



ASX / MEDIA RELEASE

21 AUGUST 2015

RedHill Education Limited FY2015 Preliminary Final Report

RedHill Education Limited (RedHill) today released its Preliminary Final Report for the financial year ended 30 June 2015.

1. FINANCIAL RESULTS

The consolidated RedHill group reported the following results:

- Revenues: **\$22.8 million - 19% increase***
- EBITDA**: **\$3.0 million - 11% increase***
- Profit before income tax: **\$2.4 million - 11% increase***
- Profit after income tax (NPAT): **\$1.7 million - 65% decrease***
- Cash balance: **\$6.7 million at 30 June 2015 - 11% increase***
- Positive net cash from operating activities - **\$3.0 million** during the financial year

Comments on financial performance

During FY2015, RedHill incurred approximately \$600,000 of incremental expenses in relation to the establishment of a substantial Melbourne campus and in staged course range and campus expansions of two of its Sydney Schools.

No revenue was generated against these incremental expenses in FY2015.

RedHill's directors believe the investment in these expansion initiatives is important to increase RedHill's tertiary education sector footprint and to enhance future revenue and profit growth.

More details of these expansion initiatives are provided below.

Comments on one-off taxation effect upon NPAT

The FY2015 profit before income tax increased in line with the FY2015 increase in EBITDA.

The reason for the significant percentage decrease in NPAT in FY2015 over FY2014 is that RedHill re-recognised in FY2014 as a one-off adjustment its deferred tax asset of \$2,661,000 that it had previously written off.

The FY2014 NPAT was significantly improved by the one-off deferred tax asset re-recognition and the FY2015 NPAT did not have the benefit of the deferred tax asset adjustment.

2. EXPANSION INITIATIVES

- 2.1 RedHill's **Melbourne CBD campus** will commence operations in September 2015. Each of RedHill's existing Schools will operate in Melbourne.
- 2.2 **Greenwich Management College** will commence operations in September 2015, delivering a range of business curriculum VET Certificate and Diploma qualifications to international students.
- 2.3 **InStudio** was launched in March 2015, delivering a VET Diploma in interior design to domestic and international students. VET FEE-HELP tuition loans are available to domestic students undertaking this qualification.
- 2.4 **The Left Bank School** was launched in May 2015, delivering a pure online VET Diploma in digital marketing. VET FEE-HELP tuition loans are available to domestic students undertaking this qualification.
- 2.5 The **Academy of Information Technology** business unit commenced delivery of its third Bachelor Degree qualification in July 2015, the Bachelor of Digital Design.

RedHill Chief Executive Officer, Mr Glenn Elith, commented:

"I am delighted that RedHill has continued its positive financial performance momentum in FY2015 against prior years.

RedHill management are excited by the expansion initiatives underway which we are confident will materially grow revenues and profits."

* Over the previous corresponding financial year.

** 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 profit after income tax for the financial year ended 30 June 2015 is included in the attached Preliminary Final Report.

CONTACT

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ABOUT REDHILL EDUCATION

RedHill has a portfolio of quality tertiary education businesses at the premium end of the private 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.

APPENDIX 4E

PRELIMINARY FINAL REPORT

1. Company details

Name of entity:	RedHill Education Limited and its Controlled Entities
ABN:	41 119 952 493
Reporting period:	For the year ended 30 June 2015
Previous period:	For the year ended 30 June 2014

2. Results for announcement to the market

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000	% change
Revenues	22,794	19,215	19%
EBITDA	3,010	2,713	11%
Profit before income tax	2,415	2,181	11%
Profit from ordinary activities after tax attributable to the shareholders of RedHill Education Limited	1,652	4,816	(66%)
Profit for the year attributable to the shareholders of RedHill Education Limited	1,652	4,816	(66%)
Cash and cash equivalents	6,661	5,987	11%

Comments on financial performance

The profit for the consolidated entity after providing for income tax amounted to \$1,652,000 (30 June 2014: \$4,816,000).

The consolidated earnings before interest, tax, depreciation and amortisation ('EBITDA') was \$3,010,000 (30 June 2014: \$2,713,000).

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 income tax attributable to the shareholders of RedHill Education Limited and EBITDA.

	Consolidated	
	2015 \$'000	2014 \$'000
EBITDA	3,010	2,713
Less: Depreciation and amortisation	(730)	(627)
Less: Finance cost	(8)	(3)
Add: Interest income	143	98
Profit before income tax	2,415	2,181
Income tax benefit/(expense)	(763)	2,635
Profit after income tax	<u>1,652</u>	<u>4,816</u>

RedHill Education Limited
Appendix 4E
Preliminary final report

In the financial year ended 30 June 2015, the consolidated entity incurred approximately \$600,000 of incremental expenses in relation to the establishment of a substantial Melbourne campus and in staged course range and campus expansions of two of its Sydney Schools.

No revenue was generated against these incremental expenses in the reporting period.

The directors of the consolidated entity believe the investment in these expansion initiatives is important to increase its tertiary education sector footprint and to enhance future revenue and profit growth.

Comments on taxation effect

The profit before income tax for the financial year ended 30 June 2015 increased in line with the increase in EBITDA in the reporting period.

At the financial year ended 30 June 2014, the consolidated entity recorded a \$2,661,000 tax benefit from the re-recognition of its deferred tax asset, attributable to both unused tax losses and favourable timing differences held in the tax balance sheet. The re-recognition of the deferred tax asset was considered appropriate as there was convincing evidence that the consolidated entity would generate sufficient profit in the foreseeable future to utilise those tax benefits.

The profit after income tax for the financial year ended 30 June 2014 was significantly improved by the one-off recognition of the deferred tax asset.

The profit after income tax for the financial year ended 30 June 2015 did not have the benefit of the one-off deferred tax asset recognition.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>19.21</u>	<u>14.31</u>

4. Dividends

Current period

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

Previous 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 financial statements are in the process of being audited, but no material adjustment or qualification is expected.

RedHill Education Limited
Appendix 4E
Preliminary final report

6. Attachments

Details of attachments (if any):

The Preliminary Annual Financial Report of RedHill Education Limited for the year ended 30 June 2015 is attached.

7. Signed



Signed _____

Date: 21 August 2015

William J. Beerworth
Chairman
Sydney



REDHILL EDUCATION

**RedHill Education Limited
and Controlled Entities**

ABN 41 119 952 493

**Preliminary Financial Report
for the Year Ended
30 June 2015**

RedHill Education Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

		Consolidated	
	Note	2015 \$'000	2014 \$'000
Revenue	1	22,794	19,215
Expenses			
Salaries and employee benefits expense		(11,255)	(9,259)
Cost of services		(2,586)	(2,065)
Depreciation and amortisation expense		(730)	(627)
Property and occupancy costs		(2,727)	(2,562)
Professional and consulting fees		(389)	(422)
Marketing expenses		(1,360)	(1,008)
Public company related costs		(454)	(316)
Other expenses		(870)	(772)
Finance costs		(8)	(3)
Profit before income tax		2,415	2,181
Income tax (expense)/benefit	2	(763)	2,635
Profit after income tax expense for the year attributable to the owners of RedHill Education Limited		1,652	4,816
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		-	(4)
Other comprehensive income for the year, net of tax		-	(4)
Total comprehensive income for the year attributable to the owners of RedHill Education Limited		1,652	4,812
		Cents	Cents
Basic earnings per share	15	5.47	15.97
Diluted earnings per share	15	5.45	15.94

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

RedHill Education Limited
Statement of financial position
As at 30 June 2015

		Consolidated	
	Note	2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents		6,661	5,987
Trade and other receivables	4	3,293	2,658
Prepayments and other assets		934	646
Total current assets		<u>10,888</u>	<u>9,291</u>
Non-current assets			
Property, plant and equipment	5	2,453	1,876
Intangibles	6	6,513	6,340
Deferred tax	7	1,912	2,661
Other financial assets		1,840	1,100
Total non-current assets		<u>12,718</u>	<u>11,977</u>
Total assets		<u>23,606</u>	<u>21,268</u>
Liabilities			
Current liabilities			
Trade and other payables	8	8,733	8,741
Finance lease		92	55
Employee benefits		315	267
Other provisions	9	386	216
Total current liabilities		<u>9,526</u>	<u>9,279</u>
Non-current liabilities			
Finance lease		107	100
Employee benefits		133	120
Other provisions	10	1,524	1,111
Total non-current liabilities		<u>1,764</u>	<u>1,331</u>
Total liabilities		<u>11,290</u>	<u>10,610</u>
Net assets		<u>12,316</u>	<u>10,658</u>
Equity			
Issued capital	11	18,752	18,747
Reserves		40	86
Accumulated losses		(6,476)	(8,175)
Total equity		<u>12,316</u>	<u>10,658</u>

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

RedHill Education Limited
Statement of changes in equity
For the year ended 30 June 2015

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2013	18,735	(499)	(12,450)	5,786
Profit after income tax (expense)/benefit for the year	-	-	4,816	4,816
Other comprehensive income for the year, net of tax	-	(4)	-	(4)
Total comprehensive income for the year	-	(4)	4,816	4,812
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	12	-	-	12
Share-based payments	-	48	-	48
Transfer of non-controlling interest	-	541	(541)	-
Balance at 30 June 2014	<u>18,747</u>	<u>86</u>	<u>(8,175)</u>	<u>10,658</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2014	18,747	86	(8,175)	10,658
Profit after income tax (expense)/benefit for the year	-	-	1,652	1,652
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,652	1,652
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	5	-	-	5
Share-based payments	-	1	-	1
Recycling of lapsed and exercised options	-	(47)	47	-
Balance at 30 June 2015	<u>18,752</u>	<u>40</u>	<u>(6,476)</u>	<u>12,316</u>

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

RedHill Education Limited
Statement of cash flows
For the year ended 30 June 2015

	Note	Consolidated	
		2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		22,016	18,517
Payments to suppliers and employees (inclusive of GST)		(19,167)	(15,409)
		2,849	3,108
Interest received		143	98
Interest and other finance costs paid		(8)	(3)
Income taxes paid		(13)	(26)
Net cash from operating activities	14	2,971	3,177
Cash flows from investing activities			
Payments for security deposits		(866)	(361)
Payments for property, plant and equipment	5	(1,179)	(751)
Payments for intangibles	6	(301)	(162)
Net cash used in investing activities		(2,346)	(1,274)
Cash flows from financing activities			
Proceeds from issue of shares		5	12
Proceeds of leases		44	155
Net cash from financing activities		49	167
Net increase in cash and cash equivalents		674	2,070
Cash and cash equivalents at the beginning of the financial year		5,987	3,917
Cash and cash equivalents at the end of the financial year		6,661	5,987

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

RedHill Education Limited
Notes to the financial statements
30 June 2015

Note 1. Revenue

	Consolidated	
	2015	2014
	\$'000	\$'000
<i>Sales revenue</i>		
Tuition related revenue	19,009	16,035
Commission revenue	3,642	3,082
	<u>22,651</u>	<u>19,117</u>
<i>Other revenue</i>		
Interest	143	98
Revenue	<u>22,794</u>	<u>19,215</u>

Note 2. Income tax expense/(benefit)

	Consolidated	
	2015	2014
	\$'000	\$'000
<i>Income tax expense/(benefit)</i>		
Current tax	14	26
Deferred tax - origination and reversal of temporary differences	749	(2,661)
Aggregate income tax expense/(benefit)	<u>763</u>	<u>(2,635)</u>
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 7)	749	(2,661)
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit before income tax expense/(benefit)	2,415	2,181
Tax at the statutory tax rate of 30%	725	654
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
- Foreign branch income	(127)	(158)
- Foreign branch tax expense	-	26
- Sundry items	12	5
	610	527
Current year decrease/(increase) in deferred tax asset:		
- on tax losses	90	400
- on timing differences	63	(501)
Recognition of prior year unrecognised deferred tax asset:		
- on prior year tax losses	-	(1,349)
- on prior year timing differences	-	(1,712)
Income tax expense/(benefit)	<u>763</u>	<u>(2,635)</u>

Note 3. 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, interactive multimedia, and games and apps programming.
Creative Design	International School of Colour and Design, a provider of campus 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 language and vocational programs.
Student Agency	Go Study Australia, an international student recruitment agency with offices in Barcelona (Spain), Brisbane (Australia), Madrid (Spain), Melbourne (Australia), 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.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 2015	Information Technology \$'000	Creative Design \$'000	English Language \$'000	Student Agency \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue						
Sales to external customers	6,290	2,969	9,360	4,032	-	22,651
Intersegment sales	-	-	-	330	(330)	-
Total sales revenue	6,290	2,969	9,360	4,362	(330)	22,651
Other revenue	-	-	-	-	143	143
Total revenue	6,290	2,969	9,360	4,362	(187)	22,794
Segment operating result	1,722	491	1,704	1,355	-	5,272
Unallocated items:						
Corporate, finance and IT expenses					(1,313)	(1,313)
Professional and consulting fees					(249)	(249)
Public company related costs					(454)	(454)
Other expenses					(246)	(246)
EBITDA *	1,722	491	1,704	1,355	(2,262)	3,010
Depreciation and amortisation	(267)	(182)	(213)	(11)	(57)	(730)
Finance cost	(7)	-	-	-	(1)	(8)
Interest income-unallocated	-	-	-	-	143	143
Profit/(loss) before income tax expense	1,448	309	1,491	1,344	(2,177)	2,415
Income tax expense						(763)
Profit after income tax expense						1,652
Assets						
Segment assets	9,190	2,886	6,272	3,485	1,773	23,606
Total assets						23,606
Liabilities						
Segment liabilities	3,467	2,023	3,832	303	1,665	11,290
Total liabilities						11,290

* 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.

Note 3. Operating segments (continued)

Consolidated - 2014	Information Technology \$'000	Creative Design \$'000	English Language \$'000	Student Agency \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue						
Sales to external customers	5,100	2,902	7,693	3,406	16	19,117
Intersegment sales	-	-	-	326	(326)	-
Total sales revenue	5,100	2,902	7,693	3,732	(310)	19,117
Other revenue	-	-	-	-	98	98
Total revenue	5,100	2,902	7,693	3,732	(212)	19,215
Segment operating result	1,366	690	1,438	1,180	15	4,689
Unallocated items:						
Corporate, finance and IT expenses					(1,215)	(1,215)
Professional and consulting fees					(215)	(215)
Public company related costs					(316)	(316)
Other expenses					(230)	(230)
EBITDA *	1,366	690	1,438	1,180	(1,961)	2,713
Depreciation and amortisation	(210)	(105)	(186)	(6)	(120)	(627)
Finance costs	(3)	-	-	-	-	(3)
Interest income-unallocated	-	-	-	-	98	98
Profit/(loss) before income tax benefit	1,153	585	1,252	1,174	(1,983)	2,181
Income tax benefit						2,635
Profit after income tax benefit						4,816
Assets						
Segment assets	9,019	2,775	4,624	2,510	2,340	21,268
Total assets						21,268
Liabilities						
Segment liabilities	4,372	1,969	3,259	383	627	10,610
Total liabilities						10,610

* 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.

Note 4. Current assets - trade and other receivables

	Consolidated	
	2015	2014
	\$'000	\$'000
Trade receivables	3,351	2,706
Less: Provision for impairment of receivables	(58)	(58)
	<u>3,293</u>	<u>2,648</u>
Other receivables	-	10
	<u>3,293</u>	<u>2,658</u>

Note 5. Non-current assets - property, plant and equipment

	Consolidated	
	2015	2014
	\$'000	\$'000
Leasehold improvements - at cost	2,768	2,052
Less: Accumulated depreciation	(1,146)	(785)
	<u>1,622</u>	<u>1,267</u>
Plant and equipment - at cost	2,536	2,083
Less: Accumulated depreciation	(1,705)	(1,474)
	<u>831</u>	<u>609</u>
	<u>2,453</u>	<u>1,876</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvement \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2013	1,209	438	1,647
Additions	357	394	751
Disposals	(6)	(12)	(18)
Depreciation expense	(293)	(211)	(504)
Balance at 30 June 2014	1,267	609	1,876
Additions	715	464	1,179
Depreciation expense	(361)	(241)	(602)
Balance at 30 June 2015	<u>1,621</u>	<u>832</u>	<u>2,453</u>

RedHill Education Limited
Notes to the financial statements
30 June 2015

Note 6. Non-current assets - intangibles

	Consolidated	
	2015	2014
	\$'000	\$'000
Goodwill - at cost	9,145	9,145
Less: Accumulated impairment	(3,000)	(3,000)
	<u>6,145</u>	<u>6,145</u>
Customer contracts - at cost	406	406
Less: Accumulated amortisation	(406)	(406)
	<u>-</u>	<u>-</u>
Software - at cost	470	470
Less: Accumulated amortisation	(470)	(470)
	<u>-</u>	<u>-</u>
Copyrights - at cost	5,005	4,704
Less: Accumulated amortisation	(4,639)	(4,513)
	<u>366</u>	<u>191</u>
Licenses - at cost	20	20
Less: Accumulated amortisation	(18)	(16)
	<u>2</u>	<u>4</u>
	<u><u>6,513</u></u>	<u><u>6,340</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill	Copyrights	Licenses	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013	6,145	150	6	6,301
Additions	-	162	-	162
Amortisation expense	-	(121)	(2)	(123)
	<u>6,145</u>	<u>191</u>	<u>4</u>	<u>6,340</u>
Balance at 30 June 2014	6,145	191	4	6,340
Additions	-	301	-	301
Amortisation expense	-	(126)	(2)	(128)
	<u>6,145</u>	<u>366</u>	<u>2</u>	<u>6,513</u>
Balance at 30 June 2015	<u><u>6,145</u></u>	<u><u>366</u></u>	<u><u>2</u></u>	<u><u>6,513</u></u>

Note 7. Non-current assets - deferred tax

	Consolidated	
	2015	2014
	\$'000	\$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	355	949
Impairment of receivables	-	17
Employee benefits	195	116
Provision for lease make good	24	30
Accrued expenses	169	115
Impairment of intangibles	906	1,103
Transaction costs arising on shares issued	-	134
Lease incentive	165	197
Other	98	-
	<u>1,912</u>	<u>2,661</u>
Deferred tax asset	<u>1,912</u>	<u>2,661</u>
<i>Movements:</i>		
Opening balance	2,661	-
Credited/(charged) to profit or loss (note 2)	(749)	2,661
	<u>1,912</u>	<u>2,661</u>
Closing balance	<u>1,912</u>	<u>2,661</u>

Note 8. Current liabilities - trade and other payables

	Consolidated	
	2015	2014
	\$'000	\$'000
Trade payables	1,727	964
Deferred income	5,748	6,172
Payroll accruals	546	525
Other payables	712	1,080
	<u>8,733</u>	<u>8,741</u>

Note 9. Current liabilities - other provisions

	Consolidated	
	2015	2014
	\$'000	\$'000
Lease incentive provision	<u>386</u>	<u>216</u>

RedHill Education Limited
Notes to the financial statements
30 June 2015

Note 10. Non-current liabilities - other provisions

	Consolidated	
	2015	2014
	\$'000	\$'000
Lease make good	205	205
Lease incentive	1,319	906
	<u>1,524</u>	<u>1,111</u>

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Lease incentive

This provision represents the lease incentive received. It is released on a straight-line basis over the lease term.

Note 11. Equity - issued capital

	Consolidated			
	2015	2014	2015	2014
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>30,204,052</u>	<u>30,179,052</u>	<u>18,752</u>	<u>18,747</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
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	30 June 2015	<u>30,204,052</u>		<u>18,752</u>

* Shares issued upon the exercise of share options issued under the RedHill Education Limited Employee Share Option Plan.

Note 12. Equity - dividends

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

Note 13. Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2015 of \$1,590,000 (2014: \$792,000) to various lessors.

Note 14. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2015	2014
	\$'000	\$'000
Profit after income tax expense for the year	1,652	4,816
Adjustments for:		
Depreciation and amortisation	730	627
Share-based payments	1	48
Foreign exchange differences	-	(4)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(27)	(1,123)
Decrease/(increase) in deferred tax assets	749	(2,661)
Increase in accrued revenue	-	(10)
Increase in prepayments	(307)	(26)
Decrease/(increase) in other operating assets	145	(195)
Increase/(decrease) in trade and other payables	(616)	1,742
Increase in employee benefits	61	25
Increase/(decrease) in other provisions	583	(62)
Net cash from operating activities	<u>2,971</u>	<u>3,177</u>

Note 15. Earnings per share

	Consolidated	
	2015	2014
	\$'000	\$'000
Profit after income tax attributable to the owners of RedHill Education Limited	<u>1,652</u>	<u>4,816</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	30,194,531	30,163,809
Adjustments for calculation of diluted earnings per share:		
Exercisable Options	<u>110,000</u>	<u>45,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>30,304,531</u>	<u>30,208,809</u>
	Cents	Cents
Basic earnings per share	5.47	15.97
Diluted earnings per share	5.45	15.94