Non-Executive Director
David Robb	Non-Executive Director

(ii) Executive Director

Rod Jones	Group Chief Executive Officer (resigned 28 February 2018)
Rod Jones	Managing Director (resigned 30 June 2018 becoming a Non-Executive Director)

(iii) Executives

Patrick Brothers	Chief Development Officer (resigned 18 May 2018)
David Buckingham	Group Chief Executive Officer (appointed 1 March 2018)
David Buckingham	Chief Financial Officer (until 28 February 2018)
Mick Campbell	Chief Information Officer
Bev Hudson	Chief Executive Officer – University Partnerships North America
Scott Jones	Chief Executive Officer – Careers & Industry
Rob Lourey	Group General Manager - Human Resources
Paul Lovegrove	Chief Executive Officer – University Partnerships Europe
Philip Mirams	Chief Financial Officer (appointed 4 June 2018)
Iain Rothwell	Chief Commercial Officer (KMP effective from 21 March 2018)
John Wood	Chief Executive Officer – University Partnerships Australasia (resigned 30 June 2018)

3. FY18 REMUNERATION OUTCOMES AND LINK WITH PERFORMANCE

The Group financial performance did not meet minimum EVA® achievement expectations and an incentive declaration of 0.03x is expected for Group executives, including the Chief Executive Officer and Chief Financial Officer.

For business unit executives the expected range of incentive declarations across executives is from 0.03x to 0.47x, depending on the EVA® created by each business unit.

Any negative incentive declarations are settled over three years, reducing the value of previously deferred amounts and the value of future declarations.

The lower rewards declared in FY18 reflect the Group's financial profit performance that was impacted by a number of factors including charges from the rationalisation of the Careers and Industry Division, the final impact of the closure of Macquarie and Curtin Sydney Colleges, reduced AMEP contract regions and changes to VET funding rules in Australia.

These declared incentive amounts are consistent with the objective of the plan, which is to base variable rewards on sustained growth in EVA® being achieved.

Final incentive payments are subject to Board determination in September 2018.

Economic Value Added (EVA®) calculation

The below table outlines how the FY18 EVA outcome was calculated, and compares to FY17.

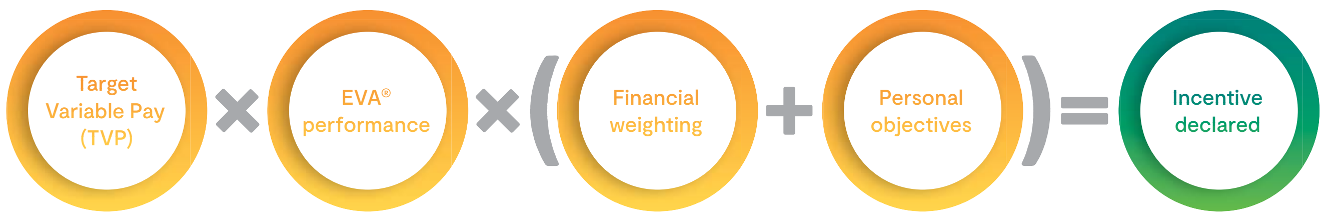
		2018 $000s	2017 $000s
	EBITDA # (note 1)	142,078	155,048
+	Interest	1,287	1,691
-	Depreciation	(31,450)	(32,259)
=	Net Operating Profit Before Tax	111,915	124,480
-	Taxes at 30%	(33,575)	(37,344)
=	Net Operating Profit After Tax (A)	78,340	87,136
	Capital Employed*	496,222	469,882
x	Cost of Capital	8%	8%
=	Capital charge (B)	39,698	37,591
A-B	**Economic Value Added (EVA)**	**38,642**	**49,545**
	Opening EVA	49,545	60,286
	EVA decrease	**(10,903)**	**(10,741)**

non-operating profits and losses are excluded from the EVA calculation
* based on the average of month end net debt and equity balances throughout the year, after adjustments.

Note 1: as at 30 June 2018 the Group recorded significant one off expenses of $123.8m related to the C&I Division. Under the principles of the EVA calculation these one off expenses are not deducted from Net profit for EVA purposes so that future EVA creation is not distorted by the absence of these one off expenses. However, the capital employed includes a permanent capital allocation of $123.8m for these expenses so that future EVA creation must recover the historic capital invested.

Cash bonuses for participants have been provided for in the financial statements for 30 June 2018, but as noted above, are subject to review and confirmation by the Board in September 2018.

STRUCTURE OF FY18 EXECUTIVE INCENTIVE PLAN



TVP ranges from 60% to 150% of fixed pay depending on the executive's role and level of responsibility.

Executives in Group roles have incentive outcomes based 100% on Group financial performance. Executives in business unit roles have their incentive outcomes based 50% on business unit performance, and 50% on Group performance.

Financial weighting is 60%

Personal weighting is 40%.

Individual performance is assessed against a previously agreed set of objectives and then determined by the CEO or Board.

Executives are uncapped on the upside and downside. If the incentive is in excess of the executive's TVP, two-thirds of the amount above their TVP is deferred at risk for two years.

FY09 - FY18 NAVITAS FINANCIAL PERFORMANCE AND ALIGNMENT TO REMUNERATION OUTCOMES

The following table outlines Navitas' performance on key metric of value creation for the past 10 years.

(12 months ended 30 June)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Economic Value Added (EVA) ($m)	38.64	49.55	60.29	62.86	51.78	46.10	38.12	57.88	54.53	40.64
Dividends per share - paid and proposed (cents)	17.4	19.5	19.5	19.5	19.5	19.5	19.5	20.7	18.8	14.3
Dividends paid ($m)	69.8	70.4	74.1	73.3	72.8	72.8	80.3	68.7	57.8	40.1
Closing share price (at 30 June)	$4.44	$4.85	$5.49	$4.29	$7.13	$5.77	$4.34	$4.03	$4.66	$2.73
Earnings/(loss) per share (cents)	(15.6)	22.1	24.0	19.1	13.7	19.9	19.5	21.7	18.8	14.3
Earnings per share before amortisation and impairment (cents)	21.2	22.2	24.2	24.5	22.1	20.0	19.8	22.9	19.4	14.6
Net profit/(loss) after tax attributable to members of the Company ($m)	(55.85)	80.34	90.08	71.81	51.58	74.58	73.15	77.30	64.20	49.20
Return on capital employed*	15%	18%	22%	23%	20%	19%	19%	50%	59%	47%

*excluding the significant one off C&I Division expenses recognised at 30 June 2018

4. EXECUTIVE REMUNERATION OBJECTIVE, STRUCTURE AND REVIEW

Navitas' remuneration objective is to provide competitive rewards to attract high calibre executives that can drive the continued strong performance of the business. At the heart of the Group's approach is:

- an executive incentive plan structured to align the interests of executives with those of the Company's shareholders; and
- the establishment of appropriate performance benchmarks that link both fixed and variable remuneration with Group strategy, the strategy of individual business units and goals set for each executive's individual performance.

Alignment of executive and shareholder interests

Captures all at-risk pay

Executives are assigned a level of Target Variable Pay (TVP) which is based on a percentage of their fixed remuneration. In FY18, this varied from 60% to 150% of fixed pay, depending on the seniority of the executive. The executive incentive plan comprises the entire at-risk opportunity offered to executives.

Based on shareholder value

The executive incentive plan is based on sustained improvements in the financial performance of the Group and its business units, as measured by EVA®.

EVA® measures the profit the business makes above the Group's current cost of capital of 8%. As such, it is the value created by the business for shareholders.

EVA® is more demanding than other profit measures such as EPS or EBITDA as it requires a reasonable return on equity to be achieved before EVA® becomes positive. Research by independent consultancy Juno Partners shows that only about 50% of the top 300 Australian listed businesses generate positive EVA® in any one year[3].

The Board sets the required return for investors used to calculate EVA® annually and may make amendments to the statutory profit to calculate EVA® without affecting the underlying integrity of the plan.

Linked with Navitas' financial performance

Every three years, the Board sets growth targets for the Group and each key business unit. In setting the target for FY18 - FY20, the Board gave consideration to Group plans, shareholder return expectations, industry developments, as well as comparative performance analysis prepared by independent consultancy Juno Partners of the top 300 Australian listed companies excluding investment, mining and utility companies over the five years to June 2016.

At the end of each year, after consideration of the EVA® growth achieved against targets, an incentive multiple is determined. This is applied to the executive's TVP and amended for individual performance to determine the incentive declared for the executive.

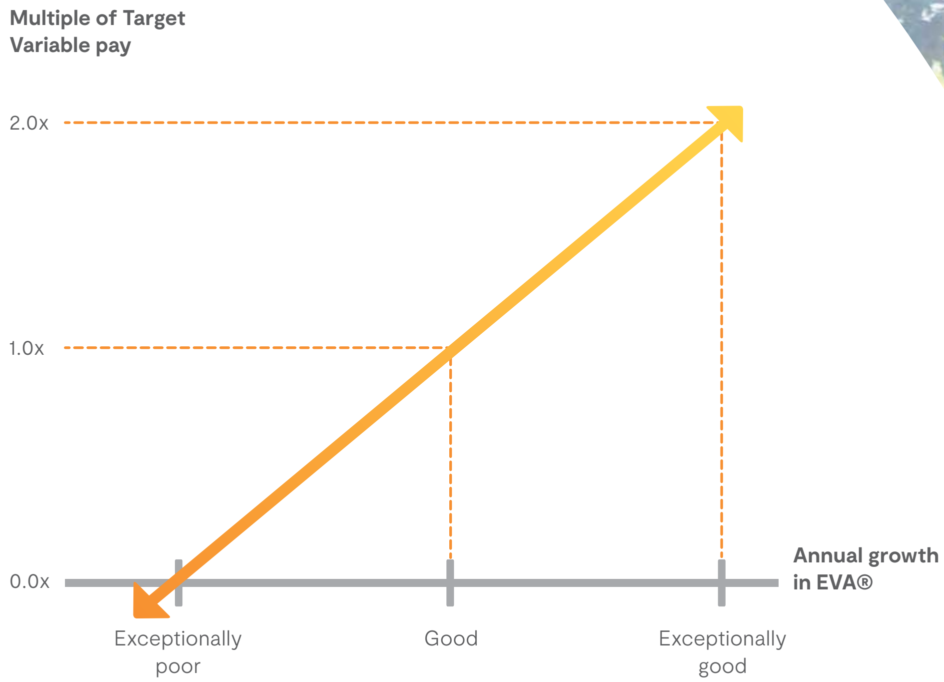
Incentive formula

The Board also gives consideration to the levels of performance that would justify extreme rewards, both on the upside and on the downside, while ensuring the payoff in either direction is symmetrical.

The diagram below illustrates the working of the incentive formula as it applies to executives.

[3]Excluding investment companies, as determined by Juno Partners, an independent consultancy appointed by the Board.

The Incentive Formula



Rewards above TVP are deferred and can be forfeited if not sustained

For executives, rewards are uncapped and any amount, positive or negative, may be declared. Amounts between $0 and the executive's TVP are settled in the current year. Any amount outside this range is settled in three equal parts:

- the first in the current year; and
- the remainder in the two years that follow.

Deferred amounts can be lost if the executive's participation in the scheme ends for whatever reason, or if future EVA® growth falls substantially below target.

Any deferred amounts do not vest with the executive and are not paid on the termination of their employment.

Incentive declarations can be negative

If EVA® growth falls substantially below target, executives can suffer a negative incentive declaration. Negative incentive declarations are settled over three years, reducing the value of previously deferred amounts and the value of future declarations.

Subject to additional requirements

Total payments to executives participating in the plan must be approved by the Board each year.

To further strengthen the link between executive performance and shareholder return, executives are required (over time) to acquire a beneficial interest in shares in the Company equal to the value of their fixed remuneration. Executives have to allocate at least 50% of any post-tax incentive payment, up to and including a one times EVA® multiple, to purchase shares in the Company. Ordinary shares are issued at a price calculated as a volume weighted average market price for the five trading days immediately before the date of issue.

This requirement results in all executives acquiring a meaningful exposure to the performance of Navitas shares, funded out of the proceeds of their incentive payments.

Please refer to changes to the incentive plan for FY19 on page 40 for an update to this policy, effective 1 July 2018.

REMUNERATION REPORT (CONTINUED)

Focused on sustained, multi-year performance

While payments under the executive incentive plan are made in cash and classified under the accounting standards as 'short-term benefits', there are several elements in the plan that enable rewards to reflect sustained, multi-year performance, including:

- payments reflecting performance against a set of three year targets;
- two thirds of payments for above target performance are deferred;
- deferred payments are subject to loss if performance deteriorates significantly or the executive ceases to be a participant in the plan (subject to cessation reason); and
- at least 50% of any payment, up to and including a one times EVA® multiple, must be used to purchase shares until the executive has established a holding in Navitas equal to the value of their fixed remuneration. Please refer to changes to the incentive plan for FY19 on page 40 for an update to this policy, effective 1 July 2018.

Link with business strategy

A significant portion of executive remuneration is 'at risk', with payment determined annually through the Company's executive incentive plan based on the achievement of pre-determined Group, business unit and individual targets. These targets link directly with Navitas' business strategy.

FY18 results

Business strategy

Navitas' business strategy is built on three core pillars

Business performance - EVA®

EVA® is the key way we measure our business performance against our strategic objective

- Quality
- Efficiency
- Growth

	2018 \$000s	2017 \$000s
Economic Value Added (EVA®)	38,642	49,545
Opening EVA®	49,545	60,285
EVA® decrease	(10,903)	(10,741)

Pool

EVA® Performance

EVA® represents the profit above and beyond what investors could expect to earn

EVA® is a key financial measure of the executive incentive plan. Minimum EVA® achievement must be met before any incentive payments are made.

Executive

Executive incentive plan

What executives are paid is a direct outcome of EVA® performance

The FY18 executive plan outcome for the CEO and MD was positive

FY18 average outcome for the other executives ranged between 0.03x and 0.47x

Remuneration structure

An outline of our executive remuneration structure, determination and purpose is below.

Executive remuneration at Navitas

Fixed remuneration

Delivered to the individual as:

- Cash
- Superannuation
- Fringe benefits such as motor vehicles

Individual payment/outcome determined by:

Reviewed annually to ensure it is commensurate with company and individual performance, as well as consistent with market rates for comparable executive roles.

Purpose and alignment

To attract and retain leaders that can drive the continued strong performance of our business

Incentive (variable)

Delivered to the individual as:

- Cash
- Requirement to purchase equity with a portion to support achievement of minimum shareholding requirements

Individual payment/outcome determined by:

EVA® performance and Individual performance. Note, if the financial EVA target for an executive's business unit is not achieved then no incentive is payable (regardless of an executive's performance against their personal objectives).

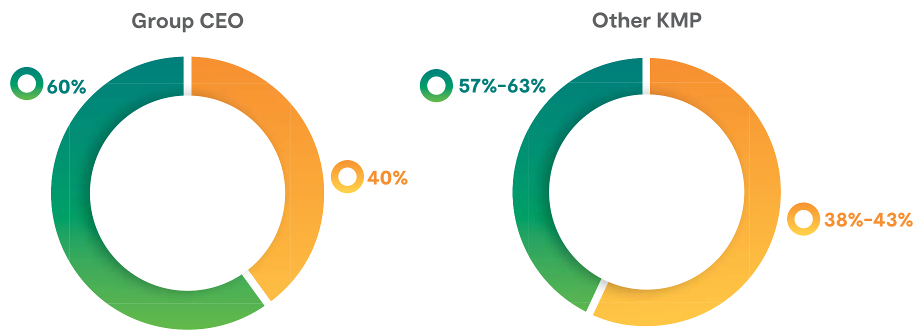
Purpose and alignment

To share the financial success of the Company with executives. To ensure our executives' pay is linked with the achievement of Group and business unit strategies and aligned with the interests of our Shareholders.

Remuneration review

The PRC reviews the level and composition of executive remuneration each year, benchmarking against the Group's peers. The proportion of fixed and variable remuneration for each executive is set by the PRC or the Group Chief Executive Officer. The on target remuneration mix for FY18 is set out below.

Fixed remuneration
Variable, at risk remuneration



5. EXECUTIVE STATUTORY REMUNERATION TABLES

The remuneration reported below is in accordance with both statutory requirements under the Corporations Act 2001 (Cth) and Australian accounting standards.

Year ended 30 June	Short term benefits							
2018 ($)	Salary & Fees	Cash bonus (i)	Non-monetary benefits	Post-employment Superannuation	Other long term benefits (ii)	Total	Performance related %	Balance of Deferred Cash Bonuses (iii)
Executive Director (iv)								
Rod Jones[1]	1,685,377	–	6,000	23,649	–	1,715,026	–	–
Other Key Management Personnel (iv)								
Patrick Brothers[2]	611,325	–	–	20,049	–	631,374	–	–
David Buckingham[3]	702,947	–	15,024	23,365	20,003	761,339	–	(64,107)
Mick Campbell	350,960	–	11,492	20,049	8,528	391,029	–	(37,918)
Bev Hudson^	393,791	175,886	2,431	18,223	–	590,331	30%	–
Scott Jones	529,951	9,656	–	20,049	12,681	572,337	2%	(820)
Rob Lourey	418,003	–	–	23,249	10,375	451,627	–	(30,413)
Paul Lovegrove*	286,869	38,715	–	63,749	–	389,333	10%	(40,227)
Philip Mirams[4]	53,964	1,408	–	5,012	119	60,503	2%	–
Iain Rothwell[5]	113,332	5,655	–	5,012	2,737	126,736	4%	–
John Wood[6]	1,032,953	35,657	–	58,349	–	1,126,959	3%	–
	6,179,472	266,977	34,947	280,755	54,443	6,816,594	4%	(173,485)
2017 ($)								
Executive Director (iv)								
Rod Jones	1,004,450	90,776	6,000	35,000	22,841	1,159,067	8%	(195,557)
Other Key Management Personnel (iv)								
Patrick Brothers	589,384	21,951	–	19,616	14,912	645,863	3%	(83,661)
David Buckingham	566,227	14,809	23,158	19,616	13,518	637,328	2%	(91,350)
Mick Campbell[7]	348,785	–	8,164	19,616	8,595	385,160	–	(45,675)
Bev Hudson^	385,551	254,490	2,378	21,841	–	664,260	38%	–
Scott Jones@	535,772	183,823	–	14,712	12,703	747,010	25%	(1,639)
Rob Lourey	411,054	15,887	–	28,112	11,890	466,943	3%	(39,361)
Paul Lovegrove*	276,701	18,696	–	61,434	–	356,831	5%	(80,454)
John Wood	480,309	15,305	–	42,416	15,121	553,151	3%	19,785
	4,598,233	615,737	39,700	262,363	99,580	5,615,613	11%	(517,912)

(1) Resigned as Group Chief Executive Officer on 28 February 2018 and resigned as Managing Director on 30 June 2018. Salary & fees includes the payment of accrued leave balances of $664,426.

(2) Resigned on 18 May 2018. Salary & fees includes the payment of accrued leave balances of $88,006.

(3) Appointed Group Chief Executive Officer on 1 March 2018.

(4) Appointed on 4 June 2018.

(5) KMP effective from 21 March 2018.

(6) Resigned on 30 June 2018. Salary & fees includes a termination payment of $541,001 (including accrued leave balances of $172,026) and superannuation includes a termination payment of $25,000.

(7) Non-monetary benefits in 2017 adjusted for an overpayment of $65,550.

^Remuneration is settled in Canadian Dollars. For the year ended 30 June 2018, an average exchange rate of CAD0.98428/AUD has been used to translate the remuneration into Australian Dollars.

@Remuneration for the period to October 2016 was settled in Great British Pounds.

*Remuneration is settled in Great British Pounds. For the year ended 30 June 2018, an average exchange rate of GBP0.57601/AUD has been used to translate the remuneration into Australian Dollars.

(i) Cash bonus comprises the annual incentive (executive incentive plan) payments payable in September of each financial year after review and confirmation by the Board. Under the terms of the plan payments will only be made if the participant is an employee at the date of payment. The cash bonus includes the amount provided as payable in relation to the 2018 financial year, adjusted for the difference between the amount provided for in the 2017 financial year and the actual amount paid in October 2017.

(ii) Other long term benefits include movements in Long Service Leave.

(iii) Deferred Cash Bonuses are the balances for executives who hold a position as KMP at 30 June, and who are participants in the executive incentive plan. As noted on page 44 of the Directors' Report, for some participants in the executive incentive plan, rewards outside of the range of zero ($0) to the participant's Target Variable Pay (1x target) are settled in three equal parts, the first in the current year and the remainder in the two years that follow. The Balance of Deferred Cash Bonuses is the total of these deferred amounts. It does not vest with the executive. The executive is not entitled to any portion of the Balance of Deferred Cash Bonuses upon termination. The Board may use its discretion to continue the vesting in some circumstances.

For the purposes of the Remuneration Report the Balance of Deferred Cash Bonuses does not form part of remuneration for the year, due to not being guaranteed and subject to clawback.

A negative balance of deferred cash bonuses represents when EVA® growth falls substantially below target and executives can have received a negative incentive declaration. Negative incentive declarations are settled over three years, reducing the value of previously deferred amounts and the value of future declarations.

(iv) For these executives, at least 50% of the incentive payment will be used to pay for ordinary shares in the Company (at an issue price calculated as a volume weighted average market price for the 5 trading days immediately before the date of issue) until such executives hold a beneficial interest in shares in the Company equal to the value of their fixed remuneration. This requirement will be determined based on shareholdings in the Company as disclosed by these executives in August of each financial year. It is therefore not currently possible to quantify the component of the cash bonus that will be used to buy ordinary shares in the Company.

Executive employment contracts

Remuneration and other terms of employment for the executives are formalised in employment contracts. A summary of the key employment contract terms for each executive is provided below. All executives' employment contracts are for an unlimited duration.

None of the non-executive directors have an employment contract with the Company.

	Notice period[1]		
Executive	By Executive	By Navitas	Termination for Material Change
David Buckingham[2]	6 months	6 months	1 month by Executive
Mick Campbell	3 months	3 months	
Bev Hudson	3 months	3 months	
Scott Jones[2,3]	3 months	3 months	6 months by Company; 2 months by Executive
Rob Lourey	3 months	3 months	
Paul Lovegrove[4]	3 months	3 months	
Philip Mirams	3 months	3 months	
Iain Rothwell	3 months	3 months	

(1) Instead of giving the notice set out in the table above, the Company may terminate by paying remuneration equivalent to the notice period.

(2) Material Change is defined as there being a material diminution in the executive's responsibilities, or the executive is required to relocate outside their home state, or where a third party acquires a controlling interest in the Company.

(3) Where the executive's contract terminates as a result of a material change, they will be entitled to a payment equivalent to three months fixed remuneration.

(4) The 3 month notice period by the Company applies during the first five years of employment (employment commenced 20 July 2015).

Resignation of the CEO

On 12 October 2017 Navitas announced that its founding CEO and Managing Director, Rod Jones, was to step down from both roles by March and June 2018, respectively.

While arrangements as to Mr Jones's entitlements on cessation of employment are to be finalised, in light of his strong leadership and performance over his tenure as CEO, the Board's current intention is that he will be treated as a 'good leaver' under the incentive plan, such that Mr Jones will be eligible to receive a pro rata payment of his incentive for 2018 based upon 100% of his incentive opportunity.

As Mr Jones has completed over 20 years of employment with the Company, under his Executive Service Agreement he is entitled to payment for unused long service leave entitlements calculated in accordance with the Long Service Leave Act 1958 (WA).

Following Mr Jones cessation as Managing Director on 30 June 2018 (when that responsibility transferred to Mr. Buckingham), Mr Jones was appointed by the Board as a non-executive director, effective 1 July 2018. The Board granted a leave of absence to Mr Jones from attending Board meetings until December 2018.

6. NON-EXECUTIVE DIRECTOR FEES AND STATUTORY REMUNERATION TABLE

Fee pool

The maximum aggregate fee pool approved by shareholders at the 2013 AGM for non-executive directors is $1,100,000 per annum (inclusive of superannuation). The aggregate fee pool is generally reviewed by the Board annually and, if appropriate, adjusted, having regard to the anticipated time commitment, workload and responsibilities attaching to that office and having regard to the level of fees paid by comparable organisations in the market. The fee pool did not increase in FY18 and the total amount of directors' fees paid were $980,897.

Fee policy

Board/Committee	Chair fee $	Member fee $
Board base fee	270,000	126,000
Audit and risk	14,000	nil
People and remuneration	14,000	nil

Note, there will be no increase in non-executive directors' fees in FY19.

The above fees are inclusive of superannuation.

Non-executive directors receive a base fee for their services as a director of the Board, including their membership of committees. Chairing a Committee attracts a higher fee rate. The Chairman of the Board receives a higher base fee in recognition of the additional responsibility and time commitment, however does not receive any extra remuneration for participating in or chairing any Committees.

In setting the non-executive directors' fees, the following considerations are taken into account to enable the Board to attract and retain directors:

- time commitment;
- workload;
- risk and responsibility;
- individual background, skills and experience; and
- market benchmark data, sourced from companies with a similar market capitalisation.

In order to maintain independence, non-executive directors do not receive performance-related remuneration and do not participate in the executive incentive plan. This allows the focus of the Board to be on the governance of the strategic direction of Navitas.

Aggregate fee pool increase in FY19

In FY19 it is proposed to seek shareholder approval to increase the cap on the aggregate remuneration of non-executive directors by $250,000 from $1,100,000 per year to $1,350,000 per year. This will be the first increase in fees requested since 2013.

The new cap of $1,350,000, contains an allowance to accommodate fees for additional non-executive directors to assist in Board succession. The intention is that new directors will be appointed to the Board prior to the retirement of existing directors to allow time for an orderly transfer of responsibilities.

Year ended 30 June

2018	Short term benefits Salary & Fees ($)	Post-employment Superannuation ($)	Total ($)
Tracey Horton	250,348	20,049	270,397
Tony Cipa	127,854	12,146	140,000
Harvey Collins	115,068	10,932	126,000
Diana Eilert	127,854	12,146	140,000
James King(1)	52,500	–	52,500
Lisa Paul	115,068	10,932	126,000
David Robb	115,068	10,932	126,000
	903,760	77,137	980,897
2017			
Tracey Horton(2)	204,436	17,439	221,875
Tony Cipa	127,854	12,146	140,000
Harvey Collins(3)	153,915	26,258	180,173
Diana Eilert	123,059	11,691	134,750
James King	126,000	–	126,000
Lisa Paul	115,068	10,932	126,000
David Robb(4)	16,677	1,584	18,261
	867,009	80,050	947,059

(1) Retired 15 November 2017
(2) Appointed as Chairman 16 November 2016
(3) Chairman until 16 November 2016
(4) Appointed 9 May 2017

7. REMUNERATION GOVERNANCE

People and Remuneration Committee (PRC)

The PRC is responsible for determining and reviewing remuneration philosophy, framework and policies for directors, Group Chief Executive Officer (Group CEO) and executives, for Board approval. The PRC works closely with the Audit and Risk Committee and maintains an overall Group view to consider risk and reputational matters in the determination of remuneration outcomes.

The PRC assesses the appropriateness of the nature and amount of remuneration of directors and executives on an annual basis by reference to relevant employment market conditions. The overall objective is to maintain maximum shareholder benefit from the retention of a high-quality Board and executive team.

Use of remuneration consultants

During FY18, the PRC engaged Ernst & Young (EY) and Juno Partners to provide advice on remuneration matters.

A remuneration recommendation, as defined in the Corporations Act 2001 (Cth), was provided by Juno Partners in relation to the Navitas incentive program used throughout the Group. The recommendation provided covered the targets to be used to determine rewards at the business unit level for the 2018–2020 financial years.

The Juno Partners engagement involved making a remuneration recommendation to the PRC that affected KMP. The consideration payable for this engagement was $21,825, excluding GST.

When remuneration consultants are engaged by the Board, it has put in place procedures to ensure remuneration recommendations made by remuneration consultants are free from undue influence by those KMP to whom the recommendation relates. These procedures include:

- instructions for preparing remuneration recommendations are only issued to remuneration consultants by the Chairman of the PRC or another non-executive director;
- the role of executives in any engagement regarding a remuneration recommendation is limited to the provision of information and opinions on current and past practices and does not include any participation in the development of recommendations;
- remuneration recommendations by remuneration consultants are made directly to the PRC; and
- all remuneration recommendations made by remuneration consultants are required to include a declaration about whether the remuneration recommendation is free from undue influence by the members of the KMP.

With respect to remuneration recommendation made during the year and disclosed above, the procedures outlined above were adhered to and hence the Board is satisfied that the remuneration recommendations made were free of undue influence by the KMP to whom the recommendations related.

8. ADDITIONAL REQUIRED DISCLOSURES

Remuneration and shareholdings of directors and other key management personnel

The aggregate remuneration made to key management personnel of the Company and the Group is set out below:

Year ended 30 June	2018 $000s	2017 $000s
Short term benefits	7,385	6,121
Post employment benefits	358	342
Other long term benefits	54	100
	7,797	6,563

The detailed remuneration of each member of key management personnel of the Company is set out on page 47.

Shareholdings of key management personnel

The movement during the reporting period in the number of ordinary shares in Navitas Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

(i) Directors

	Balance at 1 July 2016	Additions*	Disposals	Balance at 30 June 2017	Additions	Disposals^	Balance at 30 June 2018
Tracey Horton	6,000	7,000	–	13,000	5,000	–	18,000
Rod Jones	46,677,995	–	–	46,677,995	–	–	46,677,995
Tony Cipa	10,000	10,000	–	20,000	–	–	20,000
Harvey Collins	43,948	–	–	43,948	–	–	43,948
Diana Eilert	–	6,500	–	6,500	–	–	6,500
James King (1)^	50,000	–	–	50,000	–	(50,000)	–
Lisa Paul	–	6,500	–	6,500	–	–	6,500
David Robb (2)*	–	20,000	–	20,000	–	–	20,000
	46,787,943	50,000	–	46,837,943	5,000	(50,000)	46,792,943

(1) Retired 15 November 2017
(2) Appointed 9 May 2017
^ Shares held at date of retirement recorded as a disposal in above table.
* Shares held at date of appointment recorded as an addition in above table.

(ii) Executives

	Balance at 1 July 2016	Additions	Disposals	Balance at 30 June 2017	Additions*	Disposals^	Balance at 30 June 2018
Patrick Brothers(3)^	6,973	4,526	–	11,499	–	(11,499)	–
David Buckingham	21,550	2,218	–	23,768	–	–	23,768
Mick Campbell	–	–	–	–	–	–	–
Bev Hudson	–	–	–	–	5,125	–	5,125
Scott Jones	2,210,136	–	(10,000)	2,200,136	10,000	(60,000)	2,150,136
Rob Lourey	20,098	4,063	–	24,161	–	–	24,161
Paul Lovegrove	–	–	–	–	–	–	–
Philip Mirams(4)	–	–	–	–	–	–	–
Iain Rothwell(5)*	–	–	–	–	50,554	–	50,554
John Wood(6)^	122,321	–	–	122,321	–	(122,321)	–
	2,381,078	10,807	(10,000)	2,381,885	65,679	(193,820)	2,253,744

(3) Resigned 18 May 2018
(4) Appointed 4 June 2018
(5) Key management person from 21 March 2018
(6) Resigned 30 June 2018
^Shares held at date of resignation recorded as a disposal in above table.
*Shares held at date of appointment recorded as an addition in above table.

The Navitas Limited Remuneration Report ends here.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of Navitas Limited were:

Directors	Ordinary shares held
Tracey Horton	18,000
David Buckingham(7)	23,768
Tony Cipa	20,000
Harvey Collins	43,948
Diana Eilert	6,500
Rod Jones	46,677,995
Lisa Paul	6,500
David Robb	20,000

(7) Appointed Managing Director 1 July 2018

Navitas Limited has no outstanding options at the date of this report.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year, and the number of meetings attended by each Director, were as follows:

	Directors' meetings		Meetings of Committees: Audit and Risk		Meetings of Committees: People and Remuneration	
	Number of meetings held while director	Attended	Number of meetings held while committee member	Attended	Number of meetings held while committee member	Attended
Tracey Horton	11	11	–	–	5	5
Rod Jones	11	11	–	–	–	–
Tony Cipa	11	10	5	5	–	–
Harvey Collins	11	11	5	5	–	–
Diana Eilert	11	11	–	–	5	5
James King*	5	5	1	1	2	2
Lisa Paul	11	10	–	–	5	5
David Robb^	11	10^	4	4	–	–

*Retired from Board 15 November 2017
^Prior to his appointment to the Board, David Robb notified the Chairman of a pre-existing commitment that meant he was unable to attend a scheduled meeting.

All Directors were eligible to attend all meetings held, unless specified.

COMMITTEE MEMBERSHIP

Throughout the year and as at the date of this report, the Company had an Audit and Risk Committee and a People and Remuneration Committee.

Members acting on the committees of the board during the year were:

Audit and Risk	People and Remuneration
Tony Cipa (Chairman)	Diana Eilert (Chairman)
Harvey Collins	Tracey Horton
James King (retired 15 November 2017)	James King (retired 15 November 2017)
David Robb (appointed 31 July 2017)	Lisa Paul

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's constitution requires the Company to indemnify each officer of the Company and its wholly owned subsidiaries against any liability (to the extent the Company is not precluded by law from doing so) incurred by the officer in their capacity as an officer of the Company or its wholly owned subsidiaries.

The Company has also entered into deeds of access, indemnity and insurance with each of its Directors, company secretaries, certain senior executives, and employees serving as officers on wholly owned or partly owned companies of Navitas that require the Company to indemnify those Directors, officers or employees against any liability (again to the extent the Company is not precluded by law from doing so) incurred by them in their capacity as a director or officer of the Company or the relevant subsidiary or partly owned company.

The Company has paid premiums of $238,063 in respect of contracts insuring each Director, officer, company secretary and certain senior executives and employees serving as officers on wholly owned or partly owned companies of Navitas against liability incurred in that capacity. Disclosure of the nature of the liability covered by and certain other premiums payable for such insurance is prohibited by confidentiality clauses in the contracts of insurance.

COMPANY SECRETARIES

Hugh Hangchi, LLB, BComm

Company Secretary & Group General Counsel

Appointed 27 April 2005

Mr Hangchi is a practising lawyer and has experience in providing advice to directors of listed and unlisted public companies in relation to directors' duties, the Corporations Act, the Listing Rules and corporate governance. He has also completed the Company Directors Course Diploma.

Prior to joining the Company, Mr Hangchi was a senior associate at a national law firm where he specialised in capital raisings, mergers and acquisitions and regulated takeovers. He has also worked as a solicitor with the Australian Securities and Investments Commission.

Matthew Rumpus, LLB (Hons), BComm

Assistant Company Secretary & Senior Legal Counsel

Appointed as Assistant Company Secretary 14 January 2016

Mr Rumpus is a practising lawyer and has experience in providing advice to directors of listed public companies in relation to directors' duties, the Corporations Act, the Listing Rules and corporate governance. Prior to joining the Company, Mr Rumpus was a special counsel at a global law firm where he specialised in corporate law including corporate governance, equity capital markets and mergers and acquisitions.

CORPORATE INFORMATION

Corporate structure

Navitas Limited is a company limited by shares that is registered and domiciled in Australia. Navitas Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as listed in note 7 of the financial statements.

Nature of operations and principal activities

The principal activities during the financial year of the Group were the provision of educational services to domestic and overseas students. There have been no significant changes in the nature of those activities during the year.

Operating and financial review

A review of the Group's operations and financial performance has been provided on pages 9 to 20.

Dividends

	Cents	$000s	Payment date
Final dividend recommended – on ordinary shares for 2018	8.0	28,655	17 September 2018
Interim dividend paid during the year – on ordinary shares	9.4	33,660	15 March 2018
Final dividend paid for 2017 – on ordinary shares	10.1	36,165	15 September 2017

Significant changes in the state of affairs

There has been no significant change in the state of affairs of the Company since the end of the financial year.

Since the reporting date, the Directors declared a final dividend on ordinary shares in respect of the 2018 financial year. The total amount of dividend is $28,655m, which represents a partially franked dividend of 8.0 cents per share. The dividend has not been provided for in the 30 June 2018 financial statements as the dividend was declared after the end of the financial year.

Future developments

Likely developments in expected results of the operations of the Group in subsequent years and the Group's business strategies are referred to elsewhere in this report, particularly on pages 3 to 20. In the opinion of the directors, further information on those matters could prejudice the interests of the Company and the Group and has therefore not been included in this report.

Environmental regulation and performance

The Group's operations are not subject to any significant environmental regulations under the laws of the countries it operates in. The Board believes that the Group has adequate systems in place for the monitoring of environmental regulations and is not aware of any such regulations that apply to the Group.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 2016/191. The Company is an entity to which the Class Order applies.

Non-audit services

Details of the amounts paid to the auditor of the Company, Deloitte Touche Tohmatsu, and its related practices for audit and non-audit services provided during the year are set out in note 7.3 to the financial statements.

Auditor's independence declaration

The auditor's independence declaration is set on page 54 and forms part of the directors' report for the financial year ended 30 June 2018.

Independent Audit and Remuneration Report

The required disclosures as included on pages 37 to 51 of the remuneration report have been audited by Deloitte Touche Tohmatsu.

The directors' report, including the remuneration report, is signed in accordance with a resolution of the Directors.

D Buckingham

DAVID BUCKINGHAM

Group Chief Executive Officer and Managing Director

Perth, Western Australia, 6 August 2018

Deloitte.

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The Board of Directors
Navitas Limited
Level 8, Brookfield Place
125 St Georges Terrace
Perth WA 6000

6 August 2018

Dear Directors

Navitas Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Navitas Limited.

As lead audit partner for the audit of the financial statements of Navitas Limited for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Leanne Karamfiles
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

Section 3

Financial Statements & Notes

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $000s	2017 $000s
Revenue	2	930,980	955,195
Marketing expenses		(153,948)	(145,579)
Academic expenses		(217,239)	(218,787)
Administration expenses	4.2	(487,064)	(466,953)
Non operating gains and losses	10	4,944	14,263
Impairment losses	4.2	(75,321)	–
Finance costs	4.2	(9,188)	(7,469)
Share of net profit of entities accounted for using the equity method	5.4	1,553	271
(Loss)/profit before income tax expense		**(5,283)**	**130,941**
Income tax expense from operations		(32,663)	(41,130)
Impact of changes in tax rates during the year		(7,458)	–
De-recognition of carry forward tax losses		(9,900)	(8,942)
Total income tax expense	4.4	(50,021)	(50,072)
(Loss)/profit for the year		**(55,304)**	**80,869**
Other comprehensive (expense)/income			
Items that may be subsequently reclassified to profit or loss			
Net currency translation differences		(4,035)	1,008
Fair value movement in hedge instruments		388	1,831
Income tax relating to other comprehensive income		2,726	(366)
Other comprehensive (expense)/income for the year		(921)	2,473
Total comprehensive (expense)/income for the year		**(56,225)**	**83,342**
(Loss)/profit attributable to:			
Owners of the parent		(55,847)	80,337
Non-controlling interests		543	532
		(55,304)	**80,869**
Total comprehensive (expense)/income attributable to:			
Owners of the parent		(56,795)	82,851
Non-controlling interests		540	491
		(56,255)	**83,342**
		Cents	**Cents**
(Loss)/earnings per share	4.6		
Basic		(15.6)	22.1
Diluted		(15.6)	22.1

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

AS AT 30 JUNE 2018

	Note	2018 $000s	2017 $000s
ASSETS			
Current Assets			
Cash and cash equivalents		81,871	86,642
Trade and other receivables	5.2	123,919	141,054
Current tax receivable	4.4	3,255	–
Prepayments and other assets		34,444	31,902
Total Current Assets		**243,489**	**259,598**
Non Current Assets			
Property, plant and equipment	5.3	140,330	172,528
Deferred tax assets	4.4	16,362	32,616
Investments accounted for using the equity method	5.4	25,939	25,620
Intangible assets	5.1	400,555	408,546
Other financial assets		3,634	2,538
Total Non Current Assets		**586,820**	**641,848**
TOTAL ASSETS		**830,309**	**901,446**
LIABILITIES			
Current Liabilities			
Trade and other payables	5.5	129,646	127,754
Deferred revenue		278,502	262,112
Current tax payable	4.4	–	3,890
Borrowings	6.2	3,262	3,099
Provisions	5.6	22,520	11,395
Total Current Liabilities		**433,930**	**408,250**
Non Current Liabilities			
Trade and other payables	5.5	44,707	50,906
Borrowings	6.2	280,477	269,567
Provisions	5.6	42,388	16,985
Total Non Current Liabilities		**367,572**	**337,458**
TOTAL LIABILITIES		**801,502**	**745,708**
NET ASSETS		**28,807**	**155,738**
EQUITY			
Issued capital	6.5	110,209	110,511
Foreign currency translation reserve		1,428	2,648
Cash flow hedge reserve		(459)	(731)
(Accumulated losses)/retained earnings		(83,255)	42,417
Equity attributable to owners of the parent		**27,923**	**154,845**
Non-controlling interests		884	893
TOTAL EQUITY		**28,807**	**155,738**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $000s	2017 $000s
Cash flows from operating activities			
Receipts from customers		935,387	932,619
Payments to suppliers and employees		(796,084)	(826,962)
Dividends received from equity accounted entities		1,925	1,895
Lease incentive contributions received		–	37,584
Interest received		1,249	1,555
Interest paid		(8,771)	(7,401)
Income tax paid		(41,405)	(37,756)
Net cash flows from operating activities	4.3	**92,301**	**101,534**
Cash flows from investing activities			
Purchase of property, plant and equipment	5.3	(21,127)	(81,655)
Purchase of controlled entities, net of cash acquired	10	(9,189)	(533)
Proceeds on disposal of controlled entities, net of cash disposed	10	2,692	(8,226)
Purchase of other investments		(200)	(2,695)
Net cash flows used in investing activities		**(27,824)**	**(93,109)**
Cash flows from financing activities			
Payments for share buy-back	6.5	(1,760)	(69,800)
Proceeds from borrowings		534,902	452,298
Repayment of borrowings		(532,988)	(314,000)
Loans to joint ventures		(1,623)	(500)
Payment of dividends	5.5	(68,513)	(67,446)
Payment of dividends to non-controlling interests		(254)	(432)
Net cash flows (used in)/from financing activities		**(70,236)**	**120**
Net (decrease)/increase in cash and cash equivalents		(5,759)	8,545
Net foreign exchange differences		988	(822)
Cash and cash equivalents at beginning of the financial year		86,642	78,919
Cash and cash equivalents at the end of the financial year		**81,871**	**86,642**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital $000s	Foreign Currency Translation Reserve $000s	Cash Flow Hedge Reserve $000s	(Accumulated losses)/ Retained earnings $000s	Non-controlling interests $000s	Total equity $000s
Balance at 1 July 2016	**177,095**	**1,416**	**(2,013)**	**32,467**	**834**	**209,799**
Profit for the year	–	–	–	80,337	532	80,869
Fair value movement in hedge instruments (after tax)	–	–	1,282	–	–	1,282
Net currency translation differences (after tax)	–	1,232	–	–	(41)	1,191
Total comprehensive income for the year	**–**	**1,232**	**1,282**	**80,337**	**491**	**83,342**
Dividend reinvestment plan	2,941	–	–	–	–	2,941
Employee share plan purchase	275	–	–	–	–	275
Share buy-back	(69,800)	–	–	–	–	(69,800)
Dividends paid	–	–	–	(70,387)	(432)	(70,819)
Balance at 30 June 2017	**110,511**	**2,648**	**(731)**	**42,417**	**893**	**155,738**
Loss for the year	–	–	–	(55,847)	543	(55,304)
Fair value movement in hedge instruments (after tax)	–	–	272	–	–	272
Net currency translation differences (after tax)	–	(1,220)	–	–	(3)	(1,223)
Total comprehensive (expense)/income for the year	**–**	**(1,220)**	**272**	**(55,847)**	**540**	**(56,255)**
Dividend reinvestment plan	1,312	–	–	–	–	1,312
Employee share plan purchase	146	–	–	–	–	146
Share buy-back	(1,760)	–	–	–	–	(1,760)
Acquisition of controlled entity	–	–	–	–	(295)	(295)
Dividends paid	–	–	–	(69,825)	(254)	(70,079)
Balance at 30 June 2018	**110,209**	**1,428**	**(459)**	**(83,255)**	**884**	**28,807**
Total attributable to:						
Non-controlling interests – 30 June 2017	–	–	–	–	893	893
Non-controlling interests – 30 June 2018	–	–	–	–	**884**	**884**
Owners of the parent entity – 30 June 2017	110,511	2,648	(731)	42,417	–	154,845
Owners of the parent entity – 30 June 2018	**110,209**	**1,428**	**(459)**	**(83,255)**	–	**27,923**

Nature and purpose of reserves is set out in note 1.6. The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2018

1 BASIS OF PREPARATION

This section sets out the accounting policies that relate to the Financial Statements of Navitas Limited (the "Company") and its controlled entities.

The financial report of the Company for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of directors dated 6 August 2018.

Navitas Limited, the ultimate parent, is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

1.1 Basis of accounting

Statement of compliance

The financial report complies with Australian Accounting Standards, and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

The financial report is a general purpose financial report, for a 'for-profit' entity, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except where noted.

The financial statements comprise the consolidated financial statements of the Navitas Group of companies.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000's) unless otherwise stated.

Except as disclosed in notes 1.2 through to 1.6 the Company's accounting policies are set out within each note disclosure.

1.2 Changes to accounting policies

Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations, including amendments to the existing standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The adoption of these amendments has not resulted in any significant changes to the Group's accounting policies nor any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods.

Accounting Standards and Interpretations issued but not yet effective

A project team exists to assess the impact of new standards and interpretations.

At the date of authorisation of the financial statements, significant new Standards and Interpretations that were issued but not yet effective, which have not been early adopted are listed below:

Affected Standards and Interpretations	Application date (reporting period commencing on or after)	Application date for Group
AASB 15 Revenue from Contracts with Customers	1 January 2018	1 July 2018
AASB 16 Leases	1 January 2019	1 July 2019

AASB 15 Revenue from Contracts with Customers

The new revenue standard will apply from 1 July 2018 and replaces AASB 118 which covers revenue arising from the sale of goods and the rendering of services.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The Company has completed its assessment of the implications of adopting the new standard from 1 July 2018 and has concluded that there will be no significant changes to the Group's accounting policies, as set out in note 4.1.

AASB 16 Leases

The new leasing standard replaces AASB 117 Leases and requires that:

- All leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment.
- A financial liability is recognised representing obligations to make future lease payments.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

1.2 Changes to accounting policies (continued)

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $462m as detailed in note 6.2.3.

The Company is currently assessing the effects of applying the new standard on the Group's financial statements and the extent to which these commitments will result in the recognition of lease assets and liabilities for future lease payments and how this will affect the Group's profit and classification of cash flows. As part of this process, a detailed review is currently being undertaken on the Group's global leasing arrangements and the Company is working with a global property manager to finalise an AASB 16 compatible lease database that will form a key component of the implementation project.

The financial impact of the new standard in the 2020 financial year will be dependent on the Group's lease arrangements in place when the new standard is effective, and the accounting approach adopted, however on adoption of the new standard the Group is currently estimating an increase in reported earnings before interest, tax, depreciation and amortisation (EBITDA) in excess of $60m, more than offset by higher depreciation and interest expense resulting in a $5m to $10m reduction in reported profit after tax. These assessments include existing obligations related to the C&I Division's ongoing SAE US business units. The Group's assets and liabilities are forecast to increase significantly following recognition of assets and liabilities representing the present value of the operating lease commitments.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

1.3 Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies the Company continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Company. Actual results may differ from the judgements, estimates and assumptions.

Significant judgements, estimates and assumptions made by the Company in the preparation of these financial statements are outlined below:

Significant accounting judgements

In the process of applying the Group's accounting policies, the Company has made the following judgements, apart from those involving estimations, which have the most significant effect on the amount recognised in the financial statements: Recoverability of deferred tax assets (refer note 4.4).

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are: Impairment of goodwill and intangibles with indefinite useful lives (refer note 5.1), provision for impairment of trade receivables (refer note 5.2) and onerous lease contracts (refer note 5.6).

1.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of Navitas Limited and its subsidiaries (as outlined in note 7.1) as at, and for the period ended, 30 June each year (the Group).

Subsidiaries are all those entities over which the Group has control. Control is achieved when the Group has power over an entity and is exposed to, or has rights over, the variable returns of the entity, as well as the ability to use this power to affect the variable returns of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as Navitas, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated statement of financial position.

Transactions and balances between the Company and its joint ventures were eliminated in the preparation of consolidated financial statements of the Group to the extent of the Group's share in profits and losses of the joint venture resulting from these transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

1 BASIS OF PREPARATION (CONTINUED)

1.5 Foreign currencies

Functional and presentation currency

Both the functional and presentation currency of Navitas Limited and its Australian subsidiaries is Australian dollars ($). The functional and presentation currency of the non Australian Group companies is the national currency of the country of operation.

Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Foreign currency differences arising on translation are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of Group companies' functional currency to presentation currency

As at the reporting date the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and the statements of profit or loss and other comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity, the foreign currency translation reserve.

1.6 Nature and purpose of reserves

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and record foreign exchange gains and losses on the hedges of the net investments of foreign operations.

The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

2 SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Company will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments for Navitas are:

University Partnerships Division:	The University Partnerships division delivers education programs, via pathway colleges and managed campuses, to students requiring a university education.
Careers & Industry Division, comprising:	
SAE:	The SAE division delivers education programs in the area of creative media including courses in audio, film and multimedia.
Professional and English Programs (PEP):	The division delivers English language tuition, jobs skills training and higher and vocational education in health, security and psychology.
Corporate:	Corporate is the aggregation of the Group's corporate functions.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices. Segment revenues are attributed to geographic areas based on the location of the customers providing the revenues.

Segment accounting policies are the same as the Group's policies.

2 SEGMENT INFORMATION (CONTINUED)

Geographical areas

The Group operates in the following geographical areas.

	External Operating Revenue		Non Current Assets*	
	2018 $000s	2017 $000s	2018 $000s	2017 $000s
Australia	562,856	600,224	212,504	232,914
United Kingdom	81,536	73,414	231,599	229,929
Europe	62,234	57,483	106,750	99,663
Asia	33,748	31,472	9,501	9,422
Canada	103,362	87,494	868	716
United States	83,784	99,955	9,226	36,035
Rest of World	2,173	3,462	10	553
Total	929,693	953,504	570,458	609,232

*excluding deferred tax assets.

Impact of foreign exchange rates on revenue

Using average foreign exchange rates that applied in the 2017 financial year, operating revenue for the 2018 financial year would have been $922.9m. This is principally due to depreciation of the Australian Dollar compared to the British Pound (GBP) and the Euro (EUR).

	University Partnerships		Careers and Industry						Corporate		Navitas Limited	
			SAE		PEP		Total					
$000s	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue												
Tuition services	535,892	525,576	186,607	185,861	111,736	173,451	298,343	359,312	8,581	–	842,816	884,888
Other services	62,995	48,553	16,810	14,801	2,410	941	19,220	15,742	4,662	4,321	86,877	68,616
Total segment revenue	598,887	574,129	203,417	200,662	114,146	174,392	317,563	375,054	13,243	4,321	929,693	953,504
Interest revenue											1,287	1,691
Total revenue											930,980	955,195
Result												
EBITDA[3] before C&I Division rationalisation expenses	132,142	131,253	27,238	29,940	18,406	31,071	45,644	61,011	(35,708)	(37,216)	142,078	155,048
EBITDA[3] after C&I Division rationalisation expenses	**132,142**	**131,253**	**(29,913)[1]**	**29,940**	**15,438[2]**	**31,071**	**(14,475)**	**61,011**	**(35,708)**	**(37,216)**	**81,959**	**155,048**
Non operating gains and losses	–	–	916	–	–	–	916	–	4,028	14,263	4,944	14,263
Depreciation	(5,616)	(5,914)	(14,817)	(15,636)	(3,246)	(4,540)	(18,063)	(20,176)	(7,771)	(6,169)	(31,450)	(32,259)
Impairment loss – PP&E	–	–	(24,232)	–	(176)	–	(24,408)	–	–	–	(24,408)	–
Amortisation	(211)	(211)	–	–	(393)	(393)	(393)	(393)	–	–	(604)	(604)
Impairment loss – goodwill	–	–	(25,876)	–	(3,500)	–	(29,376)	–	–	–	(29,376)	–
EBIT[4]	126,315	125,128	(93,922)	14,304	8,123	26,138	(85,799)	40,442	(39,451)	(29,122)	1,065	136,448
Net finance expense											(7,901)	(5,778)
Share of net profit of joint ventures											1,553	271
(Loss)/profit before income tax											(5,283)	130,941
Income tax expense											(50,021)	(50,072)
(Loss)/profit for the year											(55,304)	80,869

[1]includes $57.151m of expenses relating to onerous leases, provisions and asset impairments, principally for the SAE US Business (see note 3).[2]includes $2.968m of expenses relating to onerous leases and other provisions of the Health Skills Australia business (see note 3).

[3]EBITDA = Earnings before interest, taxes, depreciation, amortisation, impairments and non-operating gains or losses. EBITDA excludes the share of results of equity accounted investments in joint ventures.
[4]EBIT = Earnings before tax and net finance expense.

3 SIGNIFICANT CHANGES IN THE GROUP'S OPERATIONS

Subsequent to 30 June 2018, the Group completed a detailed portfolio review of the Careers and Industry Division, and announced it will undertake a rationalisation program to address the profitability of parts of its portfolio and create a solid foundation for growth in the Division.

The Careers and Industry Division rationalisation program will include:

- investigation of a divestment of all SAE US colleges;
- closure of two sub scale SAE US colleges on the west coast;
- closure or divestment of Health Skills Australia;
- closure of SAE Oxford; and
- conversion of SAE Indonesia into a licensed operation.

The following significant one-off expenses have been recorded at 30 June 2018 in relation to the C&I Division.

	$000s
Onerous lease expenses	34,651
Goodwill impairment expense	29,376
Property, plant and equipment impairment expenses	24,408
Trade receivables impairment expenses	21,537
Deferred tax asset de-recognition	9,900
Other provisions	3,931
Total	123,803

Property, plant and equipment relating to leasehold improvements, office and classroom fit out and furniture, and equipment assets has been impaired by $24.408m following a review of the Division's property, plant and equipment assets recoverable value using fair value less cost to sell and value in use models. An impairment charge of $24.408m has been recorded at 30 June 2018 (see note 5.3).

Provisions totalling $38.582m have been recorded to account for the future economic outflows in relation to the C&I Division at 30 June 2018. The primary component of this provision is:

- Estimated amounts payable for onerous contracts representing the present value of the remaining commitment to lease obligations, for the operations listed above, less any expected returns from potential sub lease arrangements, or other arrangements to reduce a lease commitment, totalling $34.651m (see note 5.6).

Additionally, the Group has recorded the following impairment charges:

- Goodwill to the value of $29.376m has been impaired following the completion of recoverable value testing in relation to the SAE and Health Skills Australia cash generating units (refer note 5.1)
- Trade receivables related to the SAE US business of $21.537m have been considered fully impaired at 30 June 2018 and an impairment loss of $21.537m recognised (refer note 5.2)
- Deferred tax assets, relating to US domiciled carry forward tax losses, of $9.900m have been derecognised following changes in the Group's expectations of its ability to recover the value of the tax losses through profitable operations (refer note 4.4.3).

4 FINANCIAL PERFORMANCE

This section focuses on the results and performance of the Group and includes disclosures explaining the Group's results for the year, significant items, taxation, earnings per share and dividends.

4.1 Revenue

Accounting policies

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

In relation to the provision of education services (including both tuition and other services), which is the Group's primary activity, revenue is recognised where the contract outcome can be reliably measured, the Group has control of the right to be compensated for the education services, and the stage of completion can be reliably measured. The stage of completion is measured by reference to the number of contact days held as a percentage of the total number of contact days in the course. Where income is recorded in advance of the provision of service the full amount is recognised as deferred revenue in the statement of financial position. Revenue is then recognised as outlined above.

4.2 Expenses

Accounting policies

Interest

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 2 to 10 years

Leasehold improvements – the shorter of the lease term or the estimated useful life

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Expense analysis by nature:

	Notes	2018 $000s	2017 $000s
Finance costs			
Bank loans and overdrafts		9,188	7,469
Depreciation and amortisation			
Depreciation	5.3	31,450	32,259
Amortisation	5.1	604	604
		32,054	32,863
Impairment losses			
Impairment of goodwill	3, 5.1	29,376	–
Impairment of property, plant and equipment	3, 5.3	24,408	–
Impairment of trade receivables	3, 5.2	21,537	–
		75,321	–
Leases			
Minimum lease payments – operating leases		62,488	58,645
Onerous lease expense	3, 5.6	34,651	–
Employee benefits expense			
Employee benefits		343,156	341,922
Post Employment benefits		22,394	22,302
		365,550	364,224

4 FINANCIAL PERFORMANCE (CONTINUED)

4.3 Reconciliation of (loss)/profit for the year to net cash flows from operating activities

		2018 $000s	2017 $000s
Net (loss)/profit for the year		(55,304)	80,869
Non-cash items			
Depreciation	5.3	31,450	32,259
Amortisation	5.1	604	604
Impairment of goodwill	5.1	29,376	–
Impairment of property, plant and equipment	5.3	24,408	–
Lease incentives		(6,595)	29,956
Non operating (gains) and losses		(4,944)	(14,263)
Net loss on disposal of property, plant and equipment		342	180
Net exchange (gains)/losses		(191)	164
Share of undistributed losses of entities accounted for using the equity method		372	1,624
Decrease/(increase) in assets			
Trade and other receivables		21,056	(23,079)
Prepayments and other assets		(789)	(7,890)
Deferred tax assets		15,780	14,232
Increase/(decrease) in liabilities			
Trade and other payables		1,855	(6,542)
Deferred revenue		5,571	1,429
Current tax payable		(7,410)	(379)
Provisions		36,720	(7,630)
Net cash flows from operating activities		92,301	101,534

4.4 Taxation

This note sets out the tax accounting policies of the Group, the current and deferred tax charges or credits in the year (which together make up the total tax charge or credit in the statement of comprehensive income), a reconciliation of (loss)/profit before tax to the tax charge (or credit) and the movements in the deferred tax assets and liabilities.

Accounting policies

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is generally provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised where the Company considers that it is probable that future taxable profits will be available to utilise those temporary differences. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

4.4 Taxation (continued)

4.4.1 Income tax expense

	2018 $000s	2017 $000s
The major components of income tax expense are:		
Income tax recognised in profit or loss		
Current income tax		
Current income tax charge	(37,176)	(37,447)
Adjustments in respect of current income tax of previous years	3,038	70
Deferred income tax		
Relating to the origination and reversal of temporary differences	1,475	(3,753)
Change in the carrying value of carry forward tax losses	(9,900)	(8,942)
Impact of changes in tax rates during the year	(7,458)	–
Income tax reported in the statement of comprehensive income	(50,021)	(50,072)

The following table provides numerical reconciliation between aggregate tax expenses recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate.

	2018 $000s	2017 $000s
Accounting (loss)/profit before tax	(5,283)	130,941
At the Group's statutory income tax rate of 30%	1,585	(39,282)
Adjustments in respect of current income tax of previous years	3,038	70
Non-taxable gains	638	4,279
Impairment of goodwill	(8,813)	–
Other impairment losses (a)	(13,784)	–
Onerous lease provisions (a)	(10,395)	–
Other non-deductible items	(894)	(100)
Change in the carrying value of carry forward tax losses	(9,900)	(8,942)
Impact of changes in tax rates during the year	(7,458)	–
Effect of local tax rates not at 30%	(4,038)	(6,097)
Income tax expense reported in the statement of comprehensive income	(50,021)	(50,072)

(a) Impairment losses and provisions totaling $80.596m have been treated as non taxable items as they do not qualify to be recognised as deferred tax assets at 30 June 2018.

4 FINANCIAL PERFORMANCE (CONTINUED)

4.4 Taxation (continued)

4.4.2 Recognised tax assets and liabilities

	Note	2018 $000s	2017 $000s
Current income tax (receivable)/payable			
Opening balance		3,890	4,057
Charged to income		34,138	37,377
Foreign exchange movements		122	212
Payments		(41,405)	(37,756)
Closing balance		(3,255)	3,890
Deferred income tax			
Opening balance		32,616	47,549
Charged to income		(15,883)	(12,695)
Foreign exchange movements		31	(1,595)
Charged to equity		(402)	(643)
Closing balance		16,362	32,616
Deferred income tax relates to the following:			
Deferred tax assets			
Employee provisions		9,623	9,670
Other provisions		2,406	1,706
Lease incentives		1,160	1,324
Derivative instruments (swaps)		560	962
Unrealised foreign exchange losses		484	220
Carry forward tax losses	4.4.3	–	17,358
Other temporary differences		2,129	1,376
		16,362	32,616

4.4.3 Carry forward tax losses

At 30 June 2017 the Group had US Federal and State operating tax losses of $17.358m that had been incurred by the Group's US domiciled entities since inception. These losses are able to be utilised in years through to 2034 for both US federal and US state purposes.

During the year, the US Tax Cuts and Jobs Act was signed into legislation. Under the Act, the previous US top corporate rate of 35% was reduced permanently to 21%, for tax years beginning after 1 January 2018.

In accordance with AASB 112 Income Taxes, the Group re-measured the remaining US related carry forward tax losses and recognised a reduction in the carrying value of these tax assets of $7.458m. Subsequent to this the remaining carrying value of these tax assets was $9.900m.

At 30 June 2018, the Group completed a review of the recoverability of these losses in conjunction with a review of the expected profits and cash flows to be generated by SAE US. The principal findings of this review has been that profits and cash flows from SAE's US operations are expected to be lower than previously forecast, resulting in the de-recognition of the remaining $9.900m asset balance. See note 3 for further information.

4.5 Dividends

4.5.1 Recognised amounts

	2018 $000s	2017 $000s
Declared and paid during the year		
Franked dividends on ordinary shares:		
Final dividends for 2017: 10.1 cents (2016: 9.9 cents)	36,165	36,593
Interim dividends for 2018: 9.4 cents (2017: 9.4 cents)	33,660	33,794
	69,825	70,387
Value of shares issued in lieu of cash dividends, under the dividend reinvestment plan	(1,312)	(2,941)
Cash dividends paid in year	68,513	67,446

4.5.2 Unrecognised amounts

	2018 $000s	2017 $000s
Dividends proposed and not recognised as a liability		
Franked dividends on ordinary shares:		
Final dividends for 2018: 8.0 cents (2017: 10.1 cents)	28,655	36,165

4.5.3 Franking credits

At balance date the value of franking credits available (at 30%) was $nil (2017: $7.3m).

4.6 (Loss)\earnings per share

	2018	2017
Net (loss)/profit attributable to equity holders of the parent ($000s)	(55,847)	80,337
Weighted average number of ordinary shares for (loss)/earnings per share (Number of shares)	358,163,990	363,868,255

5 ASSETS AND LIABILITIES

This section shows the assets used to generate the Group's revenue and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 6. Deferred tax assets and liabilities are shown in note 4.4.

On the following pages there are notes covering intangible assets, working capital, other non-current assets and provisions.

5.1 Intangible assets

Accounting policies

Goodwill

Goodwill acquired in a business combination is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

1) represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
2) is not larger than an operating segment determined in accordance with AASB 8 Operating Segments.

5 ASSETS AND LIABILITIES (CONTINUED)

5.1 Intangible assets (continued)

Other Identifiable Intangible Assets

Other identifiable intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an identifiable intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these identifiable intangible assets are assessed to be either finite or indefinite. Identifiable intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the identifiable intangible asset may be impaired. The amortisation period and the amortisation method for an identifiable intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on identifiable intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Identifiable intangible assets with indefinite useful lives are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's identifiable intangible assets is as follows:

	Brand Names (a)	Other (b)
Useful lives	Indefinite	Finite
Amortisation period and method used	Not applicable	Between 10 and 25 years – straight line
Internally generated/acquired	Acquired	Acquired
Recoverable amount testing	Annually and where an indicator of impairment exists.	Where an indicator of impairment exists. Amortisation method reviewed at each financial year end.

(a) Brand Names

Brand names include intangible assets acquired in the SAE business combination. This intangible asset has been assessed as having an indefinite life on the basis of brand strength, ongoing expected profitability and the expectation of minimal ongoing expenditure.

(b) Other

Other includes copyrights and licences acquired through business combinations, principally the acquisition of businesses within the PEP division.

5.1 Intangible assets (continued)

$000s	Goodwill	Brand names	Other	Total
Gross carrying amount				
Balance at 1 July 2016	312,504	136,000	17,694	466,198
Acquisition of controlled entity	536	–	–	536
Disposal of controlled entities	(2,086)	–	–	(2,086)
Impact of foreign currency conversion	(1,152)	–	–	(1,152)
Balance at 1 July 2017	309,802	136,000	17,694	463,496
Acquisition of controlled entities	17,412	–	–	17,412
Impact of foreign currency conversion	4,911	–	–	4,911
Balance at 30 June 2018	332,125	136,000	17,694	485,819
Accumulated amortisation and impairment losses				
Balance at 1 July 2016	(45,689)	–	(9,066)	(54,755)
Amortisation expense	–	–	(604)	(604)
Impact of foreign currency conversion	409	–	–	409
Balance at 1 July 2017	(45,280)	–	(9,670)	(54,950)
Amortisation expense	–	–	(604)	(604)
Impairment loss (refer note 3)	(29,376)	–	–	(29,376)
Impact of foreign currency conversion	(334)	–	–	(334)
Balance at 30 June 2018	(74,990)	–	(10,274)	(85,264)
Net book value				
At 1 July 2016	266,815	136,000	8,628	411,443
At 1 July 2017	264,522	136,000	8,024	408,546
At 30 June 2018	257,135	136,000	7,420	400,555

Foreign currency conversion of goodwill

Some goodwill balances are denominated in currencies other than Australian Dollars. In particular a substantial portion of goodwill associated with the purchase of the SAE Group is denominated in Euro's.

These non-Australian Dollar balances are translated at the rate applicable at the reporting date, into Australian Dollars and fluctuate in line with foreign exchange movements. The exchange differences arising on the translation are taken directly to the foreign currency translation reserve.

5 ASSETS AND LIABILITIES (CONTINUED)

5.1 Intangible assets (continued)

5.1.1 Impairment

Accounting policies

Impairment testing is completed at each reporting date for goodwill and intangible assets that have indefinite useful lives or assets that are not ready for use, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

For intangible assets that are subject to amortisation the asset is reviewed for impairment whenever events or changes in circumstances indicate that the asset's carrying amount is greater than its estimated recoverable amount. Indicators of impairment may include changes in technology and business performance.

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

CGUs are the smallest identifiable group of assets that generate cash flows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than an operating segment.

The recoverable amount of an asset or a CGU is the greater of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the risks specific to the asset or CGU and the market's current assessment of the time value of money. An impairment loss is recognised in the income statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. 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 amount of the other assets in the CGU (group of CGUs).

Impairment losses recognised in respect of goodwill are not reversed. Impairment losses recognised in prior periods in respect of other intangible assets are assessed at each reporting date for any indications that the impairment loss has decreased or may no longer exist. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised.

Impairment losses

During the financial year the Group recognised impairment losses of $29.376m as set out below.

Health Skills Australia (HSA)

Following changes in the Australian vocational education funding regime over the past two years, the demand for courses provided by HSA has been declining, and is forecast to continue to decline. Accordingly, the Group has performed a value in use calculation of the HSA cash generating unit at 30 June 2018 and determined that the recoverable amount was $nil (2017: $3.500m). Therefore, $3.500m of goodwill recognised on the acquisition of HSA is no longer considered recoverable, and a goodwill impairment charge of $3.500m has been recognised as at 30 June 2018. Subsequent to year end (as set out in note 3), Navitas announced the closure and teach out of the HSA business.

SAE Group

Navitas has completed a review of the expected cash flows to be generated by SAE. The principal findings of this review has been that cash flows from SAE's US operations are expected to be lower than previously forecast.

Navitas previously expected that the SAE US business units would be able to quickly develop and accredit new courses, and that the new courses would underpin significant year on year growth in student enrolments. Navitas also expected that excess teaching and premise capacity would be utilised contributing to margin improvement and cash flow growth.

SAE US's performance has not met expectations and has not accredited new courses in line with the expected timetable, and Navitas now expects future new courses to only be available after an extended accreditation period. Also, the cash flow investment in the SAE US business to support the growth forecasts has been revised in line with recent results. Accordingly, Navitas now expects that future cash flows from SAE US will not achieve previous expectations.

On this basis the Group has performed a value in use calculation of the SAE cash generating unit at 30 June 2018 and determined that the recoverable value of goodwill is $131.776m (2017: $152.414m) compared to a carrying value of $157.652m (2017: $152.414m). Therefore, $25.876m of goodwill recognised on the acquisition of SAE is no longer considered recoverable, and a goodwill impairment charge of $25.876m has been recognised as at 30 June 2018. Subsequent to year end (as set out in note 3), Navitas announced the closure and teach out of two SAE US operations in San Jose and Los Angeles, and a rationalisation of the remaining SAE US business.

There were no impairment losses recognised during the 2017 financial year.

5 ASSETS AND LIABILITIES (CONTINUED)

5.1 Intangible assets (continued)

Impairment testing of goodwill and indefinite life identifiable intangible assets

Carrying amount of goodwill allocated to each of the cash generating units

The carrying amounts of acquired goodwill have been allocated to the following individual cash generating units that have significant amounts of intangibles, for impairment testing, as follows:

Cash generating unit (or group of units)	Carrying amount of goodwill ($000s)	
	2018	2017
SAE	131,776	152,414
English and Foundation Skills	31,944	31,944
ELICOS	13,689	13,689
Curtin College	13,089	13,089
ASAM (refer note 10)	12,925	–
Deakin College	11,738	11,738
Australian College of Applied Psychology	10,804	10,804
Griffith College	9,980	9,980
Multiple units without significant intangibles	21,190	20,864
	257,135	264,522

Value in use calculations for SAE

The recoverable amount of SAE has been determined based on a value in use calculation using cash flow projections covering a five year period, based on detailed financial forecasts prepared by local management and approved by SAE and Navitas Senior Executives.

The following describes each key assumption on which the Company has based its value in use calculation for SAE.

- The discount rate applied to pre-tax cash flow projections is 12.3%.
- Cash flows beyond the five year period are estimated using a terminal value calculated under standard valuation principles incorporating a long term growth rate of 2.0%.
- Revenue from operations is forecast to increase as a result of increased volumes of students. This has been estimated as 5% cumulatively over the five year forecast period. Weighted average forecast course fees have not been assumed to increase significantly due to conservative estimates and changed country mix. Wage inflation is assumed to be in line with the long run historical average for Australia, and EBITDA margins are forecast to improve in line with the long run average achieved by established SAE schools.
- The impact of working capital has been assumed to increase in line with revenue growth.
- Capital investment required to run the business has been assumed based on detailed estimates for three years then at 5.0% of forecast revenues.

In addition, the cash flow projections for SAE also assumes the continued ability of existing and future students to access government funding (loans) for the purpose of obtaining a qualification from a SAE school. This includes access to Title IV funding in the USA and Fee-Help in Australia.

During the year the Group recorded an impairment loss of $25.9m against the carrying value of SAE goodwill. A further impairment of a similar amount would be recognised based on changing any one of the key assumptions (with all other assumptions held constant) as set out below:

- Discount rate – a 9% increase in the pre tax discount rate to 13.3%.
- Long term growth rate – a 50% reduction in the long term growth rate to 1%.
- Capital investment – a 20% increase in capital invested
- Forecast EBITDA - a 5% reduction in EBITDA, over the five year forecast period, either due to slower than forecast revenue growth or lower EBITDA margin.

The recoverable value of the SAE brand name of $136m has been assessed using the same methods and assumptions as the related goodwill.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

5 ASSETS AND LIABILITIES (CONTINUED)

5.1 Intangible assets (continued)

Value in use calculations for other cash generating units

The recoverable amount of these cash generating units has been determined based on a value in use calculation using cash flow projections covering a five year period, based on financial forecasts approved by Navitas Senior Executives.

The following describes each key assumption on which the Company has based its value in use calculation for the remaining cash generating units.

- The discount rate applied to pre-tax cash flow projections is 11.4% and cash flows beyond the five year period are estimated using a terminal value calculated under standard valuation principles incorporating a long term growth rate of 2%.
- Revenue from operations is forecast to increase due to increased volumes of students and fee growth in line with historical performance. Wage inflation is assumed to be in line with the long run historical average, and forecast EBITDA margins are assumed to be stable, and in line with the long run average achieved by the established cash generating units.

In addition, the cash flow projections for the following cash generating units, also assume that significant partnership or service delivery contracts are renewed at the end of the current fixed contract period. If the contracts are not renewed on substantially the same or similar terms and conditions then goodwill may be impaired.

Cash generating units subject to partnership or service delivery contracts with fixed term, subject to renewal	Carrying amount of goodwill associated with each cash generating unit ($000s)
English and Foundation Skills	31,944
Curtin College	13,089
Deakin College	11,738
Griffith College	9,980
Multiple units without significant intangibles	11,473
	78,224

Except for loss of material contracts, there are no reasonably possible changes in key assumptions that would result in a material impairment of intangible assets for these cash generating units.

5 ASSETS AND LIABILITIES (CONTINUED)

5.2 Trade and other receivables

Accounting policies

Trade receivables, which generally have 30 to 60 day terms, are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method less any provisions for expected impairment losses or actual impairment losses.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified.

	2018 $000s	2017 $000s
Trade receivables	114,756	122,702
Provision for impairment	(7,048)	(7,146)
	107,708	115,556
Accrued income	12,475	21,480
Other receivables	3,736	4,018
	123,919	141,054

Government Funded Student Loans

Trade receivables representing approximately 50% (2017: 50%) of the total balance are funded under Government student loan arrangements. The funds are received by regular installments over the tuition period. Subject to certain criteria being achieved by the student, Government funding has low credit risk.

General Student Receivables

In situations where revenues are not provided in advance of service, or via Government funded student loan arrangements, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, and past experience. Risk limits are set for each individual customer type in accordance with parameters set by the Board. These risk limits are monitored regularly.

Collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Credit risk on these receivables is considered low.

Receivables related to the SAE US Business

The Group has completed a detailed portfolio review of the Careers and Industry Division. During the review it was assessed that the credit risk of the SAE US trade receivables balances had increased since initial recognition, following a significant increase in receivables balances in arrears. Following this assessment receivable balances totaling $21.357m have been fully impaired at 30 June 2018.

At balance date, the carrying value of the trade receivable balance is assumed to approximate its fair value, and is also the maximum limit of credit risk. The balance of trade receivables that is past due and not impaired is not significant.

5 ASSETS AND LIABILITIES (CONTINUED)

5.3 Property, plant and equipment

Accounting policies

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Information in relation to depreciation and impairment of property, plant and equipment is included in section 4.2.

Certain comparatives have been reclassified to be comparable to current year treatment.

$000s	Plant and equipment	Leasehold improvements	Total
Gross carrying amount			
Balance at 1 July 2016	116,813	140,260	257,073
Additions	9,573	66,858	76,431
Disposal of controlled entity	(228)	–	(228)
Disposals	(8,812)	(30,807)	(39,619)
Exchange differences	(2,018)	(2,400)	(4,418)
Balance at 1 July 2017	115,328	173,911	289,239
Additions	15,930	5,420	21,350
Acquisition of controlled entities	259	–	259
Disposal of controlled entity	(1,351)	(81)	(1,432)
Disposals	(4,211)	(4,455)	(8,666)
Exchange differences	3,199	2,900	6,099
Closing balance at 30 June 2018	129,154	177,695	306,849
Accumulated depreciation and impairment losses			
Balance at 1 July 2016	(45,178)	(80,344)	(125,522)
Depreciation expense	(15,624)	(16,635)	(32,259)
Disposal of controlled entity	166	–	166
Disposals	8,010	30,695	38,705
Exchange differences	798	1,401	2,199
Balance at 1 July 2017	(51,828)	(64,883)	(116,711)
Depreciation expense	(18,690)	(12,760)	(31,450)
Impairment loss (refer note 3)	(5,217)	(19,191)	(24,408)
Disposal of controlled entity	1,032	38	1,070
Disposals	3,629	4,410	8,039
Exchange differences	(1,004)	(2,055)	(3,059)
Closing balance at 30 June 2018	(72,078)	(94,441)	(166,519)
Net book value			
At 1 July 2016	71,635	59,916	131,551
At 1 July 2017	63,500	109,028	172,528
At 30 June 2018	57,076	83,254	140,330

5.3 Property, plant and equipment (continued)

5.3.1 Additions

During the 2017 financial year, the Group completed commercial fit outs of new leased premises in Sydney, Australia. These fit outs were partially funded by lease incentives contributed by the landlord. In that year, $37.6m was received as lease incentive from the landlord, $14.6m of which was received in relation to fit out recorded in the financial year ended 30 June 2016.

The Group has entered into finance leases over certain assets, included within plant and equipment, with an original cost of $25.6m and a net book value at 30 June 2018 of $22.2m (2017: $24.2m). Leased assets are pledged as security for the related finance lease liabilities (see note 6.2).

5.4 Investments accounted for using the equity method

The Group has the following investments that are accounted for using the equity method:

	Ownership interest	
	2018	2017
Australian School of Applied Management (ASAM) (see note 10)	–	30%
Edith Cowan College Pty Ltd (see note 10)	50%	50%
The College, Swansea University (see note 10)	50%	–
University of Canberra College Pty Limited *	51%	51%
Western Sydney University International College Pty Ltd	50%	50%

* Entity jointly controlled in accordance with the provisions of the Shareholders Agreement.

ASAM is part of Navitas Ventures and provides leadership development programs and symposiums principally in Australia. During the current year, Navitas increased its ownership interest in ASAM to 90%. As a result, ASAM is now a controlled entity and is consolidated by Navitas.

The other investments are joint ventures that provide University Partnerships educational services within Australia and the UK.

Summarised combined statement of financial position for these investments is set out below:

	2018 $000s	2017 $000s
Current Assets	20,131	21,253
Non Current Assets	1,157	4,095
Current Liabilities	(21,582)	(27,188)
Non Current Liabilities	(3,010)	(1,899)
Equity	**(3,304)**	**(3,739)**
Navitas share at relevant ownership interest	(1,652)	(1,643)
Goodwill	27,591	27,263
Carrying amount of the investments accounted for using the equity method	25,939	25,620

Summarised combined statement of financial performance for these investments is as follows:

			Navitas share	
	2018 $000s	2017 $000s	2018 $000s	2017 $000s
Operating revenue	39,184	32,441	19,592	16,221
EBITDA	3,965	2,714	1,983	1,357
Profit after tax	3,105	541	1,553	271

5 ASSETS AND LIABILITIES (CONTINUED)

5.5 Trade and other payables

Accounting policies

Trade payables and other payables have 30-60 day terms and are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Wages, salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Annual leave expected to be settled more than 12 months after the reporting date is measured as the present value of the expected future payments, adjusted for future wage and salary levels, and are recognised in other payables.

Lease incentives

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term. Leasehold improvements that are funded by lease incentives are included in property, plant and equipment – refer note 5.3.

	2018 $000s	2017 $000s
Current		
Trade payables	12,165	10,519
Other payables	112,121	111,683
Lease incentives	5,360	5,552
	129,646	127,754
Non Current		
Lease incentives	44,707	50,906

5.6 Provisions

Accounting policies

Provisions

Provisions are measured at the present value of the Company's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, 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, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

Make good

Under the terms of its lease agreements the Group must restore certain leased premises to their condition as at the commencement of the lease.

Onerous contracts

When a contract becomes onerous, the present obligation under the contract is recognised as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract to the extent that this exceeds the expected economic benefits of the contract.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future long service leave payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

5.6 Provisions (continued)

	2018 $000s	2017 $000s
Current		
Employee benefits	8,623	8,740
Onerous lease contracts (refer note 3)	13,296	–
Make good	601	2,655
	22,520	11,395
Non Current		
Employee benefits	6,806	5,252
Onerous lease contracts (refer note 3)	21,355	–
Make good	14,227	11,733
	42,388	16,985

6 CAPITAL STRUCTURE AND FINANCING

This section outlines how the Group manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.

The Directors determine the appropriate capital structure, specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities both now and in the future. The Directors consider the Group's capital structure and dividend policy ahead of announcing results and do so in the context of its ability to continue as a going concern, to execute the strategy and to deliver its business plan.

6.1 Cash and cash equivalents

Accounting policies

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Tuition Fees held in Tuition Protection Service Accounts in Australia

The Group is required to maintain, in Australia, separate bank accounts for funds received from international students prior to commencement of their course (prepaid fees). As at 30 June 2018, the Group's Australian operations held $47.7m (2017: $41.7m) in prepaid fees for students who had not commenced studies with the Group, with a corresponding amount included in deferred revenue.

These funds are held in separate bank accounts until the student commences their course, at which point the funds may be used to settle normal obligations of the Group. At all times, the Group must ensure that there are sufficient funds in these separate bank accounts to repay prepaid tuition fees in full to all international students, in respect of whom tuition fees have been paid and who have not yet commenced their course.

6.2 Borrowings

Accounting policies

All loans and borrowings are initially recognised at the fair value of the consideration received.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

	Note	2018 $000s	2017 $000s
Current			
Finance lease liabilities (secured)	6.2.3	3,262	3,099
Non Current			
Finance lease liabilities (secured)	6.2.3	18,338	21,534
Bank loans (unsecured)	6.2.1	262,139	248,033
		280,477	269,567

6 CAPITAL STRUCTURE AND FINANCING (CONTINUED)

6.2 Borrowings (continued)

6.2.1 Summary of borrowing arrangements

At reporting date, the following banking facilities had been executed and were available.

	2018 $000s	2017 $000s
Total facilities		
Credit facility	400,000	400,000
Facilities unutilised at balance date		
Credit facility	74,723	91,836
Credit facility amounts utilised comprise		
Rental and Performance guarantees	63,138	60,131
Borrowings (drawn in Australian Dollars, Canadian Dollars, US Dollars and Singapore Dollars)	262,139	248,033
	325,277	308,164

The borrowings of $262.139m (2017: $248.033m) include $119.731m (2017: $118.658m) at floating interest rates and $142.408m (2017: $129.375m) at fixed interest rates (via interest rate swaps – refer note 6.4.1). The facilities are unsecured. The weighted average effective interest rate on the facilities was 3.27% (2017: 2.65%). Further details are provided in note 6.4.

6.2.2 Reconciliation of movement in borrowings

The movement in bank borrowings and finance leases during the year is reconciled as follows:

	2018 $000s	2017 $000s
Opening balance – start of year	272,666	135,093
Proceeds from borrowings	534,902	452,298
Repayment of borrowings	(532,988)	(314,000)
Exchange rate movements	9,159	(725)
Closing balance – end of year	283,739	272,666

6.2.3 Leasing

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases – Group as lessee

The Group has sale and lease arrangements related to the financing of the fit outs of leased premises. Plant and equipment with a carrying value at 30 June 2018 of $22.200m (2017: $24.190m) has been leased back under these finance arrangements and are held as security. The finance leases expire within 6 years.

6.2 Borrowings (continued)

6.2.3 Leasing (continued)

	2018 $000s	2017 $000s
Commitments in relation to finance leases are payable as follows:		
Within one year	4,112	4,073
After one year but not more than five years	16,328	16,292
More than five years	4,073	8,146
Minimum lease payments	24,513	28,511
Future finance charges	(2,913)	(3,878)
Total finance lease liabilities	21,600	24,633
The present value of finance lease liabilities is as follows:		
Within one year	3,262	3,099
After one year but not more than five years	14,369	13,755
More than five years	3,969	7,779
Minimum lease payments	21,600	24,633

Operating leases - Group as lessee

The Group has entered into commercial leases on certain premises. These leases have an average life of between 3 and 12 years with options to renew in some cases. There are no restrictions placed upon the lessee by entering into these leases.

	2018 $000s	2017 $000s
Future minimum rentals payable		
Within one year	60,931	57,538
After one year but not more than five years	201,629	193,335
More than five years	199,106	229,489
	461,666	480,362

6.3 Capital risk management objectives and policies

When managing capital it is the Company's objective to maximise the returns to shareholders as measured by Economic Value Added (EVA®), whilst also ensuring that the entity maintains a balanced capital structure that provides flexibility for the Company to invest in its business to achieve its strategic goals.

The Company regularly reviews its capital structure to ensure that the Group takes advantage of favourable costs of capital. As the market is constantly changing, the Company will: actively review the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, and initiate on market share buy backs, and drawdown on/repay bank borrowings to ensure that capital is managed appropriately.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades.

The Group's policy is to borrow centrally, using a variety of currencies, to meet anticipated funding requirements.

The Company monitors capital through a combination of ratios and metrics with the objective of ensuring that the Company maintains a strong capital structure across the economic cycle.

The following two key metrics are monitored on a regular basis:

	2018	2017
Net Debt to EBITDA* ratio	1.7x	1.5x
Interest cover ratio	18.0x	26.8x

The Company's target for return on capital employed is a minimum return in excess of the Group's weighted average cost of capital (WACC). For 2018, the Group's WACC was approximately 8% (2017: 8%). Returns on capital employed were 15.3% (2017: 18.2%) excluding the impacts of the C&I Division rationalisation; well above the Group's WACC.

* EBITDA = Earnings before interest, taxes, depreciation, amortisation, impairments, and non-operating gains and losses, before C&I Division rationalisation expenses.

6 CAPITAL STRUCTURE AND FINANCING (CONTINUED)

6.4 Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, bank loans, cash and cash equivalents and derivatives.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's Treasury policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group may enter into derivative transactions, principally interest rate swaps and forward currency contracts. The purpose is to manage the potential interest rate and currency risks arising from the Group's operations and its sources of finance. Derivatives, specifically in forward currency contracts, may also be entered into. These derivatives provide economic hedges, but may not qualify for hedge accounting and are based on limits approved by the Audit and Risk Committee. There are no economic hedges at 30 June 2018.

The main risks that may arise from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of potential exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange rates. Where material, ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts and maintenance of appropriate credit facilities.

The Audit and Risk Committee periodically reviews the policies for managing each of these risks as summarised below.

Risk exposures and responses

6.4.1 Interest rate risk

At reporting date the Group had the following mix of financial assets and liabilities exposed to interest rate risk:

	Variable interest rate risk		Fixed interest rate risk (after interest rate swaps)	
	2018 $000s	2017 $000s	2018 $000s	2017 $000s
Financial assets				
Cash and cash equivalents	81,871	86,642	–	–
Financial liabilities				
Finance leases	–	–	21,600	24,633
Bank borrowings	119,731	118,658	142,408	129,375
Net exposure	(37,860)	(32,016)	(164,008)	(154,008)

The Group's exposure to market interest rates relates primarily to the Group's long term borrowing obligations with a floating interest rate. The level of debt is disclosed in note 6.2. The Group's debt facilities allow borrowings in multiple foreign currencies, accordingly, interest rates on interest-bearing loans of the Group currently range from 1.0% to 3.6% (2017: 0.6% to 3.0%).

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt, and that between 50% and 75% of core borrowings must be at fixed rates of interest. Core borrowings is defined as the lowest level of borrowings forecast in the Group's forward projections.

6.4 Financial risk management objectives and policies (continued)

In the absence of fixed rate debt the Group's policy allows for the use of interest rate swaps, collars and caps. Where the Group enters into fixed rate debt it is understood that this creates a fair value exposure as a by-product of the Group's attempt to manage its cash flow volatility arising from interest rate changes.

The Group has entered into interest rate swap contracts, in order to protect against rising interest rates, under which it has a right to receive interest at variable rates and to pay interest at fixed rates. At 30 June 2018 the value of interest rate swap contracts held was $143.580m (2017: $131.506m).

The following swaps are in place:

- Euro interest swaps at 1.04% maturing in April 2020.
- AUD interest swaps at 2.48% maturing in December 2022.

The interest rate swaps require settlement of net interest receivable or payable each month. The settlement dates coincide with the dates on which interest is payable on the underlying debt. All swaps are matched directly against the appropriate loans and interest expense and as such are considered highly effective. They are settled on a net basis. The swaps are measured at fair value and all gains and losses attributable to the hedged risk are taken directly to equity and re-classified into profit or loss when the interest expense is recognised.

During April 2018, the Group entered into a cross currency basis swap over Eur75m of borrowings, expiring in April 2020. The cross currency basis swap is essentially a funding instrument that reduces the bank margin that the Group pays on its borrowings and is not a trading instrument and provides a foreign currency hedge against historic assets acquired in Euros.

The cross currency basis swap involves the conversion of Eur75m borrowings into $117.4m of borrowings and swapping a Euro interest expense to an AUD interest expense. On maturity in April 2020, the borrowings of $117.4m will be converted back to borrowings of Eur75m.

The fair values of the interest rate swap contracts and cross currency basis swap contracts are as follows:

	2018 $000s	2017 $000s
Current liabilities – other payables		
Interest rate swap contracts – cash flow hedges	657	1,045
Cross currency basis swap contracts – cash flow hedges	1,210	2,160
	1,867	3,205

Interest rate swap contracts are exposed to fair value movements if interest rates change. Under these contracts the Group is committed to $1.859m (2017: $1.492m) interest expense within 12 months and $5.024m (2017: $1.055m) interest expense between 1 year and 5 years, on $143.580m (2017: $131.506m) of notional debt (at rates as per above).

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 30 June 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	2018 $000s	2017 $000s
Judgements of reasonably possible movements		
Post tax profit and equity higher/(lower) +1% (100 basis points)	(265)	(224)

The movements in profit and equity are due to a small decrease in interest revenues from variable rate cash balances and a small increase in interest expenses on variable rate borrowings.

The Company believes the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

6 CAPITAL STRUCTURE AND FINANCING (CONTINUED)

6.4 Financial risk management objectives and policies (continued)

6.4.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in different currency from the Group's presentation currency) "Transactional risk", and the Group's net investments in foreign subsidiaries "Translational risk".

6.4.2.1 Transactional risk

The Group's foreign currency risk policy is to only hedge known and committed exposures.

6.4.2.2 Translational risk

The Group's policy is to hedge its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies, where the unhedged exposure exceeds $10.0m. This is currently limited to the Group's Euro, US Dollar, Canadian Dollar and Singapore Dollar exposures.

6.4.3 Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, other financial assets and derivative instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Refer to note 5.2 for further details on trade and other receivables.

6.4.4 Liquidity risk

The Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of operating cash flows and committed available credit facilities.

The Group has a series of five year multi-currency bilateral revolving credit facilities for $400m. Of this facility $100m expires in December 2020 and $300m expires in December 2022. These facilities are split into two tranches. Tranche A is $320m and wholly consists of credit facilities, whereas Tranche B is $80m and is primarily for contingent instrument requirements.

A total of $325.277m (2017: $308.164m) had been utilised of the total facility, split between lease rental and performance guarantees of $63.138m (2017: $60.131m) and borrowings of $262.139m (2017: $248.033m).

Cash flows from operations for 2018 were $92.301m (2017: $101.534m).

The Group's policy is that no more than 50% of credit facilities should mature within the following 12 months. At 30 June 2018, none (2017: none) of the Group's credit facilities will mature within the following 12 months.

Contractual maturities

2018	<3 months $000s	3 months to a year $000s	1—5 years $000s	>5 years $000s	Total $000s
Financial assets					
Cash and cash equivalents	81,871	–	–	–	81,871
Trade and other receivables	120,183	3,736	–	–	123,919
	202,054	3,736	–	–	205,790
Financial liabilities					
Trade and other payables	12,165	110,254	–	–	122,419
Finance lease liabilities	1,028	3,084	16,328	4,073	24,513
Bank loans	–	–	262,139	–	262,139
Cross currency basis swap	–	–	1,172	–	1,172
Interest rate derivatives	465	1,394	5,024	–	6,883
	13,658	114,732	284,663	4,073	417,126
Net maturity	188,396	(110,996)	(284,663)	(4,073)	(211,336)

6.4 Financial risk management objectives and policies (continued)

6.4.4 Liquidity risk (continued)

Contractual maturities

2017	<3 months $000s	3 months to a year $000s	1—5 years $000s	>5 years $000s	Total $000s
Financial assets					
Cash and cash equivalents	86,642	–	–	–	86,642
Trade and other receivables	137,036	4,018	–	–	141,054
	223,678	4,018	–	–	227,696
Financial liabilities					
Trade and other payables	10,519	108,478	–	–	118,997
Finance lease liabilities	1,018	3,055	16,292	8,146	28,511
Bank loans	–	–	248,033	–	248,033
Cross currency basis swap	–	–	2,160	–	2,160
Interest rate derivatives	373	1,119	1,055	–	2,547
	11,910	112,652	267,540	8,146	400,248
Net maturity	211,768	(108,634)	(267,540)	(8,146)	(172,552)

The tables above reflect all contractually fixed settlement, repayments, receivables and interest resulting from recognised financial liabilities and assets, including derivative financial instruments, as of 30 June 2018 and 2017. For derivative financial instruments the gross cash settlement is presented where gross settlement occurs and the net cash settlement is presented where net settlement occurs. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities are based on the earliest possible date on which the Group can be required to pay. Cash flows for financial assets are based on the terms and conditions existing at the balance sheet date.

The Company manages this liquidity risk by the maintenance of appropriate unutilised credit facilities and continued operation of the business as a going concern generating operating cash flows. Whilst operating as a going concern, the material business units of the Group receive operating cash flows prior to the provision of the service. At 30 June 2018, the Group had recognised deferred revenue of $278.502m (2017: $262.112m), representing cash receipted by the Group for which tuition services had yet to be provided. The Company has utilised these cash receipts to reduce debt, return capital to shareholders, and to purchase investments. At 30 June 2018, the Group had $262.139m of bank debt (2017: $248.033m) and unutilised credit facilities of $74.723m available (2017: $91.836m). The Company is confident this is sufficient to cover any liquidity risk exposure at 30 June 2018.

6.5 Issued Capital

	2018 Shares (Number)	2018 $000s	2017 Shares (Number)	2017 $000s
Movements in shares on issue				
At 1 July	358,272,785	110,511	371,559,353	177,095
Dividend reinvestment plan (i)	285,627	1,312	646,576	2,941
Employee share schemes (ii)	33,823	146	52,334	275
Shares bought back on-market and cancelled (iii)	(400,000)	(1,760)	(13,985,478)	(69,800)
At 30 June	358,192,235	110,209	358,272,785	110,511

(i) Dividend reinvestment plan

During the year the Company issued 285,627 (2017: 646,576) shares to a value of $1.312m (2017: $2.941m) in lieu of cash dividends.

(ii) Employee share schemes

During the year the Company issued 2,450 (2017: 21,744) shares to executive employees (under the terms of the Executive Share Plan) to a value of $0.010m (2017: $0.114m) in settlement of obligations arising from the Company's ValueShare incentive scheme. These obligations were previously recognised in the Company's results for the 2017 and 2016 financial years. In addition, the Company issued 31,373 (2017: 30,590) shares valued at $0.136m (2017: $0.161m) to eligible employees from salaries and wages as part of the Company's Employee Share Ownership Plan.

(iii) Share buy-back

During the financial year the Company completed the on-market buy-back, announced on 2 February 2017, of up to 7.5% of its ordinary shares currently on issue as part of its ongoing capital management initiatives.

During the year, the Company has purchased and cancelled a total of 400,000 ordinary shares (2017: 13,985,478). The shares were acquired at an average price of $4.40 (2017: $4.99) per share, with prices ranging from $4.34 to $4.46 (2017: $4.06 to $5.34). The total cost of $1.760m (2017: $69.800m) was deducted from issued capital.

7 OTHER NOTES

7.1 Related party disclosures

7.1.1 Equity interests in related parties

The consolidated financial statements include the financial statements of Navitas Limited and its controlled entities. The table below lists the primary operating controlled entities of the Group. Individual controlled entities that do not provide a significant contribution to the Group's revenue, profits or net assets have not been listed. All are owned 100% except as indicated.

Australia

ACL Pty Ltd*
Australian Campus Network Pty Limited*
Australian College of English Pty Ltd*
Cadre Design Pty. Limited*
Colleges of Business & Technology (NSW) Pty Ltd*
Colleges of Business and Technology (WA) Pty Ltd*
Cytech Intersearch Pty Limited*
Educational Enterprises Australia Pty. Ltd.*
Educational Services Pty Ltd*
Hawthorn Learning Pty Limited*
Health Skills Australia Pty Ltd*
IBT (Canada) Pty Limited*
IBT (Sydney) Pty Limited*
IBT Education Pty Ltd*
LM Training Specialists Pty. Ltd.*
Melbourne Institute of Business and Technology Pty Ltd*
Navitas America Pty Ltd*
Navitas Bundoora Pty Ltd*
Navitas College of Health Pty Ltd*
Navitas College of Public Safety Pty Ltd*
Navitas English Pty Limited*
Navitas English Services Pty Limited*
Navitas Global Pty Ltd (previously IBT Finance Pty Limited)*
Navitas LIS Holdings Pty Ltd*
Navitas Professional Institute Pty Ltd*
Navitas Professional Pty Ltd*
Navitas Professional Training Pty Ltd*
Navitas SAE Holdings Pty Ltd*
Navitas SAE (UK) Holdings Pty Ltd*
Navitas USA Pty Ltd*
Navitas Ventures Pty Ltd*
Newcastle International College Pty Ltd*
Queensland Institute of Business & Technology Pty Ltd*
SAE Institute Pty Limited*
South Australian Institute of Business and Technology Pty Ltd*
Sydney Institute of Business and Technology Pty Ltd*
The Australian Centre for Languages Pty Ltd*
The Learning Space Pty Ltd*

* indicates member of the closed group

Rest of world

Fraser International College Limited
Curtin Education Centre Pte. Ltd. (90%)
International College of Manitoba Limited
SAE-Institute GmbH

Entities subject to class order relief

Pursuant to ASIC Class Order 2016/785, relief has been granted to certain of the entities which are indicated above as members of the closed group ("closed group entities") from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, Navitas Limited and the closed group entities entered into a Deed of Cross Guarantee on 15 June 2006, as varied from time to time. The effect of the deed is that Navitas Limited has guaranteed to pay any deficiency in the event of winding up of any closed group entity. The closed group entities have also given a similar guarantee in the event that Navitas Limited is wound up.

During the period, no entity has been:

- removed by a revocation deed contemplated by the Deed of Cross Guarantee; or
- the subject of a notice of disposal contemplated by the Deed of Cross Guarantee.

During the period, no entity obtained relief under the Class Order or a previous order at the end of the immediately preceding financial year but which was ineligible for relief in respect of the relevant financial period.

7.1 Related party disclosures (continued)

7.1.2 Closed Group Disclosures

The consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income of the entities which are members of the "closed group" are as follows:

Consolidated statement of financial position	Closed Group	
	2018 $000s	2017 $000s
Current Assets		
Cash and cash equivalents	51,661	48,221
Trade and other receivables	82,915	87,502
Current tax receivable	6,751	–
Prepayments and other assets	14,348	15,480
Total Current Assets	155,675	151,203
Non Current Assets		
Property, plant and equipment	112,173	119,376
Deferred tax assets	113	16,015
Intangible assets	320,572	324,677
Other financial assets	169,510	281,169
Total Non Current Assets	602,368	741,237
Total Assets	758,043	892,440
Current Liabilities		
Trade and other payables	85,140	90,489
Deferred revenue	139,462	146,292
Current tax payable	–	2,667
Borrowings	21,816	26,094
Provisions	12,624	11,344
Total Current Liabilities	259,042	276,886
Non Current Liabilities		
Trade and other payables	40,295	44,563
Borrowings	280,477	269,567
Provisions	20,049	16,142
Total Non Current Liabilities	340,821	330,272
Total Liabilities	599,863	607,158
Net Assets	158,180	285,282
Equity		
Issued capital	110,209	110,511
Reserves	(987)	(413)
Retained earnings	48,958	175,184
Total Equity	158,180	285,282
Consolidated Retained Earnings		
At 1 July	175,184	145,380
(Loss)/profit attributable to members of the closed group	(56,401)	100,191
Dividends	(69,825)	(70,387)
At 30 June	48,958	175,184

7 OTHER NOTES (CONTINUED)

7.1 Related party disclosures (continued)

7.1.2 Closed Group Disclosures

Consolidated statement of profit or loss and other comprehensive income

	Closed Group	
	2018 $000s	2017 $000s
Revenue	573,152	613,096
Marketing expenses	(93,329)	(92,694)
Academic expenses	(132,584)	(140,261)
Administration expenses	(362,745)	(242,453)
Finance costs	(11,095)	(8,696)
(Loss)/profit before income tax expense	**(26,601)**	**128,992**
Income tax expense	(29,800)	(28,801)
Loss)/profit for the year	**(56,401)**	**100,191**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Currency translation movements	952	193
Fair value movements in hedge instruments	388	1,831
Income tax relating to other comprehensive income	(401)	(549)
Other comprehensive income for the year	939	1,475
Total comprehensive (expense)/income for the year	**(55,462)**	**101,666**

7.1.3 Transactions with other related parties

Transactions between the Group and its related parties

During the financial year, the following transactions occurred between the Group and its other related parties:

- Hoperidge Advisors Pty Ltd, an entity associated with Mr Rod Jones, is a sub tenant in one of the Group's rented properties. Navitas has recorded income of $71,774 (2017: $67,144) in relation to this contract. This contract is on normal terms and conditions.
- Greenridge Electrical Pty Ltd, an entity associated with Mr Rod Jones, was a sub tenant in one of the Group's rented properties in the prior year. Navitas has recorded income of $nil (2017: $26,118) in relation to this contract. This contract was on normal terms and conditions.
- Navitas Limited has provided an unsecured loan to Western Sydney University International College Pty Ltd, a joint venture company, of $2,350,000 (2017: $1,300,000). Interest is payable on the loan at a rate of the RBS cash rate plus a margin of 3% and is payable quarterly in arrears. During the year, Navitas Limited has charged interest income of $91,874 (2017: $49,202) on the loan and an amount of $26,365 (2017: $14,655) is outstanding at 30 June 2018. The loan is outstanding at 30 June 2018 and has no set repayment terms.
- Navitas Limited has charged service fees of $525,934 (2017: $454,683) and provided marketing, staff and other services totaling $84,820 (2017: $56,174) to Western Sydney University International College Pty Ltd, a joint venture company, during the year. At 30 June 2018, an amount of $71,130 (2017: $52,208) is outstanding.
- Navitas Limited has charged service fees of $1,114,016 (2017: $877,545) and provided marketing, staff and other services totaling $36,407 (2017: $285,919) to University of Canberra College Pty Limited, a joint venture company, during the year. At 30 June 2018, an amount of $460,413 (2017: $563,268) is outstanding.

7.1 Related party disclosures (continued)

7.1.3 Transactions with other related parties (continued)

- University of Canberra College Pty Limited has provided marketing, staff and other services totaling $11,413 (2017: $119,238) to Navitas Limited and related entities during the year. At 30 June 2018, an amount of $8,837 (2017: $23,820) is outstanding.
- Navitas Limited has charged service fees of $1,489,090 (2017: $1,407,655) and provided staff and other services totaling $4,768 (2017: $134,385) to Edith Cowan College Pty Ltd, a joint venture company, during the year. At 30 June 2018, an amount of $614,354 (2017: $243,368) is outstanding.
- Edith Cowan College Pty Ltd has charged royalty fees to a subsidiary of Navitas Limited totaling $931,304 (2017: $495,730) and has recharged staff costs totaling $34,864 (2017: $124,093) during the year. At 30 June 2018, an amount of $944,421 (2017: $523,650) is outstanding.
- International College Wales Ltd has provided an unsecured loan to The College, Swansea University, a joint venture company, of £300,000. Interest is payable on the loan at a rate of the three month LIBOR rate plus a margin of 1% and is payable monthly in arrears. During the year, Navitas Limited has charged interest income of £545 (A$966) on the loan and an amount of £545 (A$966) is outstanding at 30 June 2018. The loan is outstanding at 30 June 2018 and has no set repayment terms.

Apart from the above, there were no balances, arising from transactions between the Group and its other related parties, outstanding at reporting date.

All amounts advanced to or repayable to related parties are unsecured and are subordinate to other liabilities. The amounts outstanding will be settled in cash.

7.1.4 Transactions with Key Management Personnel

A list of key management personnel is provided in the remuneration report on page 41. Aggregate compensation and shareholdings are provided on pages 47 to 52.

7.2 Parent Entity Disclosures

	Parent	
	2018 $000s	2017 $000s
Current assets	206,622	130,144
Total assets	724,742	769,625
Current liabilities	402,134	332,221
Total liabilities	695,935	611,113
Shareholders equity		
Issued capital	110,210	110,511
Reserves	(1,307)	(2,244)
(Accumulated losses)/retained earnings	(80,096)	50,245
Total equity	28,807	158,512
(Loss)/profit for the year	(60,615)	78,025
Total comprehensive (expense)/income for the year	(59,679)	79,500

7 OTHER NOTES (CONTINUED)

7.3 Auditor's remuneration

The auditor of Navitas Limited is Deloitte Touche Tohmatsu.

	2018 $	2017 $
Audit services		
Auditor of the Company		
Deloitte Touche Tohmatsu (Australia)		
Audit and review of financial reports	421,950	404,549
Other regulatory audit services	20,238	19,200
Overseas Deloitte Touche Tohmatsu firms		
Audit and review of financial reports	659,188	625,027
Other regulatory audit services	13,112	12,604
	1,114,488	1,061,380
Other services		
Auditor of the Company		
Deloitte Touche Tohmatsu (Australia)		
Other – tax services	–	–
Other – consulting services	–	50,000
Overseas Deloitte Touche Tohmatsu firms		
Other – consulting services	–	3,500
	–	53,500
	1,114,488	1,114,880

8 UNRECOGNISED ITEMS

8.1 Guarantees

The Group has entered into rental guarantees over leased properties used by the Group with a face value of $25.558m (2017: $26.456m) and performance guarantees with a face value of $83.974m (2017: $81.089m). The fair value of the guarantees has been assessed as $nil based on underlying performance of the entities subject to the guarantees.

Cross guarantees between entities in the closed group (see note 7.1.1) have been provided by Navitas Limited and its controlled entities. The fair value of the cross guarantees has been assessed as $nil based on the underlying performance of the entities in the closed group.

9 EVENTS AFTER BALANCE SHEET DATE

Subsequent to balance sheet date, the directors of the Company declared a final dividend on ordinary shares in respect of the 2018 financial year. The total amount of dividend is $28.655m, which represents a partially franked dividend of 8.0 cents per share. The dividend has not been provided for in the 30 June 2018 financial statements.

Subsequent to balance sheet date, the Group completed a detailed portfolio review of the Careers and Industry Division, and announced it will undertake a rationalisation program to improve efficiency and create a solid foundation for sustainable future growth for the Division – refer to note 3.

10 CHANGES IN THE GROUP'S STRUCTURE

Financial Year Ended 30 June 2018

(a) Acquisition of additional interest in Australian School of Applied Management

During the year Navitas acquired an additional 60% interest in Australian School of Applied Management ('ASAM') for $7.295m, increasing the Group's ownership interest in ASAM to 90%. As a result, ASAM is now a controlled entity and is now consolidated by Navitas.

Details of the purchase consideration, the net assets acquired and the goodwill are as follows:

	$000s
Purchase consideration	
Cash paid for acquiring additional 60% equity interest	7,295
Previously held 30% equity interest at assessed fair value	3,206
Total purchase consideration	**10,501**

10 CHANGES IN THE GROUP'S STRUCTURE (CONTINUED)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $000s
Cash and cash equivalents	427
Trade and other receivables	1,393
Other assets	341
Property, plant and equipment	46
Trade and other payables	(975)
Deferred revenue	(3,509)
Income tax payable	(186)
Provisions	(256)
Net identifiable liabilities acquired	(2,719)
Add: non-controlling interests	295
Add: goodwill	12,925
Net assets acquired	**10,501**

As a consequence of the acquisition and ASAM becoming a controlled entity of Navitas, the Group recorded a non-cash gain of $1.211m on the revaluation of its pre-existing 30% shareholding in ASAM.

(b) Acquisition of Christchurch College of English Limited

In December 2017, Navitas acquired 100% of Christchurch College of English Limited ('CCEL') for total consideration of NZ$5.863m (A$5.365m). CCEL is an on-campus English language provider with colleges in Christchurch and Auckland, New Zealand.

(c) Conversion of International College Wales Limited into a joint venture

During the year, Navitas entered into an agreement with Swansea University to create a jointly owned and controlled, joint venture entity known as "The College, Swansea University" to take over the pathway education operations that were being delivered by Navitas Limited's wholly owned subsidiary International College Wales Limited ('ICWS') on behalf of Swansea University.

Under the transition arrangements of the agreement, ICWS will teach out existing students recruited prior to the creation of The College, Swansea University on 1 March 2018. New students recruited after this date will be recruited and taught by The College, Swansea University.

As a result of this transaction, Navitas Limited has recognised a non-cash gain of $2.817m on the transfer of ICWS' business into the new joint venture.

(d) Disposal of SAE Institute South Africa Proprietary Limited

In March 2018, Navitas completed the sale of SAE Institute South Africa Proprietary Limited ('SAE South Africa') for consideration of ZAR30.488m (A$3.324m). Navitas Limited has recognised a gain on sale of SAE South Africa of $0.916m.

The above transactions have not had a significant impact on the Group's assets, liabilities, revenue and expenses.

In total $4.944m of non operating gains were recognised at 30 June 2018, comprising:

	$000s
Non cash gain on conversion of ASAM (an equity accounted investment) into a controlled entity (note 10(a))	1,211
Non cash gain on conversion of ICWS into a joint venture (note 10(c))	2,817
Gain on disposal of SAE South Africa (note 10(d))	916
	4,944

Financial Year Ended 30 June 2017

(a) Conversion of Perth Institute of Business and Technology Pty Ltd into a joint venture

In accordance with an agreement between Edith Cowan University ('University') and Perth Institute of Business and Technology Pty Ltd ('PIBT'), the University agreed to subscribe for shares in PIBT in consideration for the University entering into a continuing IP Licence and Services Agreement with PIBT.

The agreement has resulted in the conversion of PIBT from being a wholly owned subsidiary of Navitas Limited into a joint venture, jointly controlled and owned by Navitas Limited and the University, with effect from 1 October 2016.

As a result of this transaction, Navitas Limited has deconsolidated PIBT and subsequently recognised an investment in 50% of PIBT at fair value at the date of disposal. This investment will subsequently be accounted for using the equity method. Navitas Limited has recognised a non-cash gain of $17.263m on this transaction.

On 4 October 2016, PIBT changed its name to Edith Cowan College Pty Ltd.

(b) Disposal of Indian Student recruitment business and related legal entities

During the year ended 30 June 2017, the Group agreed to dispose of its Indian student recruitment business (referred to as Study Overseas Global) and related legal entities for consideration of $0.2 million. The Group has recorded a loss on disposal of $3.0 million.

Directors' Declaration

In accordance with a resolution of the directors of Navitas Limited, I state that:

1. In the opinion of the Directors:

(a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position as at 30 June 2018 and the performance for the year ended on that date of the consolidated entity; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

(b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1.1 to the financial statements; and

(c) there are reasonable grounds to believe that the Company will be able to pays its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 7.1.1 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

DAVID BUCKINGHAM
Group Chief Executive Officer and Managing Director

Perth, Western Australia, 6 August 2018

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Navitas Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Navitas Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Deloitte.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the Key Audit Matter

Carrying value of non-current assets in the SAE business
 	
Refer notes 5.1 and 5.3
 	
The carrying value of goodwill, other intangible assets and property, plant and equipment as at 30 June 2018 was $541 million, including $313 million relating to SAE.
 	
The Group prepared a value in use model to assess the recoverable value of SAE. The preparation of a value in use model requires management to exercise significant judgement, with key assumptions including discount rate, growth and operating margins.
	Our procedures included, but was not limited to, the following procedures:
	• Understanding the process that management undertakes to develop the model,
	• Comparing the forecasts to Board approved business plans,
	• Assessing historical forecasting accuracy by comparing actual performance to budgets,
	• In conjunction with our valuation specialists, challenging the assumptions as follows:
	  ○ assessing the discount rate against that of comparable companies;
	  ○ evaluating operating margins with reference to past performance and knowledge of the business;
	  ○ challenging the forecast growth against historic growth rates and external industry data where available; and
	  ○ challenging the maintenance capital expenditure assumptions.
	• Sample testing management's models for mathematical accuracy,
	• Performing sensitivity analysis on the growth and operating margins assumptions, and
	• Assessing the appropriateness of the related disclosures to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 51 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Navitas Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

Leanne Karamfiles
Partner
Chartered Accountants
Perth, 6 August 2018

Additional Information

Additional information required by ASX and not shown elsewhere in this annual report is as follows. The information is current as at 7 September 2018.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as disclosed in substantial holding notices given to the Company, were:

Shareholder	Shares
Mr Rodney M Jones	45,117,995
Schroder Investment Management Australia Limited	29,446,059
Allan Gray Australia Pty Ltd	26,130,561
Dr Peter D Larsen	23,433,610
AustralianSuper Pty Ltd	18,820,858

VOTING RIGHTS

The voting rights attached to shares as set out in rule 16.2 of Navitas' constitution are the right to attend and vote at general meetings of Navitas and on a show of hands to one vote, and on a poll to one vote for each share held.

DISTRIBUTION OF SHAREHOLDERS AND THEIR HOLDINGS

Size of shareholding	Number of Shareholders
1–1,000	1,652
1,001–5,000	1,405
5,001–10,000	318
10,001–100,000	224
100,001–and over	69
Total	3,668

As at 7 September 2018, there were 3,668 holders of Navitas shares, and a total 358,192,235 shares on issue.

There were 296 shareholders holding less than a marketable parcel of shares based on the market price on 7 September 2018 holding a total of 5,947 shares.

No shares are subject to voluntary escrow and there are no restricted securities on issue.

The Company does not have a current on-market buy-back for its shares.

There are no issues of securities approved for the purpose of item 7, Section 611 of the Corporations Act which have not yet been completed.

TWENTY LARGEST SHAREHOLDERS

The twenty largest holders of Navitas shares on the Company's register as at 7 Sepetember 2018 were:

Rank	Name	Number of Shares	% of Issued Capital
1	J P Morgan Nominees Australia Limited	61,618,929	17.20
2	HSBC Custody Nominees (Australia) Limited	48,515,607	13.54
3	Remjay Investments Pty Ltd	34,711,843	9.69
4	Citicorp Nominees Pty Limited	29,864,163	8.34
5	National Nominees Limited	23,585,084	6.58
6	Landmark Holdings (WA) Pty Ltd	23,000,000	6.42
7	Wonder Holdings Pty Ltd	18,751,890	5.24
8	Cambo Investments Pty Ltd	16,137,078	4.51
9	Hoperidge Enterprises Pty Ltd	9,486,690	2.65
10	BNP Paribas Nominees Pty Ltd	8,879,291	2.48
11	Mr Maxwell Charles Schroder	8,633,391	2.41
12	Ms Julianne Hannaford	8,129,000	2.27
13	Lily Investments Pty Ltd	5,527,968	1.54
14	Mrs Luniarty Kartosudiro	4,384,312	1.22
15	Coolah Holdings Pty Ltd	3,800,00	1.06
16	Argo Investments Limited	3,757,061	1.05
17	Bainpro Nominees Pty Limited	2,873,938	0.80
18	Dasam Nominees Pty Ltd	2,860,904	0.80
19	BNP Paribas Noms Pty Ltd	2,497,373	0.70
20	Australian Foundation Investment Company Limited	2,295,268	0.64

Investor Information

ANNUAL GENERAL MEETING

The Annual General Meeting of Navitas will be held at:

Curtin University
Old Perth Boys School
139 St Georges Terrace
Perth WA 6000

on Thursday 15 November 2018 at 11.00am (AWST).

Full details of the meeting are contained in the notice of annual general meeting sent with this annual report for those Shareholders who elected to receive a hard copy annual report.

SHAREHOLDER ENQUIRIES

All enquiries should be directed to the Company's Share registry at:

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace
Perth WA 6000

T 1300 55 70 10
F +61 8 9323 2033

All written enquiries should include your Holder Identification Number as it appears in your holding statement along with your current address.

CHANGE OF ADDRESS

It is important that you notify the Share registry immediately in writing if there is any change to your registered address.

LOST HOLDING STATEMENTS

Shareholders should notify the Share registry immediately, in writing, so that a replacement statement can be arranged.

CHANGE OF NAME

Shareholders who change their name should notify the Share registry, in writing, and attach a certified copy of a relevant marriage certificate or deed poll.

TAX FILE NUMBERS (TFN)

Although it is not compulsory for each Shareholder to provide a TFN or exemption details, for those Shareholders who do not provide the necessary details, the Company will be obliged to deduct tax from any unfranked portion of their dividends at the top marginal rate. TFN application forms can be obtained from the Share registry, any Australia Post Office or the Australian Taxation Office.

NAVITAS PUBLICATIONS

The Company's annual report is the main source of information for investors. Shareholders who do not wish to receive the annual report should advise the Share registry. Navitas' financial reports are also available on the Navitas website (see below).

NAVITAS WEBSITE

Information about Navitas and the Group is available on the internet at navitas.com

Glossary

ACAP	Australian College of Applied Psychology
AMEP	Adult Migrant English Program
ASIC	Australian Securities and Investments Commission
ASQA	Australian Skills Quality Authority
ASAM	Australian School of Applied Management
ASX	ASX Limited
ASX Listing Rules	The official listing rules of the ASX
BCUIC	Birmingham City University International College
Board	The board of directors of Navitas
Capex	Capital expenditure
CCEL	Christchurch College of English Language
C&I	Careers and Industry Division
Constitution	The constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
CPS	Cents per share
CRIC	Cambridge Ruskin International College Limited
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
Curtin College	Colleges of Business and Technology Pty Ltd trading as Curtin College
Curtin Singapore	Curtin University Singapore Campus
Deakin College	Melbourne Institute of Business and Technology Pty Ltd trading as Deakin College
DIBP	Department of Immigration and Border Protection
Directors	Directors of Navitas
DoET	Department of Education and Training
EBITDA	Earnings before interest, taxation, depreciation, amortisation and impairments
ECC	Edith Cowan College
EFS	English and Foundation Skills
ELICOS	English Language Intensive Courses for Overseas Students
EPS	Earnings per share
EVA®	Economic Value Added®
Eynesbury	Educational Enterprises Australia Pty Ltd trading as Eynesbury International
FAU	Navitas at Florida Atlantic University
FEE-HELP	A government loan scheme to help eligible non-Commonwealth supported (fee paying) students pay their tuition fees
FIC	Fraser International College
FY18	Financial year 2018
FX	Foreign exchange
Group or Navitas Group	Navitas and its subsidiary companies
Griffith College	Queensland Institute of Business & Technology Pty Ltd trading as Griffith College
Hawthorn-Melbourne	Hawthorn Learning Pty Ltd trading as Hawthorn-Melbourne
HIC	HIBT Limited trading as Hertfordshire International College
HSA	Health Skills Australia Pty Ltd
ICM	International College of Manitoba
ICP	International College Portsmouth Limited
ICRGU	International College Robert Gordon University
ICWS	International College Wales Limited
KPI	Key Performance Indicator
LBIC	London IBT Limited trading as LBIC
LTM	La Trobe Melbourne
LTUSC	La Trobe University Sydney Campus
Navitas or Company	Navitas Limited ABN 69 109 613 309
Navitas at UNH	Navitas at the University of New Hampshire
NV	Navitas Ventures
NCPS	Navitas College of Public Safety Pty Ltd
NPAT	Net profit after tax
NQF	National Qualifications Framework
pcp	prior comparative period
PDIC	Plymouth Devon International College Limited
PEP	Professional and English Programs
RTO	Registered training organisation
SAE	School of Audio Engineering, now known as SAE
SAIBT	South Australian Institute of Business and Technology
Shareholder	A holder of a Share
Shares	Fully paid ordinary shares in the capital of the Company
SIBT	Sydney Institute of Business and Technology Pty Ltd
SOL	Study Overseas Limited
SPP	Special Preparatory Program
SSVF	Simplified Student Visa Framework
StudyLink	Learning Information Systems Pty Ltd trading as StudyLink
TEQSA	Tertiary Education Quality and Standards Agency
TESOL	Teachers of English to Speakers of Other Languages
TVP	Target variable pay
UCC	University of Canberra College
UCIC	UC International College
UMass Boston	Navitas at University of Massachusetts Boston
UMass Dartmouth	Navitas at University of Massachusetts Dartmouth
UMass Lowell	Navitas at University of Massachusetts Lowell
UNIC	University of Northampton International College
UKBA	UK Border Agency
UPD	University Partnerships Division
VET	Vocational education and training
VSL	VET Student Loans
WACC	Weighted average cost of capital
WSUIC	Western Sydney University International College

Corporate Information

Directors	**Executive Directors**
	Mr David Buckingham
	Non-Executive Directors
	Ms Tracey Horton
	Mr Tony Cipa
	Mr Harvey Collins
	Ms Diana Eilert
	Mr Rod Jones
	Ms Lisa Paul
	Mr David Robb
Company Secretaries	Mr Hugh Hangchi
	Mr Matthew Rumpus (Assistant Company Secretary)
Registered Office	Navitas Limited
	Level 8, Brookfield Place
	125 St Georges Terrace
	Perth WA 6000
Share Registrar	Computershare Investor Services Pty Limited
	Level 11, 172 St Georges Terrace
	Perth WA 6000
Auditor	Deloitte Touche Tohmatsu
	Brookfield Place, Tower 2
	123 St Georges Terrace
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Internet address	navitas.com

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