



RedHill Education Limited FY2017 Interim Financial Report

RedHill Education Limited (RedHill) today released its Interim Financial Report for the half-year ended 31 December 2016.

The consolidated RedHill group reported the following results:

- Revenues: \$18.06 million – 42% increase*
- EBITDA**:
- Profit after income tax: \$0.05 million - \$0.10 million increase*
- Cash flows from operating activities: positive \$1.24 million - \$2.79 million increase*
- Cash balance: \$3.55 million at 31 December 2016 – 20% increase*

There were approximately \$0.5 million of operating expenses incurred in the first half of FY2017 relating to the leasing and fit-out of RedHill's expanded Melbourne campus for which no incremental revenues were earned until the second half of the financial year.

RedHill expects financial performance to improve significantly in the second half of FY2017, and for full year FY2017 results to improve significantly against the previous corresponding year.

* Over the previous corresponding half-year financial 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. A reconciliation between statutory profit after tax attributable to the shareholders of RedHill and EBITDA for the half-year ended 31 December 2016 is included in the attached Interim Financial Report.

CONTACT **Glenn Elith**
Chief Executive Officer
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ABOUT REDHILL

RedHill has a portfolio of quality 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 4D

INTERIM FINANCIAL REPORT

1. Company details

Name of entity:	RedHill Education Limited and Controlled Entities
ABN:	41 119 952 493
Reporting period:	Half-year ended 31 December 2016
Previous corresponding period:	Half-year ended 31 December 2015

2. Results for announcement to the market

	Half-year ended 31 Dec 16 \$'000	Half-year ended 31 Dec 15 \$'000	% Change
Revenues from ordinary activities	18,062	12,713	42%
EBITDA	646	480	35%
Profit/(loss) from ordinary activities after tax attributable to the shareholders of RedHill Education Limited	54	(47)	214%
Profit/(loss) for the period attributable to the shareholders of RedHill Education Limited	54	(47)	214%
Cash and cash equivalents	3,550	2,962	20%

Comments on financial performance

The half-year profit for the consolidated entity after providing for income tax amounted to \$54,000 (31 December 2015: loss of \$47,000).

The consolidated entity's earnings before interest, tax, depreciation and amortisation ('EBITDA') was \$646,000 (31 December 2015: \$480,000).

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

	Consolidated	
	Half-year ended 31 Dec 16 \$'000	Half-year ended 31 Dec 15 \$'000
EBITDA	646	480
Less: Depreciation and amortisation	(613)	(616)
Less: Finance costs	(2)	(5)
Add: Interest income	34	31
	<hr/>	<hr/>
Profit/(loss) before income tax	65	(110)
Income tax (expense)/benefit	(11)	63
	<hr/>	<hr/>
Profit/(loss) after income tax	<u>54</u>	<u>(47)</u>

3. Net tangible assets

	Half-year ended 31 Dec 16 cents	Half-year ended 31 Dec 15 cents
Net tangible assets per ordinary share	19.86	18.54

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 2016.

6. Attachment

Details of attachments (if any):

Interim Financial Report for the half-year ended 31 December 2016.

7. Signed



William J. Beerworth
Chairman

22 February 2017
Sydney



REDHILL EDUCATION

**RedHill Education Limited
and Controlled Entities**

ABN 41 119 952 493

**Interim Financial Report
for the Half-Year Ended
31 December 2016**

RedHill Education Limited and Controlled Entities
Corporate directory

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 Australia Partners Level 13 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	www.redhilleducation.com

RedHill Education Limited and Controlled Entities

Directors' report

for the half-year ended 31 December 2016

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 2016.

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, managerial, marketing, computer coding and interior design and styling courses; and
- providing education recruitment agency services to international students.

Review of financial performance

The half-year profit for the consolidated entity after providing for income tax amounted to \$54,000 (31 December 2015: loss of \$47,000).

The consolidated entity's earnings before interest, tax, depreciation and amortisation ('EBITDA') for the financial half-year was \$646,000 (31 December 2015: \$480,000).

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 tax attributable to the shareholders of the consolidated entity and EBITDA.

	Consolidated	
	Half-year ended 31 Dec 16 \$'000	Half-year ended 31 Dec 15 \$'000
EBITDA	646	480
Less: Depreciation and amortisation	(613)	(616)
Less: Finance costs	(2)	(5)
Add: Interest income	34	31
	<hr/>	<hr/>
Profit/(loss) before income tax	65	(110)
Income tax (expense)/benefit	(11)	63
	<hr/>	<hr/>
Profit/(loss) after income tax	54	(47)

RedHill Education Limited and Controlled Entities
Directors' report
for the half-year ended 31 December 2016

The balance of cash and cash equivalents at 31 December 2016 was \$3,550,000 (31 December 2015: \$2,962,000).

Net cash flows generated in operating activities were \$1,236,000 for the half-year period ended 31 December 2016 compared to cash outflows of \$1,555,000 in the prior corresponding period.

The net decrease in cash and cash equivalents for the consolidated entity during the first six months trade ending 31 December 2016 was \$1,318,000 (half-year ended 31 December 2015 decrease: \$3,699,000). The majority of the cash utilised was in relation to the establishment and expansion of the Melbourne campus and its related costs.

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

22 February 2017
Sydney

RSM Australia Partners

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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 2016, 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

RSM AUSTRALIA PARTNERS



G N Sherwood
Partner

Sydney, NSW

Dated: 22 February 2017

RedHill Education Limited and Controlled Entities
Interim Financial Report
for the half-year ended 31 December 2016

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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 21 February 2017. 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 2016

		Consolidated	
	Note	31 Dec 16	31 Dec 15
		\$'000	\$'000
Revenue	3	18,062	12,713
Expenses			
Salaries and employee benefits expense		(9,695)	(7,006)
Cost of services		(3,076)	(1,435)
Depreciation and amortisation expense		(613)	(616)
Property and occupancy costs		(2,560)	(1,939)
Professional and consulting fees		(264)	(152)
Marketing expenses		(901)	(810)
Public company related costs		(247)	(246)
Other expenses		(639)	(614)
Finance costs		(2)	(5)
		<hr/>	<hr/>
Profit/(loss) before income tax		65	(110)
Income tax (expense)/benefit		(11)	63
		<hr/>	<hr/>
Profit/(loss) after income tax for the half-year attributable to the owners of RedHill Education Limited		54	(47)
Other comprehensive income for the half-year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income/(loss) for the half-year attributable to the owners of RedHill Education Limited		<u>54</u>	<u>(47)</u>
		<hr/>	<hr/>
		Cents	Cents
Basic earnings/(loss) per share	7	0.18	(0.15)
Diluted earnings/(loss) per share	7	0.18	(0.16)

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 2016

	Note	Consolidated 31 Dec 16 \$'000	30 Jun 16 \$'000
Assets			
Current assets			
Cash and cash equivalents		3,550	4,868
Trade and other receivables		9,511	6,624
Prepayments and other assets		1,292	920
Total current assets		<u>14,353</u>	<u>12,412</u>
Non-current assets			
Property, plant and equipment		4,193	3,007
Intangibles		6,731	6,681
Deferred tax		2,030	2,049
Other		2,844	1,757
Total non-current assets		<u>15,798</u>	<u>13,494</u>
Total assets		<u>30,151</u>	<u>25,906</u>
Liabilities			
Current liabilities			
Trade and other payables		14,481	11,488
Finance lease		47	76
Employee benefits		471	496
Other provisions		444	358
Total current liabilities		<u>15,443</u>	<u>12,418</u>
Non-current liabilities			
Trade and other payables		850	-
Finance lease		13	31
Employee benefits		122	85
Other provisions		979	667
Total non-current liabilities		<u>1,964</u>	<u>783</u>
Total liabilities		<u>17,407</u>	<u>13,201</u>
Net assets		<u>12,744</u>	<u>12,705</u>
Equity			
Contributed equity	8	18,770	18,770
Reserves		21	81
Accumulated losses		(6,047)	(6,146)
Total equity		<u>12,744</u>	<u>12,705</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 2016

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Consolidated				
Balance at 1 July 2016	18,770	81	(6,146)	12,705
Profit after income tax expense for the half-year	-	-	54	54
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	-	-	54	54
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	(15)	-	(15)
Recycling of lapsed and exercised options	-	(45)	45	-
	<u>-</u>	<u>(60)</u>	<u>45</u>	<u>(15)</u>
Balance at 31 December 2016	<u>18,770</u>	<u>21</u>	<u>(6,047)</u>	<u>12,744</u>

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Consolidated				
Balance at 1 July 2015	18,752	40	(6,476)	12,316
Loss after income tax benefit for the half-year	-	-	(47)	(47)
Other comprehensive income for the half-year, net of tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the half-year	-	-	(47)	(47)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	18	-	-	18
Share-based payments	-	16	-	16
	<u>18</u>	<u>16</u>	<u>-</u>	<u>34</u>
Balance at 31 December 2015	<u>18,770</u>	<u>56</u>	<u>(6,523)</u>	<u>12,303</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 2016

	Consolidated	
	31 Dec 16	31 Dec 15
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	18,718	11,567
Payments to suppliers and employees (inclusive of GST)	<u>(17,488)</u>	<u>(13,139)</u>
	1,230	(1,572)
Interest received	34	31
Interest and other finance costs paid	(2)	(5)
Income tax paid	<u>(25)</u>	<u>(9)</u>
Net cash from/(used in) operating activities	<u>1,237</u>	<u>(1,555)</u>
Cash flows from investing activities		
Payments for security deposits	(738)	-
Payments for property, plant and equipment	(1,552)	(1,951)
Payments for intangibles	<u>(217)</u>	<u>(211)</u>
Net cash used in investing activities	<u>(2,507)</u>	<u>(2,162)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	18
Capital repayment of finance leases	<u>(48)</u>	<u>-</u>
Net cash (used in)/from financing activities	<u>(48)</u>	<u>18</u>
Net decrease in cash and cash equivalents	(1,318)	(3,699)
Cash and cash equivalents at beginning of the financial half-year	<u>4,868</u>	<u>6,661</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>3,550</u></u>	<u><u>2,962</u></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 2016

Note 1. Significant accounting policies

Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2016 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 2016, 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 2016 Annual Report. In addition, the directors have exercised their judgement with regard to reporting of operating segments as indicated below.

Operating Segments – Technology and Design

In March 2016, RedHill began the implementation of its strategic initiative to combine its AIT, ISCD, The Left Bank, Forge Faculty and Coder Factory Academy brands and management into a new divisional structure being the Technology and Design (T&D) division/segment.

The T&D division is now centrally managed with its own General Manager, its own sales and marketing team, and numerous other cross divisional resources and costs. In addition, some course content is being developed centrally, and a number of courses are being offered across different brands of the division. To this extent it was becoming increasingly difficult to accurately report the results of the two previous separate segments, Information Technology and Creative Design. Consequently the directors exercised their judgement in determining to report the new division as one segment.

The comparative figures have not been restated as the directors have determined that a reader of the financial statements will have access to the comparative note and if required would be able to reproduce the combined position with relative ease.

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 2016

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments: Technology & 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:

Technology & Design	Technology & Design is the combination of the following: Academy of Information Technology, a provider of courses in information technology, digital design, interactive multimedia, computer coding, digital marketing and games and apps programming. International School of Colour and Design, a provider of campus and distance learning in interior design and styling courses.
Greenwich	Greenwich English College, an Australian provider of English Language Intensive Courses for Overseas Students (ELICOS), and Vocational Education and Training ('VET') courses for overseas students.
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.

RedHill Education Limited and Controlled Entities
Notes to the financial statements
for the half-year ended 31 December 2016

Note 2. Operating segments (continued)

Operating segment information

31 Dec 16	Technology & Design** \$'000	Greenwich \$'000	Student Agency \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue					
Sales to external customers	6,392	9,175	2,462	-	18,029
Intersegment sales			172	(172)	-
Total sales revenue	<u>6,392</u>	<u>9,175</u>	<u>2,634</u>	<u>(172)</u>	<u>18,029</u>
Other income				34	34
Total revenue	<u>6,392</u>	<u>9,175</u>	<u>2,634</u>	<u>(138)</u>	<u>18,062</u>
Segment operating result	<u>383</u>	<u>1,242</u>	<u>684</u>	<u>(138)</u>	<u>2,171</u>
Unallocated items:					
Corporate, Finance and IT expense				(790)	(790)
Professional and consulting fees				(173)	(173)
Public company related costs				(247)	(247)
Property and occupancy costs				(313)	(313)
Other expenses				(2)	(2)
EBITDA *	<u>383</u>	<u>1,242</u>	<u>684</u>	<u>(1,663)</u>	<u>646</u>
Depreciation and amortisation	(373)	(171)	(15)	(54)	(613)
Finance cost	-	-	-	(2)	(2)
Interest income - unallocated	-	-	-	34	34
Profit before income tax expense	<u>10</u>	<u>1,072</u>	<u>669</u>	<u>(1,686)</u>	<u>65</u>
Income tax expense					(11)
Profit after income tax expense					<u>54</u>
Assets					
Segment assets	<u>10,308</u>	<u>16,156</u>	<u>4,478</u>	<u>(791)</u>	<u>30,151</u>
Total assets					<u>30,151</u>
Liabilities					
Segment liabilities	<u>368</u>	<u>10,771</u>	<u>173</u>	<u>6,095</u>	<u>17,407</u>
Total liabilities					<u>17,407</u>

* 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.

** Technology & Design is the combination of the Information Technology and Creative Design operating segments reported in the previous corresponding period.

RedHill Education Limited and Controlled Entities
Notes to the financial statements
for the half-year ended 31 December 2016

Note 2. Operating segments (continued)

31 Dec 15	Information Technology \$'000	Creative Design \$'000	Greenwich \$'000	Student Agency \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue						
Sales to external customers	3,822	1,666	4,968	2,226	-	12,682
Intersegment sales				214	(214)	-
Total sales revenue	<u>3,822</u>	<u>1,666</u>	<u>4,968</u>	<u>2,440</u>	<u>(214)</u>	<u>12,682</u>
Other income	-	-	-	-	31	31
Total Revenue	<u>3,822</u>	<u>1,666</u>	<u>4,968</u>	<u>2,440</u>	<u>(183)</u>	<u>12,713</u>
Segment operating result	<u>915</u>	<u>90</u>	<u>503</u>	<u>680</u>	<u>(183)</u>	<u>2,004</u>
Unallocated items:						
Corporate, Finance and IT expense					(827)	(827)
Professional and consulting fees					(81)	(81)
Public company related costs					(246)	(246)
Property and occupancy costs					(322)	(322)
Other expenses					(47)	(47)
EBITDA *	<u>915</u>	<u>90</u>	<u>503</u>	<u>680</u>	<u>(1,708)</u>	<u>480</u>
Depreciation and amortisation	(166)	(127)	(144)	(13)	(166)	(616)
Finance cost	(3)	-	-	-	(2)	(5)
Interest revenue - unallocated	-	-	-	-	31	31
Loss before income tax benefit	<u>746</u>	<u>(37)</u>	<u>359</u>	<u>667</u>	<u>(1,845)</u>	<u>(110)</u>
Income tax benefit						63
Loss after income tax benefit						<u>(47)</u>
Assets						
Segment assets	8,895	2,012	6,856	4,065	(108)	21,720
Total assets						<u>21,720</u>
Liabilities						
Segment liabilities	2,355	1,312	4,045	224	1,481	9,417
Total liabilities						<u>9,417</u>

* 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 2016

Note 3. Revenue

	Consolidated	
	31 Dec 16	31 Dec 15
	\$'000	\$'000
<i>Sales Revenue</i>		
Tuition related revenue	15,786	10,689
Commission revenue	2,242	1,993
	<u>18,028</u>	<u>12,682</u>
<i>Other Revenue</i>		
Interest	34	31
	<u>18,062</u>	<u>12,713</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 2016.

The consolidated entity has given bank guarantees as at 31 December 2016 of \$2,327,552 (30 June 2016: \$1,598,000) to various lessors.

Note 6. Events after the end of the interim period

No matter or circumstance has arisen since 31 December 2016 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 2016

Note 7. Earnings per share

	Consolidated	
	31 Dec 16	31 Dec 15
	\$'000	\$'000
Profit/(Loss) after income tax attributable to the owners of RedHill Education Limited	<u>54</u>	<u>(47)</u>
	Number of	Number of
	shares	shares
Weighted average number of ordinary shares used in calculating basic earnings per share	30,289,052	30,225,302
Adjustments for calculation of diluted earnings per share:		
Exercisable Options	<u>190,000</u>	<u>90,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>30,479,052</u>	<u>30,315,302</u>
	Cents	Cents
Basic earnings/(loss) per share	0.18	(0.15)
Diluted earnings/(loss) per share	0.18	(0.16)

Note 8. Equity – contributed equity

	Consolidated			
	31 Dec 16	30 Jun 16	31 Dec 16	30 Jun 16
	Number of	Number of	\$'000	\$'000
	shares	shares		
Ordinary shares - fully paid	<u>30,289,052</u>	<u>30,289,052</u>	<u>18,770</u>	<u>18,770</u>

There were no movements in the ordinary share capital of the company in the half-year period ended 31 December 2016.

RedHill Education Limited and Controlled Entities
Notes to the financial statements
for the half-year ended 31 December 2016

Note 8. Equity – contributed equity (continued)

Movements in ordinary share capital

Details	Date	Number of shares	Issue price	\$'000
Balance	1 July 2015	30,204,052		18,752
Shares issued	16 November 2015	75,000	\$0.20	15
Shares issued	16 November 2015	10,000	\$0.30	3
				3
Balance	30 June 2016	30,289,052		18,770
No movement in contributed equity		-		-
				-
Balance	31 December 2016	30,289,052		18,770

Note 9. Subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 16	30 Jun 16
		%	%
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
Coder Factory Asset Custodian Pty Ltd***	Australia	50	50

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

** 100% owned by Go Study Australia Pty Limited

*** Ownership interest held by Academy of Information Technology Pty Ltd.

RedHill Education Limited and Controlled Entities
Directors' declaration
for the half-year ended 31 December 2016

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 2016 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

22 February 2017
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 consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 2016 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

RSM AUSTRALIA PARTNERS


G N Sherwood
Partner

Sydney, NSW
Dated: 22 February 2017