



## RedHill Education Limited FY2015 Interim Financial Report

RedHill Education Limited (**RedHill**) today released its group interim financial report for the half-year ended 31 December 2014.

### 1. KEY RESULTS:

- **Revenues:** \$11.10 million - 25% increase\*
- **EBITDA\*\*:** \$1.25 million - 42% increase\*
- **NPAT:** \$0.73 million - 32% increase\*
- **Cash balance:** \$6.49 million at 31 December 2014 - 54% increase\*
- **Positive net cashflow** from operating activities - \$1.26 million during the half-year period
- Each business unit and the consolidated RedHill group reported a **revenue and EBITDA\*\*** increase\*

*\* Increase over the previous corresponding half-year financial period*

### 2. CAMPUS EXPANSION PROJECTS:

#### 2.1 During the next 6 months, RedHill will:

- launch a substantial **RedHill Melbourne Campus**, commencing operations in early FY2016
- increase the capacity of its **Greenwich English College** Sydney campus by 33% to support expected revenue growth in existing and new courses

#### 2.2 RedHill has recently doubled the capacity of its **International School of Colour and Design** campus in North Sydney to support the launch of its new **inStudio** brand. **inStudio** will deliver vocational courses and qualifications to both domestic and international students, commencing operations in March 2015. **inStudio** will offer the option of VET-FEE HELP loans to domestic students

\*\* EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and Net Profit for the half-year ended 31 December 2014 is included in the attached interim financial report.

**CONTACT:** Glenn Elith  
Chief Executive Officer  
Mobile: 0405 906 212

### ABOUT REDHILL

RedHill has a portfolio of quality education businesses at the premium end of the private tertiary education market to capitalise on the demand for higher education, vocational training and English language programmes. For further information refer to our website [www.redhilleducation.com](http://www.redhilleducation.com)

# APPENDIX 4D

## INTERIM FINANCIAL REPORT

### 1. Company details

Name of entity:	<b>RedHill Education Limited and Controlled Entities</b>
ABN:	41 119 952 493
Reporting period:	<b>Half-year ended 31 December 2014</b>
Previous corresponding period:	Half-year ended 31 December 2013

---

### 2. Results for announcement to the market

	<b>Half-year ended 31 Dec 14</b>	<b>Half-year ended 31 Dec 13</b>	<b>% Change</b>
Revenues from ordinary activities	\$11,095,000	\$8,896,000	25%
EBITDA	\$1,253,000	\$882,000	42%
Profit from ordinary activities after tax attributable to the shareholders of RedHill Education Limited	\$729,000	\$551,000	32%
Profit for the period attributable to the shareholders of RedHill Education Limited	\$729,000	\$551,000	32%
Cash and cash equivalents	\$6,491,000	\$4,218,000	54%

#### ***Comments on financial performance***

The profit for the consolidated entity after providing for income tax amounted to \$729,000 (31 December 2013: profit of \$551,000).

The consolidated entity's earnings before interest, tax, depreciation and amortisation ('EBITDA') was \$1,253,000 (31 December 2013: EBITDA of \$882,000).

Each business unit and the consolidated entity reported revenue and EBITDA growth against the previous corresponding half-year period.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity. The following table summarises reconciling items between statutory profit after tax attributable to the shareholders of RedHill Education Limited and EBITDA.

---

	Half-year ended 31 Dec 14 \$'000	Half-year ended 31 Dec 13 \$'000
<b>EBITDA</b>	1,253	882
Less: Depreciation and amortisation	(326)	(343)
Less: Finance costs	(4)	-
Add: Interest income	77	34
	<hr/>	<hr/>
<b>Profit before income tax expense</b>	1,000	573
Income tax expense	(271)	(22)
	<hr/>	<hr/>
<b>Profit after income tax expense</b>	729	551

---

### 3. Net tangible assets

	Half-year ended 31 Dec 14	Half-year ended 31 Dec 13
Net tangible assets per share	16.60 cents	0.29 cents

---

### 4. Dividends

#### *Current period*

There were no dividends paid or declared during the current financial period.

#### *Previous corresponding period*

There were no dividends paid or declared during the previous financial period.

---

### 5. Audit qualification or review

#### *Details of audit/review dispute or qualification (if any):*

The accounts were reviewed by the company's auditors whose unmodified report is attached as part of the interim financial report for the half-year ended 31 December 2014.

---

## 6. Attachment

*Details of attachments (if any):*

Interim financial report for the half-year ended 31 December 2014.

---

## 7. Signed

A handwritten signature in blue ink, appearing to read 'W. Beerworth', with a small mark below it.

---

William J. Beerworth  
Chairman

23 February 2015  
Sydney



**REDHILL** EDUCATION

**RedHill Education Limited  
and Controlled Entities**

**ABN 41 119 952 493**

**Interim Financial Report  
for the Half-Year Ended  
31 December 2014**

**RedHill Education Limited and Controlled Entities**  
**Corporate directory**  
**for the half-year ended 31 December 2014**

Directors	William J. Beerworth Glenn Elith William Deane Dr Christopher Clark Caroline Trotman
Company Secretary	Ian Gilmour
Registered office	Level 2 7 Kelly Street Ultimo NSW 2007 Head office telephone: +61 2 8355 3820
Principal place of business	Level 2 7 Kelly Street Ultimo NSW 2007
Share register	Computershare Investor Services Pty Limited Level 4 60 Carrington Street Sydney NSW 2000 Shareholders enquiries: 1300 787 272
Auditor	RSM Bird Cameron Partners Level 12 60 Castlereagh Street Sydney NSW 2000
Solicitors	Norton Rose Fullbright Level 18 225 George Street Sydney NSW 2000
Stock Exchange listing	RedHill Education Limited shares are listed on the Australian Securities Exchange (ASX code: RDH)
Website	<a href="http://www.redhilleducation.com">www.redhilleducation.com</a>

**RedHill Education Limited and Controlled Entities**  
**Directors' report**  
**for the half-year ended 31 December 2014**

The directors present their report, together with the financial statements, on the consolidated entity (referred to as the 'consolidated entity' or 'RedHill') consisting of RedHill Education Limited (referred to as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2014.

**Directors**

The following persons were directors of the company during the whole of the financial half-year and up to the date of this report:

William J. Beerworth – Chairman  
 Glenn Elith – Managing Director  
 William Deane  
 Dr Christopher Clark  
 Caroline Trotman

**Principal activities**

During the financial half-year, RedHill's principal activities were:

- delivering high quality English language, creative digital technologies and creative design courses; and
- providing education recruitment agency services to students.

**Review of financial performance**

The profit for the consolidated entity after providing for income tax amounted to \$729,000 (31 December 2013: \$551,000).

The consolidated entity's earnings before interest, tax, depreciation and amortisation ('EBITDA') for the financial half-year was \$1,253,000 (31 December 2013: \$882,000).

Each business unit and the consolidated entity reported revenue and EBITDA growth against the previous corresponding half-year period.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

The following table summarises reconciling items between statutory profit after tax attributable to the shareholders of RedHill Education Limited and EBITDA.

	<b>Half-year ended 31 Dec 14 \$'000</b>	<b>Half-year ended 31 Dec 13 \$'000</b>
<b>EBITDA</b>	1,253	882
Less: Depreciation and amortisation	(326)	(343)
Less: Finance costs	(4)	-
Add: Interest income	77	34
<b>Profit before income tax expense</b>	1,000	573
Income tax expense	(271)	(22)
<b>Profit after income tax expense</b>	729	551

**RedHill Education Limited and Controlled Entities**  
**Directors' report**  
**for the half-year ended 31 December 2014**

The balance of cash and cash equivalents at 31 December 2014 was \$6,491,000 (31 December 2013: \$4,218,000). The net increase in cash and cash equivalents for the consolidated entity during the first six months trade ending 31 December 2014 was \$504,000 (half-year ended 31 December 2013: \$301,000).

Net cash flows from operating activities increased to \$1,262,000 for the half-year period ended 31 December 2014 (half-year ended 31 December 2013: \$685,000).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Rounding of amounts**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases the nearest dollar.

**Auditor's Independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



---

William J. Beerworth  
Chairman

23 February 2015  
Sydney



**RSM Bird Cameron Partners**  
Level 12, 60 Castlereagh Street Sydney NSW 2000  
GPO Box 5138 Sydney NSW 2001  
T +61 2 8226 4500 F +61 2 8226 4501

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Redhill Education Limited for the half year ended 31 December 2014, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

*RSM Bird Cameron Partners*

**RSM BIRD CAMERON PARTNERS**



**G N Sherwood**  
Partner

Sydney, NSW  
Dated: 23 February 2015

**RedHill Education Limited and Controlled Entities**  
**Interim financial report**  
**for the half-year ended 31 December 2014**

<b>Contents</b>	<b>Page</b>
Interim financial report	
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	17
Independent auditor's review report to the members of RedHill Education Limited	18

**General information**

The interim financial report covers RedHill Education Limited as a consolidated entity consisting of RedHill Education Limited and the entities it controlled. The interim financial report is presented in Australian dollars, which is RedHill Education Limited's functional and presentation currency.

The interim financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

RedHill Education Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2  
7 Kelly Street  
Ultimo NSW 2007

A description of the nature of the consolidated entity's operations and its principal activities are included in the interim directors' report, which is not part of the interim financial report.

The interim financial report was authorised for issue, in accordance with a resolution of directors, on 23 February 2015. The directors have the power to amend and reissue the interim financial report.

**RedHill Education Limited and Controlled Entities**  
**Consolidated statement of profit or loss and other comprehensive income**  
**for the half-year ended 31 December 2014**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 14</b>	<b>31 Dec 13</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3	11,095	8,896
<b>Expenses</b>			
Salaries and employee benefits expense		(5,519)	(4,599)
Cost of services		(1,422)	(835)
Depreciation and amortisation expense		(326)	(343)
Property and occupancy costs		(1,275)	(1,285)
Professional and consulting fees		(203)	(233)
Marketing expenses		(691)	(471)
Public company related costs		(249)	(175)
Other expenses		(406)	(382)
Finance costs		(4)	-
<b>Profit before income tax expense</b>		1,000	573
Income tax expense		(271)	(22)
<b>Profit after income tax expense for the half-year attributable to the owners of RedHill Education Limited</b>		729	551
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of RedHill Education Limited</b>		729	551
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	7	2.42	1.83
Diluted earnings per share	7	2.41	1.80

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

**RedHill Education Limited and Controlled Entities**  
**Consolidated statement of financial position**  
**as at 31 December 2014**

	Note	Consolidated 31 Dec 14 \$'000	30 Jun 14 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,491	5,987
Trade and other receivables		1,909	2,658
Other		809	646
Total current assets		<u>9,209</u>	<u>9,291</u>
<b>Non-current assets</b>			
Property, plant and equipment		2,062	1,876
Intangibles		6,405	6,340
Deferred tax		2,398	2,661
Other		1,183	1,100
Total non-current assets		<u>12,048</u>	<u>11,977</u>
<b>Total assets</b>		<u>21,257</u>	<u>21,268</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		8,089	8,741
Finance lease		57	55
Employee benefits		277	267
Provisions		248	216
Total current liabilities		<u>8,671</u>	<u>9,279</u>
<b>Non-current liabilities</b>			
Finance lease		71	100
Employee benefits		115	120
Provisions		984	1,111
Total non-current liabilities		<u>1,170</u>	<u>1,331</u>
<b>Total liabilities</b>		<u>9,841</u>	<u>10,610</u>
<b>Net assets</b>		<u>11,416</u>	<u>10,658</u>
<b>Equity</b>			
Contributed equity	8	18,752	18,747
Reserves		63	86
Accumulated losses		<u>(7,399)</u>	<u>(8,175)</u>
<b>Total equity</b>		<u>11,416</u>	<u>10,658</u>

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

**RedHill Education Limited and Controlled Entities**  
**Consolidated statement of changes in equity**  
**for the half-year ended 31 December 2014**

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Consolidated</b>				
Balance at 1 July 2014	18,747	86	(8,175)	10,658
Profit after income tax expense for the half-year	-	-	729	729
Other comprehensive income for the half-year, net of tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the half-year	-	-	729	729
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	24	-	24
Recycling of lapsed and exercised options	-	(47)	47	-
Contributions of equity, net of transaction costs	5	-	-	5
	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
Balance at 31 December 2014	<u>18,752</u>	<u>63</u>	<u>(7,399)</u>	<u>11,416</u>

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Consolidated</b>				
Balance at 1 July 2013	18,735	(499)	(12,450)	5,786
Profit after income tax expense for the half-year	-	-	551	551
Other comprehensive income for the half-year, net of tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the half-year	-	-	551	551
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	36	-	36
Share-based payment as earnout for acquisition of subsidiary	5	-	-	5
	<u>5</u>	<u>-</u>	<u>-</u>	<u>5</u>
Balance at 31 December 2013	<u>18,740</u>	<u>(463)</u>	<u>(11,899)</u>	<u>6,378</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**RedHill Education Limited and Controlled Entities**  
**Consolidated statement of cash flows**  
**for the half-year ended 31 December 2014**

	<b>Consolidated</b>	
	<b>31 Dec 14</b>	<b>31 Dec 13</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	11,340	9,038
Payments to suppliers and employees (inclusive of GST)	(10,143)	(8,365)
	<u>1,197</u>	<u>673</u>
Interest received	77	34
Interest and other finance costs paid	(4)	-
Income tax paid	(8)	(22)
	<u>1,262</u>	<u>685</u>
<b>Cash flows from investing activities</b>		
Payments for security deposits	(187)	-
Payments for property, plant and equipment	(458)	(314)
Payments for intangibles	(118)	(75)
	<u>(763)</u>	<u>(389)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	5	5
	<u>5</u>	<u>5</u>
<b>Net cash from financing activities</b>		
	<u>5</u>	<u>5</u>
Net increase in cash and cash equivalents	504	301
Cash and cash equivalents at beginning of the financial half-year	5,987	3,917
	<u>6,491</u>	<u>4,218</u>
Cash and cash equivalents at the end of the financial half-year	<u>6,491</u>	<u>4,218</u>

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

**RedHill Education Limited and Controlled Entities**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2014**

**Note 1. Significant accounting policies**

**Basis of preparation**

These general purpose interim financial statements for half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year with the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the consolidated entity for the year ended 30 June 2014, together with any public announcements during the following half-year.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

**Accounting policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent financial statements, except in relation to the matters discussed below.

**Critical accounting estimates and judgements**

The critical estimates and judgements are consistent with those applied and disclosed in the 30 June 2014 annual report.

**New and revised accounting requirements applicable to the current half-year reporting period**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the consolidated entity.

**RedHill Education Limited and Controlled Entities**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2014**

**Note 2. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into four operating segments: Information Technology, Creative Design, English Language and Student Agency. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer who is identified as the Chief Operating Decision Maker ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation and amortisation ('EBITDA') and profit before income tax.

The information reported to the CODM is on at least a monthly basis.

*Types of products and services*

The principal products and services of each of these operating segments are as follows:

Information Technology	Academy of Information Technology, a provider of courses in information technology, digital design, multimedia and games development and interactive media.
Creative Design	International School of Colour and Design, a provider of campus based and distance learning in interior design and styling courses.
English Language	Greenwich English College, an Australian provider of English Language Intensive Courses for Overseas Students (ELICOS), and other English and vocational programs.
Student agency	Go Study Australia, an international student recruitment agency with offices in Barcelona (Spain), Brisbane (Australia), Madrid (Spain), Milan (Italy), Rome (Italy), Sydney (Australia), Toulouse (France) and Valencia (Spain).

*Intersegment transactions*

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

*Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

*Major customers*

The consolidated entity has no significant individual customers.



**RedHill Education Limited and Controlled Entities**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2014**

**Note 2. Operating segments (continued)**

*Operating segment information*

<b>31 Dec 14</b>	<b>Information Technology \$'000</b>	<b>Creative Design \$'000</b>	<b>English Language \$'000</b>	<b>Student Agency \$'000</b>	<b>Intersegment eliminations/ unallocated \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>						
Sales to external customers	2,840	1,556	4,638	1,984	-	11,018
Intersegment sales	-	-	-	149	(149)	-
Total sales revenue	2,840	1,556	4,638	2,133	(149)	11,018
Other revenue	-	-	-	-	77	77
<b>Total revenue</b>	2,840	1,556	4,638	2,133	(72)	11,095
<b>Segment operating result</b>	650	324	837	660	-	2,471
<b>Unallocated items:</b>						
Corporate, Finance and IT expense					(716)	(716)
Professional and consulting fees					(144)	(144)
Public company related costs					(249)	(249)
Other expenses					(109)	(109)
<b>EBITDA *</b>	650	324	837	660	(1,218)	1,253
Depreciation and amortisation	(121)	(77)	(102)	(5)	(20)	(326)
Finance cost	(4)					(4)
Interest revenue - unallocated	-	-	-	-	77	77
<b>Net profit/(loss) before income tax expense</b>	525	247	735	655	(1,162)	1,000
Income tax expense						(271)
<b>Profit after income tax expense</b>						729
<b>Assets</b>						
Segment assets	8,439	2,829	5,789	3,157	1,043	21,257
<b>Total assets</b>						21,257
<b>Liabilities</b>						
Segment liabilities	3,239	1,776	3,665	383	778	9,841
<b>Total liabilities</b>						9,841

\*EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

**RedHill Education Limited and Controlled Entities**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2014**

**Note 2. Operating segments (continued)**

<b>31 Dec 13</b>	<b>Information Technology \$'000</b>	<b>Creative Design \$'000</b>	<b>English Language \$'000</b>	<b>Student Agency \$'000</b>	<b>Intersegment eliminations/ unallocated \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>						
Sales to external customers	2,219	1,381	3,576	1,686	-	8,862
Intersegment sales	-	-	-	141	(141)	-
Total sales revenue	2,219	1,381	3,576	1,827	(141)	8,862
Other income	-	-	-	-	34	34
<b>Total Revenue</b>	2,219	1,381	3,576	1,827	(106)	8,896
<b>Segment operating result</b>	347	309	582	598	-	1,836
<b>Unallocated items:</b>						
Corporate, Finance and IT expense					(532)	(532)
Professional and consulting fees					(127)	(127)
Public company related costs					(175)	(175)
Other expenses					(120)	(120)
<b>EBITDA *</b>	347	309	582	598	(953)	882
Depreciation and amortisation	(118)	(34)	(93)	(3)	(95)	(343)
Interest revenue - unallocated	-	-	-	-	34	34
<b>Net profit/(loss) before income tax expense</b>	229	275	489	595	(1,014)	573
Income tax expense						(22)
<b>Profit after income tax expense</b>						551
<b>Assets</b>						
Segment assets	6,624	2,056	3,663	2,002	1,290	15,635
<b>Total assets</b>						15,635
<b>Liabilities</b>						
Segment liabilities	3,833	1,728	2,871	248	577	9,257
<b>Total liabilities</b>						9,257

\*EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

**RedHill Education Limited and Controlled Entities**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2014**

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 14</b>	<b>31 Dec 13</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Sales Revenue</i>		
Tuition related revenue	9,193	7,351
Commission revenue	<u>1,825</u>	<u>1,511</u>
	<u>11,018</u>	<u>8,862</u>
<i>Other Revenue</i>		
Interest	<u>77</u>	<u>34</u>
Revenue	<u><u>11,095</u></u>	<u><u>8,896</u></u>

**Note 4. Equity – dividends**

There were no dividends paid or declared during the current or previous financial half-year.

**Note 5. Contingent liabilities**

There were no contingent liabilities as at 31 December 2014.

The consolidated entity has given bank guarantees as at 31 December 2014 of \$952,000 (30 June 2014: \$792,000) to various lessors.

**Note 6. Events after the end of the interim period**

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**RedHill Education Limited and Controlled Entities**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2014**

**Note 7. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 14</b>	<b>31 Dec 13</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax attributable to the owners of Redhill Education Limited	<u>729</u>	<u>551</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	30,185,167	30,159,421
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>30,260,167</u>	<u>30,571,269</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	2.42	1.83
Diluted earnings per share	2.41	1.80

**Note 8. Equity – contributed equity**

	<b>Consolidated</b>			
	<b>31 Dec 14</b>	<b>30 Jun 14</b>	<b>31 Dec 14</b>	<b>30 Jun 14</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>30,204,052</u>	<u>30,179,052</u>	<u>18,752</u>	<u>18,747</u>

On 17 November 2014 the company issued 25,000 ordinary shares for \$5,000 on exercise of 25,000 share options issued under its employee share option plan. There were no other movements in the ordinary share capital of the company in the half-year period ended 31 December 2014.

**RedHill Education Limited and Controlled Entities**  
**Notes to the financial statements**  
**for the half-year ended 31 December 2014**

**Note 8. Equity – contributed equity (continued)**

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>No of shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 July 2013	30,158,730		18,735
Shares issued*	11 December 2013	8,474	\$0.59	5
Shares issued*	19 June 2014	<u>11,848</u>	<u>\$0.59</u>	<u>7</u>
Balance	30 June 2014	30,179,052		18,747
Shares issued	17 November 2014	<u>25,000</u>	<u>\$0.20</u>	<u>5</u>
Balance		<u>30,204,052</u>		<u>18,752</u>

**Note 9. Subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>31 Dec 14</b>	<b>30 Jun 14</b>
		<b>%</b>	<b>%</b>
Go Study Australia Pty Limited	Australia	100	100
Academy of Information Technology Pty Ltd	Australia	100	100
International School of Colour and Design Pty Ltd	Australia	100	100
Greenwich English College Pty Ltd	Australia	100	100
Go Study Australia Intercambio Cultural Ltda*	Brazil	100	100
Go Study Australia S.A.C.*	Peru	100	100
Go Study Australia Sociedad Limitada **	Spain	100	100

\* 75% owned by Go Study Australia Pty Limited and 25% owned by RedHill Education Limited

\*\* 100% owned by Go Study Australia Pty Limited

**RedHill Education Limited and Controlled Entities**  
**Directors' declaration**  
**for the half-year ended 31 December 2014**

In accordance with a resolution of the directors of RedHill Education Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 16, are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



---

William J. Beerworth  
Chairman

23 February 2015  
Sydney

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **TO THE MEMBERS OF**

### **REDHILL EDUCATION LIMITED**

#### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Redhill Education Limited which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Redhill Education Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Redhill Education Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Redhill Education Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*RSM Bird Cameron Partners*

**RSM BIRD CAMERON PARTNERS**

  
**G N Sherwood**  
Partner

Sydney, NSW  
Dated: 23 February 2015