

24 August 2015

Company Announcements Office
Australian Securities Exchange
Level 4
20 Bridge Street
Sydney NSW 2000

Via ASX Online

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ANNOUNCEMENT

PRELIMINARY FINAL RESULTS

Academies Australasia today announced their preliminary final results for the year ended 30 June 2015.

In accordance with ASX Listing Rule 4.3A, we attach Appendix 4E (Preliminary Final Report) for the year ended 30 June 2015.

The Board has resolved that the Company makes a Rights Issue to shareholders to raise \$4,000,000 in cash (see item 12).

Chris Grundy
Company Secretary

For further information call Chris Grundy, CFO, or Christopher Campbell on +61 2 9224 5555.

Academies Australasia has been operating for 107 years and listed on the Australian Securities Exchange for 38 years. The group comprises 18 separately licensed colleges operating in New South Wales, Victoria, South Australia, Western Australia and Queensland in Australia, and in Singapore. The group offers more than 250 qualifications in a wide range of recognised courses at different levels – Certificates, Diplomas, Advanced Diplomas and Bachelor and Master Degrees. Over the years, Academies Australasia colleges have taught tens of thousands of students from 122 countries, including 6 dependencies.

Appendix 4E

Preliminary Final Report

Introduced 1/1/2003.

ACADEMIES AUSTRALASIA GROUP LIMITED ABN: 93 000 003 725
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1.	Financial year ended ('reporting period')	30-Jun-15
	Financial year ended ('previous corresponding period')	30-Jun-14

2. Results for announcement to the market

\$A'000

	Movements from previous corresponding period			
2.1	Revenues from ordinary activities (<i>item 3.1</i>)	up	28%	to 58,569
2.2	Profit from ordinary activities after tax (<i>item 3.6</i>)	down	86%	to 734
2.3	Net profit for the period attributable to owners of the parent entity (<i>item 3.13</i>)	down	90%	to 544
2.4	Net profit for the period attributable to/from non-controlling interest (<i>item 3.12</i>)	up	40%	to 190

2.5 Explanation of items 2.1 to 2.4 above:

Revenue increased from \$40,460,000* in 2014 to \$57,963,000* in 2015, an increase of 43%. Most of the increase came from acquisitions made in the periods 30 June 2014 and 30 June 2015.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for 2015 were \$2,141,000* compared to \$5,551,000* for 2014.

**Note: All figures exclude sales from Premier Fasteners (sold in FY14) and revaluations of investments to market value.*

2.6 Some of the factors set out in the report for the first half of FY15 continued into the second half. In addition:

- i. Provisions have been taken in June for refunds to students who may be affected by third party courses that have been cancelled;
- ii. Earnings from operations in Western Australia were impacted by the downturn in the mining sector; and
- iii. There were corporate restructure costs. The 18 colleges in the group have been reorganised on a functional basis into five divisions to consolidate recent acquisitions and to position the business for the future.

3. Condensed consolidated income statement

	Reporting period - \$A'000	Previous corresponding period - \$A'000
3.1 Revenues from ordinary activities (<i>see items 3.14 - 3.15</i>)	58,569	45,784
3.2 Expenses from ordinary activities (<i>see item 3.16</i>)	(57,260)	(38,405)
3.3 Finance costs	(916)	(305)
3.4 Profit from ordinary activities before tax	393	7,074
3.5 Income tax expense on ordinary activities	341	(1,674)
3.6 Profit from ordinary activities after tax	734	5,400
3.7 Other comprehensive income		
3.8 Net gain on revaluation of assets	-	(719)
3.9 Exchange differences on translating foreign controlled entities	35	(25)
3.10 Income tax on other comprehensive income	-	-
3.11 Total comprehensive income	769	4,656
3.12 Profit attributable to non-controlling interest	190	136
3.13 Profit attributable to members of the parent entity	544	5,264
3.14 Revenue from sales and services		
- Sales	-	3,215
- Services	57,773	40,094
3.15 Other revenue		
- Rental income	109	297
- Interest	81	69
- Fair value gain on investments	606	2,109
3.16 Details of expenses		
- Depreciation and amortisation	1,519	767
- Costs of sales	-	1,549
- Costs of services	23,358	14,633
- Employee benefits expense	16,260	10,569
- Insurance	540	494
- Lease rental expense – operating leases	6,926	4,990
- Legal expenses	177	113
- Non-executive directors fees	99	116
- Payroll Tax	857	574
- Other	7,524	4,600

4 Condensed consolidated balance sheet

	Reporting period - \$A'000	Previous corresponding period - \$A'000
Current assets		
4.1 Cash	7,078	7,833
4.2 Receivables	8,884	8,798
4.3 Other		
- Prepayments	1,972	1,062
- Other	871	165
4.4 Investments	3,224	2,618
4.5 Total current assets	22,029	20,476
Non-current assets		
4.6 Receivables	4,553	6,225
4.7 Plant and equipment	6,790	6,637
4.8 Deferred tax assets	401	-
4.9 Intangibles	33,097	28,770
4.10 Total non-current assets	44,841	41,632
4.11 Total assets	66,870	62,108
Current liabilities		
4.12 Payables	13,740	18,852
4.13 Current tax payable	-	297
4.14 Short-term borrowings	5,653	1,319
4.15 Short-term provisions	1,750	1,556
4.16 Total current liabilities	21,143	22,024
Non-current liabilities		
4.17 Payables	1,300	-
4.18 Deferred tax liability	-	85
4.19 Long-term borrowings	9,825	2,665
4.20 Long-term provisions	5,098	5,740
4.21 Total non-current liabilities	16,223	8,490
4.22 Total liabilities	37,366	30,514
4.23 Net assets	29,504	31,594
Equity		
4.24 Share capital	32,533	25,446
4.25 Share capital contracted to be issued	-	7,087
4.26 Retained profits (accumulated losses)	(3,568)	(1,319)
4.27 Foreign currency translation reserve	93	58
4.28 Non-Controlling Interest	446	322
4.29 Total equity	29,504	31,594

5 Condensed consolidated cash flow statement

	Reporting period - \$A'000	Previous corresponding period - \$A'000
Cash flows from operating activities		
5.1 Receipts from customers	60,047	44,410
5.2 Payments to suppliers and employees	(57,751)	(40,166)
5.3 Interest received	190	73
5.4 Finance costs	(916)	(305)
5.5 Income taxes paid	(932)	(1,097)
5.6 Net operating cash flows	638	2,915
Cash flows from investing activities		
5.7 Proceeds from sale of plant and equipment	32	39
5.8 Purchases of plant and equipment	(649)	(1,805)
5.9 Net cash on acquisition of subsidiary	(9,366)	1,701
Net investing cash flows	(9,983)	(65)
Cash flows from financing activities		
5.10 Proceeds from borrowings	10,476	1,784
5.11 Dividends paid	(2,874)	(2,701)
5.12 Non recurring payment on closure of performance incentive plan	-	(1,007)
5.13 Proceeds from share issue	-	3,808
5.14 Repayment of borrowings	(1,472)	(1,893)
5.15 Net financing cash flows	6,130	(9)
5.16 Net increase in cash held	(3,215)	2,841
5.17 Net cash at beginning of period	7,833	4,992
5.18 Net cash at end of period	4,618	7,833

5.19 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

- Revaluation of investments to market value \$606,000

5.20 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Reporting period - \$A'000	Previous corresponding period - \$A'000
Cash (<i>item 4.1</i>)	7,078	7,833
Bank overdraft (included in Payables (<i>item 4.12</i>))	(2,460)	-
5.21 Net cash on hand and at bank (<i>item 5.18</i>)	4,618	7,833

6. Dividends

A final dividend for 2014 of three cents per share, fully franked, (\$1,862,000) was paid on 26 September 2014. An interim dividend for 2015 of one and a half cents per share, fully franked, (\$931,000) was paid on 15 April 2015.

The directors do not propose that the Company pays a final dividend for 2015

7. Dividend reinvestment plans

No dividend reinvestment plans were in operation during the reporting period or the previous corresponding period.

8. Statement of retained earnings

	Reporting period - \$A'000	Previous corresponding period - \$A'000
8.1 Retained profits (accumulated losses) at the beginning of the financial period	(1,319)	(4,226)
8.2 Net profit attributable to members (<i>item 3.13</i>)	544	5,264
8.3 Dividend paid	(2,793)	(2,701)
8.4 Asset revaluation reserve	-	344
8.5 Retained profits (accumulated losses) at end of financial period	(3,568)	(1,319)

9. Net tangible Assets

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary share	(5.8) cents ^a	5.0 cents ^b

^a Based on 62,063,484 shares at 30 June 2015

^b Based on 56,157,234 shares at 30 June 2014

10. Gain or loss of control over entities

- 10.1 On 16 August 2014 the group acquired 75% of the issued share capital of Language Links International Limited (LLI), an English Language college in Perth for a purchase consideration of \$289,257 satisfied in cash. The group has obtained control of the company.

On 20 November 2014 the group acquired 100% of the issued share capital of Transformations - Pathways to Competence and Developing Excellence Pty Limited T/A Skills Training Australia (STA), a registered training organisation that specialises in the delivery of high quality training programs in Nursing, Disability Services, Community Services, Health and Aged Care in Melbourne, for a purchase consideration payable in cash in three tranches. The first tranche of \$1,250,000 was settled on 20 November 2014. The second tranche payment of \$2,402,000, based on 1.5 times EBIT, is due by 31 August 2015 and the third tranche payment, based on 1 times 2016 EBIT, is due by 30 August 2016.

The acquisitions are part of the Group's overall strategy to expand its education operations.

10. Gain or loss of control over entities (continued)

- 10.2 The consolidated revenue and profit of the group if the acquisitions had taken place on 1 July 2014 has not been disclosed. This is because it is impracticable to determine what the results would have been prior to the actual date of acquisition in accordance with the accounting policies of the group using available accounting information.

	LLI	STA
	Fair Value \$000s	Fair Value \$000s
Purchase Consideration		
-Cash	289	1,250
-Cash payable to vendor	-	3,800
	<hr/> 289	<hr/> 5,050
Less:		
Cash	94	75
Receivables	-	817
Property, Plant and Equipment	127	157
Payables	-21	-407
	<hr/>	<hr/>
Identifiable assets acquired and liabilities assumed	200	642
	<hr/>	<hr/>
Group share	150	642
	<hr/>	<hr/>
Goodwill	139	4,408
	<hr/>	<hr/>
Purchase consideration settled in cash	289	5,050
	<hr/>	<hr/>
Cash inflow on acquisition	94	75
	<hr/>	<hr/>

- 10.3 It is impracticable to disclose the profit of these acquisitions since acquisition and include them in the consolidated statement of comprehensive income. It is not possible to determine separate results for these acquisitions because in significant areas they are managed on a combined group or division basis, where the costs are not separately identified.

11. Associates and joint venture entities

No member of the Group held an interest in, or participated in the results of a joint venture.

12. Other significant information

The Board has resolved that the Company makes a Rights Issue to Shareholders to raise \$4,000,000 in cash by December 2015. The main objective of the raising is to meet the second tranche payment for STA (See 10.1 above) which is due by 31 August 2015. The Directors have a combined interest in 65.98% of the Company's shares. Each of the directors who has an interest in the Company's shares ('Shareholder Directors') has agreed to subscribe for, or procure any entity which holds shares in the Company in which they have a relevant interest to subscribe for, their pro-rata share of the \$4,000,000 raising. This means that \$2,639,200 (65.98% of \$4,000,000) is committed. Details of the Rights Issue are expected to be announced by 15 September 2015. The Shareholder Directors have also committed to extend loans to the Company totalling \$2,639,200 by 25 August 2015 for the purpose of meeting the STA obligation by the due date. The loan funds will be converted to payment for the Shareholder Directors' and their entity's or entities' pro-rata share of the Rights Issue when subscriptions open. The loans will accrue interest at the rate that the ANZ Bank charges the Company under its overdraft facility. The loans will be subordinated to the ANZ Bank's debt facilities.

13. Foreign entities

The Group owns 100% of ACA Investment Holdings Pte. Limited which owns 100% of Centre for Australian Education Pte. Limited and 100% of Academies Australasia College Pte. Limited. All incorporated in Singapore.

14. Commentary on results

14.1 Earnings per security (EPS)

Reporting period	Previous corresponding period
0.9 cents	9.8 cents
0.9 cents	8.8 cents*

Basic EPS

Diluted EPS

* Diluted to include 5,906,250 shares contracted to be issued at 30 June 2014.

Options

No options were on issue during the period under review.

14.2 Returns to shareholders.

No final dividend for 2015 has been proposed. The dividend paid in the year was four and a half cents (fully franked)

14.3 Significant features of operating performance.

Following the sale of Premier Fasteners Pty Limited on 1 December 2013, the Group's operations became exclusively the provision of training and education services.

14.4 The Company has only one operating segment, education.

14.5 Ratios.

	Reporting period	Previous corresponding period
Profit before tax / revenue Consolidated profit from ordinary activities before tax (<i>item 3.4</i>) as a percentage of revenue (<i>item 3.1</i>)	0.67%	15.45%
Profit after tax / equity interests Consolidated net profit from ordinary activities after tax attributable to members (<i>item 3.13</i>) as a percentage of equity at the end of the period (<i>item 4.29</i>)	2.49%	17.09%

15. This report is based on accounts which are in the process of being audited.
16. These accounts are not likely to be subject to dispute or qualification.

Chris Grundy
(Chief Financial Officer)

Date: 24 August 2015