

RedHill Education Limited Amendment to FY2015 Annual Report

Please find attached an amended FY2015 Annual Report for RedHill Education Limited.

On page 73 of the FY2015 Annual Report the Independent auditor's report has been amended to include the correct page references to the Remuneration Report.

CONTACT

Glenn Elith
Chief Executive Officer
Mobile: 0405 906 212

ABOUT REDHILL EDUCATION

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.

RedHill Education Limited FY2015 Annual Report

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

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: **\$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

Annual General Meeting

The 2015 RedHill Annual General Meeting will be held as follows:

Time and date: 10:00 am, Thursday 26 November 2015
Place: Han Room
Mezzanine Level
Christie Conference Centre
3 Spring Street
SYDNEY NSW

The Notice of Meeting, Proxy Form and Annual Report will be sent to shareholders in October 2015.

* 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. RedHill's directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between EBITDA and Net Profit for the financial year ended 30 June 2015 is included in the attached Annual Report.

CONTACT

Glenn Elith
Chief Executive Officer
Mobile: 0405 906 212

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REDHILL EDUCATION



Annual Report **2015**

REDHILL EDUCATION LIMITED 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 BIRD CAMERON PARTNERS Level 12, 60 Castlereagh Street Sydney NSW 2000
SOLICITORS	NORTON ROSE FULBRIGHT 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)
ASIC REGISTRATION	ACN: 119 952 493 ABN: 41 119 952 493
WEBSITE	www.redhilleducation.com
CORPORATE GOVERNANCE STATEMENT	The Statement approved on 24 September 2015 can be found at the following URL www.redhilleducation.com/investor-centre/

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CHAIRMAN & CEO REPORT



RESULTS FOR FINANCIAL YEAR 2015

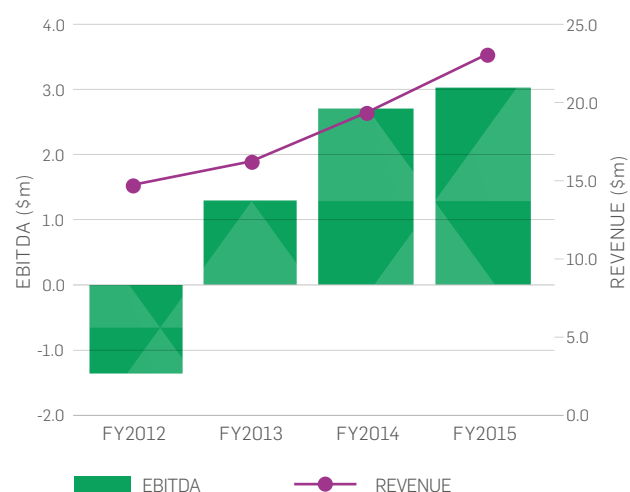
We are delighted to present RedHill's Annual Report.

RedHill had another excellent year in Financial Year 2015 with significant financial growth and expansionary initiatives that will penetrate new markets (including Melbourne) and create a broader revenue base.

FINANCIAL HIGHLIGHTS

- › 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*
- › Positive net cash from operating activities: **\$3.0 million** during the financial year
- › Cash balance: **\$6.7 million** at 30 June 2015
11% increase*

REVENUE AND EBITDA



* Over the previous corresponding financial year.

** EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory profit under AAS adjusted for specific non-cash and significant items. The company's 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 our Report.



Left to right: William Deane, Dr Christopher Clark, William J. Beerworth, Caroline Trotman, Glenn Elith



Left to right: Simon Costain, Shin Shimizu, Ian Aird, Glenn Elith, Lucy Sutherland, Mark Ashbridge, Gavin Dowling

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 the staged course range and campus expansions of two of its Sydney Schools.

No revenue was generated against these incremental expenses in FY2015.

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 in our Annual Report.

Comments on one-off taxation effect upon NPAT

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 that one-off re-recognition and the FY2015 NPAT did not have the benefit of that one-off tax asset adjustment.

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

OPERATING HIGHLIGHTS

RedHill laid new foundations for future growth by establishing a substantial modern **Melbourne Campus** to house each of our three Schools; and separate premises for Go Study, our international student recruitment agency. Classes commenced in Melbourne in September, and enrolments are pleasing.

Our new Melbourne Campus provides a major opportunity to penetrate the Melbourne market using RedHill's proven blend of quality face-to-face teaching, online learning and strong student support.

Greenwich Management College has launched with a range of business curriculum VET Certificate and Diploma qualifications for international students. A pipeline of enrolments will come from students completing courses at its sister **Greenwich English College** which is at the forefront of the Sydney market.

The Left Bank School has commenced delivering online courses in digital marketing. It is RedHill's first pure online offering and has significant growth opportunities. VET FEE HELP tuition loans are available to domestic students.

ISCD launched its **inStudio** brand in March delivering a VET Diploma in Interior Design & Styling to domestic and international students. VET FEE HELP tuition loans are available to domestic students.

Importantly, inStudio will deliver its VET Diploma online from early 2016, and it will also launch a new VET advanced diploma qualification in 2016.

Yours sincerely

William J. Beerworth
Chairman

24 September 2015
Sydney

Glenn Elith
Chief Executive Officer





GREENWICH
English College

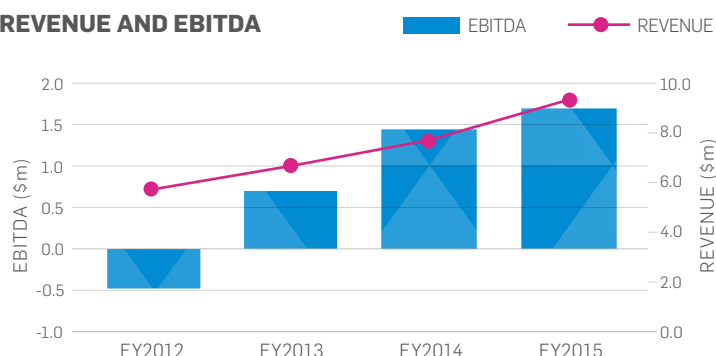
Greenwich English College ('GEC') delivers a range of courses and examinations in the English Language Intensive Courses for Overseas Students ('ELICOS') sector of the private education market.

Total ELICOS student numbers commencing study in Australia grew in the 2014 calendar year, and in 2015 on a year-to-date basis. GEC anticipates that the Australian market will remain competitive.



GEC achieved 22% growth in revenues in FY2015 against the prior year, and 19% growth in operating segment profitability over the same period.

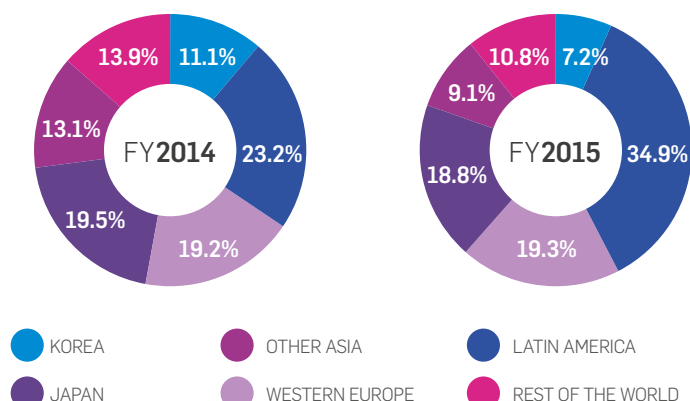
REVENUE AND EBITDA



GEC operates from a quality campus in the central business district of Sydney. In May 2015 the Sydney campus was expanded by 33% to support expected revenue growth in existing and new courses. The expanded campus currently operates at an average of approximately 70% of its capacity, and during peak periods a small number of classes are able to be relocated to RedHill's Ultimo campus.

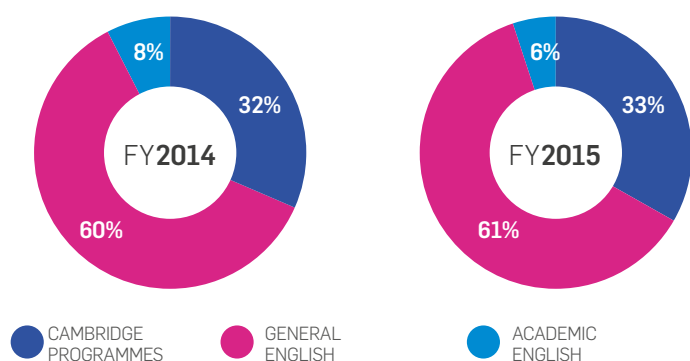
GEC sourced students in FY2015 from over 220 international student recruitment agent businesses, and the broad mix of nationalities in its student population has created a vibrant and friendly learning environment.

STUDENT NATIONALITY MIX



GEC has a strong partnership relationship with Cambridge University's English Language Assessment business. In FY2015 GEC has increased both the number of Cambridge courses it delivers and the range of Cambridge examinations it officiates.

REVENUE BY SOURCE



In September 2015 GEC launched **Greenwich Management College (GMC)**. GMC delivers a range of business curriculum VET Certificate and Diploma qualifications to international students. GMC will recruit students into its courses predominantly via the strong supply chain that already exists at GEC, and GMC is expected to contribute to growth in student numbers and revenues in FY2016.



GEC Student Profile

I am extremely grateful to everyone at Greenwich because they have made my life in Sydney amazing! When I first came to Australia from Korea I felt very lonely because I couldn't speak English and it was very difficult to make new friends. Now I have lots of friends from all over the world who I met at Greenwich.

The Greenwich teachers are amazing and they help me every day. I feel welcome and supported at Greenwich, which makes me feel happy.

JOO MIN JANG
CURRENT GEC STUDENT

For further information on GEC visit its website at www.greenwichcollege.com.au



Creative
Technology
Educators

The Academy of Information Technology ('AIT') delivers a range of creative digital Vocational and Higher Education qualifications to domestic and international students.

Course specialisations include digital animation, computer game design, mobile app development, digital film making, and digital design.

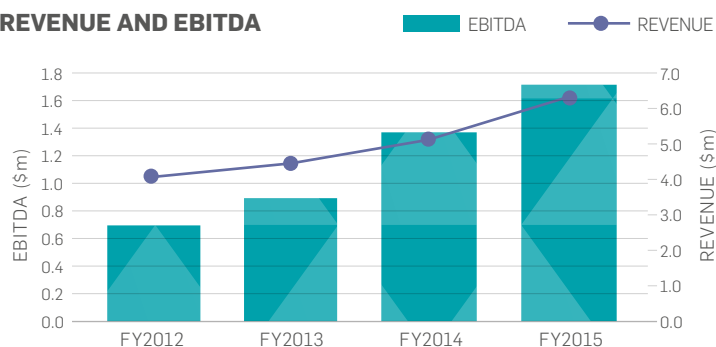


AIT is approved by Australian tertiary education regulators to offer domestic students VET FEE HELP if they undertake one of its accredited Vocational Diplomas, and FEE HELP if they undertake one of its Higher Education bachelor degrees.

AIT's Vocational and Higher Education qualifications are registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS), allowing AIT to deliver to international students studying in Australia on student visas. International students are recruited by AIT predominantly via its network of international student recruitment agents.

AIT achieved 23% growth in revenues in FY2015 against the prior year, and 26% growth in operating segment profitability over the same period.

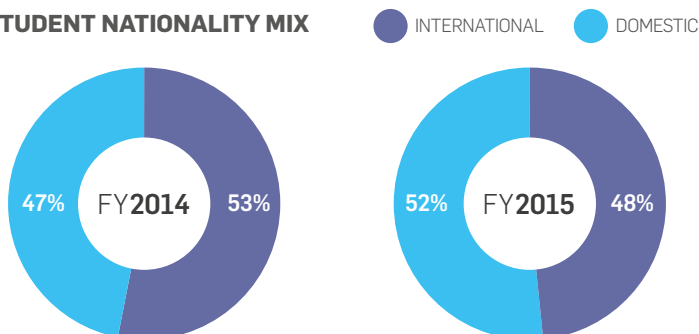
REVENUE AND EBITDA



AIT operates from a high quality campus located in the tertiary education precinct at Ultimo, Sydney. The campus currently operates at approximately 70% of its capacity during peak weekday periods. Capacity may be further increased by extending evening and weekend course delivery.

In FY2015 AIT increased its proportion of domestic students, and expanded the nationality mix of its international students. There were over 20 different nationalities represented in the AIT student population in FY2015.

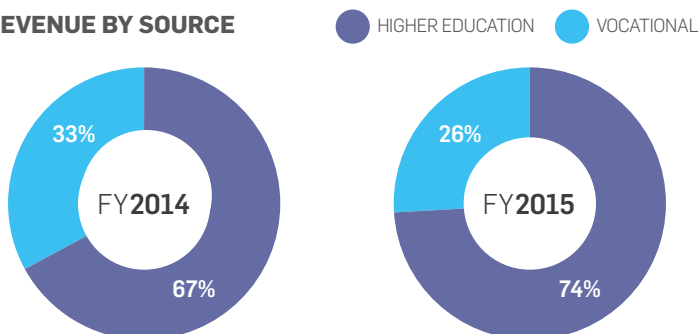
STUDENT NATIONALITY MIX



AIT commenced delivery of a third bachelor degree qualification in July 2015, a Bachelor of Digital Design. This new qualification is aligned to AIT's brand positioning as a specialist provider of creative digital qualifications, and it is expected to contribute to growth in student numbers and revenues in FY2016.

AIT increased its proportion of students undertaking Higher Education bachelor degrees, which represented 74% of its revenues in FY2015.

REVENUE BY SOURCE



AIT launched its first pure online Vocational Education and Training (VET) diploma qualification in May 2015. This VET Diploma in Business (Digital Marketing) was launched under **The Left Bank School** brand, and VET FEE HELP tuition loans are available to domestic students undertaking this qualification.



AIT will further increase the number of bachelor degree qualifications that it delivers, and will increase the number of qualifications that it delivers in a pure online mode in FY2016.



AIT Student Profile

I am half way through my Bachelor Degree with AIT and feel like I have already achieved so much thanks to the truly amazing staff and teachers. I'm learning something new every day and I have lots of opportunities to be involved in industry projects and to network with top industry professionals. Coming to AIT has been one of the best decisions I have ever made.

TOMAS CURDA
AIT STUDENT



For further information on AIT visit its website at www.ait.nsw.edu.au



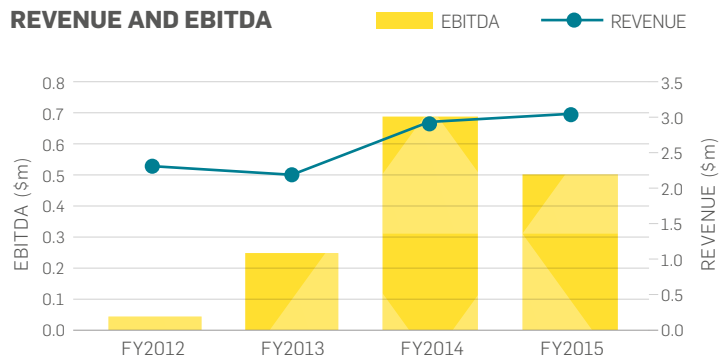
The International School of Colour and Design ('ISCD') specialises in delivering Vocational and industry-based interior design and styling courses.

ISCD has extensive relationships with design and styling industry participants across Australia, and places strong emphasis on supporting students to achieve their personal creative career ambitions.

ISCD achieved 2% growth in revenues in FY2015 against the prior year, and 47% decline in operating segment profitability over the same period.

The decline in profitability in FY2015 is attributed to incremental expenses in relation to staged course range and campus expansion initiatives.

REVENUE AND EBITDA

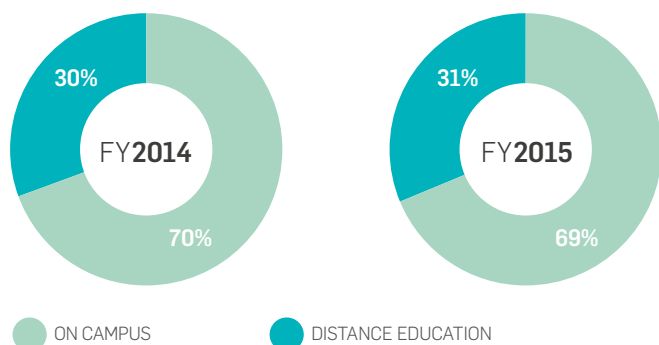


ISCD relocated to a newly fitted-out campus in North Sydney in December 2013. The new premises significantly improved the quality of the campus facilities, and increased student number capacity. The campus size was doubled in March 2015 to accommodate expansion initiatives. The campus currently operates at approximately 45% of its capacity.

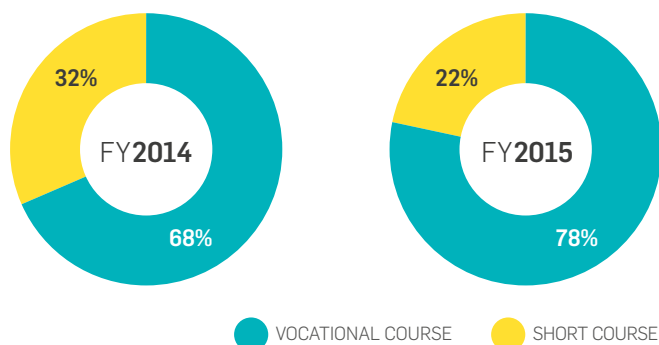
ISCD launched its **inStudio** brand in March 2015, which delivers a VET Diploma in Interior Design & Styling to domestic and international students. VET FEE HELP tuition loans are available to domestic students undertaking this qualification. **inStudio** will commence delivery of an advanced diploma qualification in 2016, and its existing diploma will be delivered in a pure online mode.



REVENUE BY SOURCE



REVENUE BY COURSE TYPE



ISCD Student Profiles

The courses at ISCD are great at training you on the creative process. They provided me with real-life briefs judged by industry professionals which have been valuable for honing my client service skills. It is also fantastic how industry professionals have continued to support me since graduating.

TREA SCOTT
ISCD STUDENT



I was nudging 40 and craving the freedom to pursue my long-held passion for interiors and decorating. ISCD was a good fit for me as it offered timetable flexibility so I could study while keeping the family wheels turning.

ALIX HELPS
ISCD STUDENT

For more information on ISCD visit its website at www.iscd.edu.au



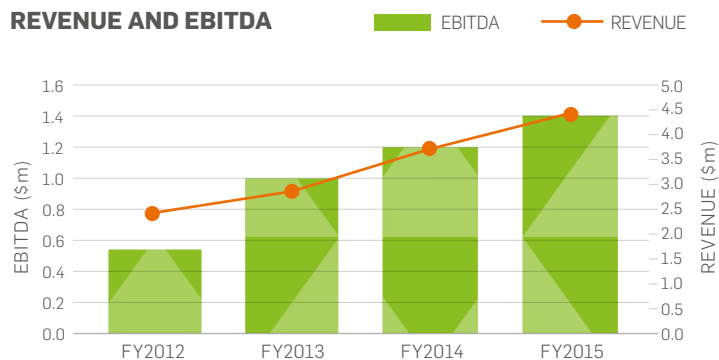
Go Study Australia ('Go Study') is an international tertiary student recruitment agency business with offices in Italy, Spain, France and Australia.

Go Study has built a strong brand presence and quality reputation for recruiting international students to study in Australia, and has partnership relationships with over 140 different tertiary education providers across Australia for enrolment of students into their courses.



Go Study achieved 17% growth in revenues in FY2015 against the prior year, and 14% growth in operating segment profitability over the same period. It recruited over 4,000 students in FY2015.

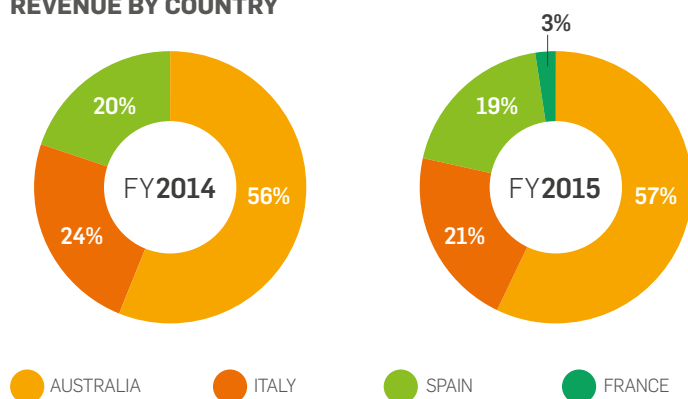
REVENUE AND EBITDA



Australia has demonstrated resilience in recent years as a study destination for international students, and remains a desirable choice. The Australian Government has indicated its intention to support further growth in the number of international tertiary students studying in Australia, recognising its growing importance as a service export industry.

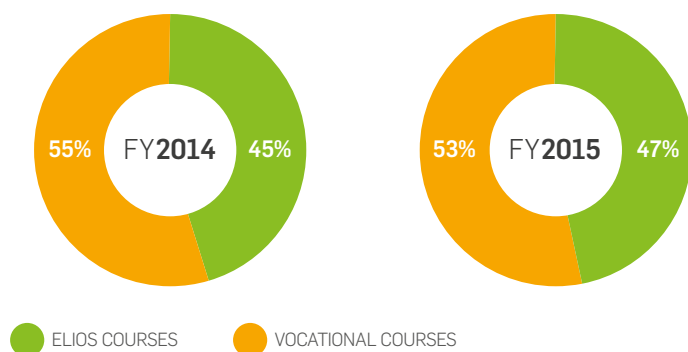
Go Study commenced operations in Toulouse, France in August 2014 and in Melbourne, Australia in March 2015.

REVENUE BY COUNTRY



Go Study increased the number of students it recruited into both ELICOS and Vocational courses in FY2015.

VOCATIONAL AND ELICOS REVENUE



GSA Student Profile

My name is Pierluigi and I come from Italy. I've been in Australia since October 2011 on a Working Holiday Visa and I love living here.

I studied English language at Greenwich English College, and then I started to study a Certificate IV in Fitness.

I've always received amazing support from the staff at Go Study, and have recommended them to many of my friends back at home.

When I complete my Certificate IV later this year I plan to start my own fitness business.

PIERLUIGI RUSSO
GO STUDY AUSTRALIA STUDENT



REDHILL EDUCATION LIMITED DIRECTORS' REPORT 30 JUNE 2015



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 year ended 30 June 2015.

DIRECTORS

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

William J. Beerworth – Chairman

Glenn Elith – Managing Director

William Deane

Dr Christopher Clark

Caroline Trotman

Each of the directors is an independent director other than Mr Glenn Elith who is an executive director.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL OVERVIEW

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***
- › Positive net cash from operating activities - **\$3.0 million** during the financial year
- › Cash balance: **\$6.7 million** at 30 June 2015 -**11% increase***



REDHILL EDUCATION LIMITED DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

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.

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 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 that one-off re-recognition and the FY2015 NPAT did not have the benefit of that one-off tax asset re-recognition.

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

** Over the previous corresponding financial year.*

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

OPERATIONAL OVERVIEW

RedHill significantly improved its operating position in FY2015.

It also laid new foundations for future growth by establishing a substantial modern **Melbourne Campus** to house each of its three Schools; and separate premises for Go Study, our international student recruitment agency. Classes in Melbourne commenced in September, and enrolments are pleasing.

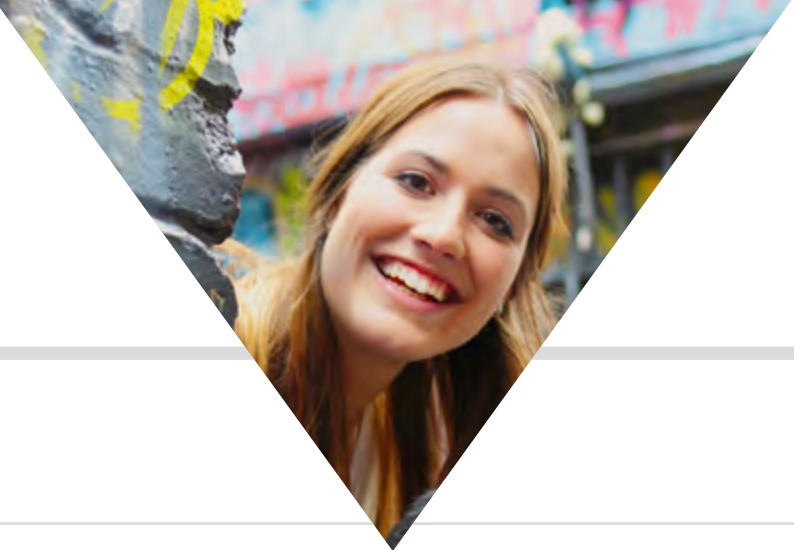
This new Melbourne Campus provides a major opportunity to penetrate the Melbourne tertiary education market using RedHill's proven blend of quality face-to-face teaching, online learning and strong student support.

Greenwich Management College has launched with a range of business curriculum VET Certificate and Diploma qualifications for international students. Strong enrolments will come from students completing courses at its sister Greenwich English College.

The Left Bank School has commenced delivering online courses in digital marketing. It is RedHill's first pure online offering and has significant growth opportunities. VET FEE HELP tuition loans are available to domestic students.

ISCD launched its **inStudio** brand in March delivering a VET Diploma in Interior Design & Styling to domestic and international students. VET FEE HELP tuition loans are available to domestic students.

Importantly, inStudio will deliver its VET Diploma online from early 2016 and will also launch a new VET advanced diploma qualification in 2016.



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

OPERATIONAL DETAIL

Campus expansion into Melbourne

RedHill's substantial new Melbourne campus commenced operations in September 2015. Each of RedHill's three Schools will operate in the Melbourne campus.

The campus is centrally located at 120 Spencer Street in the Melbourne central business district, nearby major public transport hubs and surrounding services.

The Melbourne campus is leased by RedHill, and we have undertaken a quality fit-out to suit each of our Schools and provide students with a premium learning environment. The campus features 23 classrooms, and has a capacity for up to 450 students to be onsite at any given time.

Academy of Information Technology business unit

The Academy of Information Technology ('AIT') business unit achieved 23% growth in revenues in FY2015 against the prior year, and 26% growth in operating segment profitability over the same period. AIT has continued to perform in line with our expectations in the early months of FY2016.

AIT delivers a range of creative digital Vocational Education and Training (VET) and Higher Education qualifications to domestic and international students. Course specialisations include digital animations, computer games design, mobile apps development, digital film making, and digital design.

AIT operates in a high quality campus located in the growing tertiary education precinct at Ultimo, Sydney. The campus currently operates at approximately 70% of its capacity during peak weekday periods. Capacity may be further increased by extending evening and weekend course delivery.

In FY2015 AIT increased its proportion of domestic students, increased its proportion of students undertaking undergraduate bachelor degrees, and expanded the nationality mix of its international students. There are currently students from over 20 different nationalities studying at AIT.

AIT commenced delivery of a third bachelor degree qualification in July 2015, a Bachelor of Digital Design. This new qualification is aligned to the AIT brand positioning as a specialist provider of creative digital tertiary education, and it is expected to contribute to growth in student numbers and revenues in FY2016.

AIT launched its first pure online Vocational Education and Training (VET) diploma qualification in May 2015. This VET Diploma in Business (Digital Marketing) was launched under **The Left Bank School** brand, and VET FEE HELP tuition loans are available to domestic students undertaking this qualification.

AIT will further increase the number of bachelor degree qualifications that it delivers, and will increase the number of qualifications that it delivers in a pure online mode in FY2016.

AIT will commence delivering its courses in Melbourne in early 2016.

Greenwich English College business unit

The Greenwich English College ('GEC') business unit achieved 22% growth in revenues in FY2015 against the prior year, and 19% growth in operating segment profitability over the same period. GEC has continued to perform in line with our expectations in the early months of FY2016.

GEC is a participant in the ELICOS industry (English Language Intensive Courses for Overseas Students). Total ELICOS student numbers commencing study in Australia grew in the 2014 calendar year, and in 2015 on a year-to-date basis. GEC anticipates that the Australian market will remain competitive.

GEC operates from a quality campus in the central business district of Sydney. In May 2015 the Sydney campus was expanded by 33% to support expected revenue growth in existing and new courses. The expanded campus currently operates at an average of approximately 70% of its capacity, and during peak periods a small number of classes are able to be relocated to AIT's Ultimo campus.



REDHILL EDUCATION LIMITED DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

GEC has a well established partnership relationship with Cambridge University's English Language Assessment business. In FY2015 GEC has increased both the number of Cambridge courses it delivers and the range of Cambridge examinations it officiates.

In September 2015 GEC launched **Greenwich Management College** (GMC). GMC delivers a range of business curriculum VET Certificate and Diploma qualifications to international students. GMC will recruit students into its courses predominantly via the strong supply chain that already exists at GEC, and GMC is expected to contribute to growth in student numbers and revenues in FY2016.

GEC commenced delivering its courses in Melbourne in September 2015.

International School of Colour and Design business unit

The International School of Colour and Design ('ISCD') business unit achieved 2% growth in revenues in FY2015 against the prior year, and 47% decline in operating segment profitability over the same period. ISCD has performed in line with our expectations in the early months of FY2016.

ISCD specialises in delivering Vocational and industry-based interior design and styling courses.

The decline in operating segment profitability in FY2015 is attributed to incremental expenses in relation to staged course range and campus expansion initiatives.

ISCD relocated to a newly fitted-out campus in North Sydney in December 2013. The new premises significantly improved the quality of the campus facilities, and increased student number capacity. The campus size was doubled in March 2015 to accommodate expansion initiatives. The campus currently operates at approximately 45% of its capacity.

ISCD launched its **inStudio** brand in March 2015, which delivers a VET Diploma in Interior Design & Styling to domestic and international students. VET FEE HELP tuition loans are available to domestic students undertaking this qualification.

inStudio will commence delivery of its VET diploma qualification in a pure online mode in early 2016 to expand its addressable market. inStudio will also launch a new VET advanced diploma qualification in FY2016.

ISCD will commence delivering its courses in Melbourne in October 2015.

Go Study Australia business unit

The Go Study Australia ('Go Study') business unit achieved 17% growth in revenues in FY2015 against the prior year, and 14% growth in operating segment profitability over the same period. The business unit has continued to perform in line with our expectations in the early months of FY2016.

Go Study currently has three offices in Spain, two offices in Italy, one office in France, and three offices in Australia. It has built a strong brand presence and quality reputation for recruiting international students to study in Australia, and has partnership relationships with over 140 different tertiary education providers across Australia for enrolment of students into their courses.

Australia has demonstrated resilience in recent years and remains a desirable choice as a study destination for international students. The Australian Government has indicated its intention to support further growth in the number of international tertiary students studying in Australia, recognising its growing importance as a service export industry.

Go Study commenced operations in Melbourne in March 2015, which is performing in line with expectations. It will evaluate other new target markets for its student recruitment agency business in FY2016.

No further information in respect of RedHill's business strategies and prospects has been included, as the directors believe that this information is of a confidential nature in a highly competitive industry and that more detail would be likely to result in unreasonable prejudice to RedHill.



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

FINANCIAL DETAIL

The revenues for the consolidated entity grew by 19% to \$22,794,000 for the year ended 30 June 2015 (30 June 2014: \$19,215,000).

The profit before income tax for the consolidated entity grew by 11% to \$2,415,000 for the year ended 30 June 2015 (30 June 2014: \$2,181,000).

The statutory profit for the consolidated entity after providing for income tax for the financial year ended 30 June 2015 was \$1,652,000 (30 June 2014: loss of \$4,816,000).

The consolidated entity's earnings before interest, tax, depreciation and amortisation ('EBITDA') for the financial year ended 30 June 2015 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 statutory profit under AAS adjusted for specific non-cash and significant items. The company's directors consider EBITDA to reflect the core earnings of the consolidated entity.

The following table summarises key reconciling items between statutory profit after tax attributable to the shareholders of the consolidated entity and EBITDA.

	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 benefit/(expense)	2,415	2,181
Income tax benefit/(expense)	(763)	2,635
Profit after income tax	1,652	4,816

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 taxable profit in the short term future to utilise those tax benefits.

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.

There was a positive net cashflow for the consolidated entity for the financial year ended 30 June 2015 of \$674,000 (30 June 2014: \$2,070,000).

Net cash used in investing activities for the consolidated entity for the financial year ended 30 June 2015 was \$2,346,000 (30 June 2014: \$1,274,000). The net cash used in investing activities for the financial year ended 30 June 2015 was primarily attributed to course development and campus expansion initiatives.

The balance of cash and cash equivalents at 30 June 2015 was \$6,661,000 (30 June 2014: \$5,987,000).



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Impairment of Goodwill

AASB 136 'Impairment of Assets' requires directors of the consolidated entity annually to assess the carrying value of goodwill to determine whether there is any impairment in value. This requires an assessment of the recoverable amount of the Cash Generating Unit (operating segment), being the higher of value in use and fair value.

The directors have formed the view that no impairment of the carrying value of goodwill is required at 30 June 2015.

DIVIDENDS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No other matter or circumstance has arisen since 30 June 2015 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.

ENVIRONMENTAL REGULATION

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

FIRST STRIKE

At the Annual General Meeting in November 2014, more than 25% of the votes cast were against the adoption of the FY2014 Remuneration Report. Accordingly, a spill resolution must be proposed at the Annual General Meeting in November 2015 if more than 25% of the votes cast are again against the adoption of the FY2015 Remuneration Report.

The company's Chairman requested comments or reasons for the negative votes, but no comment was made or reason given.



REDHILL EDUCATION LIMITED **DIRECTORS' REPORT** FOR THE YEAR ENDED 30 JUNE 2015

INFORMATION ON DIRECTORS

Name:	William J. Beerworth
Title:	Non-executive Chairman
Qualifications:	BA LLB (Sydney), LL.M. SJD (Virginia), MCom (NSW), MBA (Macquarie)
Experience and expertise:	Before founding Beerworth + Partners Limited, Bill held a number of senior positions including: Executive Director of HSBC Australia Limited and Managing Director of its corporate finance subsidiary; Senior Partner of King & Wood Mallesons where he specialised in corporate and commercial law; and Senior Assistant Secretary of the Australian Attorney-General's Department responsible for corporate and securities policy. Bill has been Chairman or a Director of a number of listed and private companies and Advisory Boards. He has been Chairman of the Macquarie Graduate School of Management and of the Australian Commission on Safety and Quality in Health Care, a member of the Financial System Inquiry (the Wallis Committee) on the restructure of the Australian financial system, and a member of the Australian Competition Tribunal.
Other current directorships:	Managing Director of Beerworth + Partners Limited, a corporate advisory firm specialising in corporate transactions, especially in mergers and acquisitions. Chairman of Skydive The Beach Group Limited (appointed 23 December 2014).
Former directorships (in the last 3 years):	Contango Capital Partners Limited (resigned on 28 June 2014).
Special responsibilities:	Bill is a member of the Remuneration Committee and of the Audit and Risk Management Committee.
Interests in shares:	None
Interests in options:	30,000 options over ordinary shares



REDHILL EDUCATION LIMITED DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

Name:	Glenn Elith
Title:	Managing Director and Chief Executive Officer
Qualifications:	B Bus (UTS), CA
Experience and expertise:	Glenn began his professional career in the audit division of Coopers and Lybrand (now PricewaterhouseCoopers), where he obtained his chartered accounting qualifications. He has developed a broad commercial and strategic perspective working across multiple business sectors including manufacturing, consumer goods, hospitality, retail and services. He has worked at large organisations including Lion Nathan (now Lion Co) and George Weston Foods, and at fast-growth entrepreneurial businesses including specialty retailer Macro Wholefoods Market (now owned by Woolworths Limited). Glenn joined RedHill in January 2012, and was appointed Chief Executive Officer in March of that year.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	25,000 ordinary shares
Interests in options:	675,000 options over ordinary shares under the Employee Share Option Plan on terms approved by the company's shareholders.

Name:	William Deane
Title:	Non-executive Director
Qualifications:	BA (Sydney), LLB (Bond), Australian Institute of Company Directors
Experience and expertise:	Will is a managing director of Exto Partners Pty Ltd, a Sydney-based private investment firm formed in 2003. Will is a director of several of Exto Partners' unlisted investee companies and is experienced at building high growth companies. He has practised as a corporate lawyer in Australia with Ashurst (formerly Blake Dawson) and in the United States with Skadden Arps and Sidley Austin. As a lawyer he focussed on equity capital markets and mergers and acquisitions.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Will is a member of the Remuneration Committee and Chairman of the Audit and Risk Management Committee.
Interests in shares:	316,666 ordinary shares
Interests in options:	None



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Name:	Dr Christopher Clark
Title:	Non-executive Director
Qualifications:	B.V.Sc (Sydney), MBA (Macquarie), MA (Macquarie), PhD (Macquarie)
Experience and expertise:	Chris is the founder and Managing Director of Bush Corporate Consulting Pty Ltd, a strategic management consultancy. Between 1992 and 2011 he was an academic at Macquarie University in Sydney, where he taught strategic management at the Graduate School of Management ('MGSM'). While at MGSM he served as Director of the MBA program and Director of Corporate and Executive Education. Prior to his academic appointment he held senior marketing roles in the pharmaceutical and office equipment companies.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Chris is a member of the Audit and Risk Management Committee and the Remuneration Committee.
Interests in shares:	17,843 ordinary shares
Interests in options:	None

Name:	Caroline Trotman
Title:	Non-executive Director
Qualifications:	BA (Canberra), MBA (Macquarie)
Experience and expertise:	Caroline is a senior executive with extensive experience in the marketing of services, including education, and is currently Director of Marketing and Chief Operating Officer at technology start-up Swipezy Pty Ltd. Caroline was previously Executive Director of Executive Education at the Australian Graduate School of Management, and Deputy Vice Chancellor International and Development at Macquarie University. Prior to those roles Caroline ran her own marketing consultancy; was for 6 years Global Director of Marketing for Accenture's government business division; and was Director of Marketing for each of Bankers Trust, AT Kearney, and Deloitte.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	Caroline is Chairperson of the Remuneration Committee and a member of the Audit and Risk Management Committee.
Interests in shares:	None
Interests in options:	None

Other current directorships quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Former directorships (in the last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

COMPANY SECRETARY

Ian Gilmour, FGIA, FCIS, CA, FAICD, was appointed as Company Secretary on 2 December 2011. Currently, he is also company secretary of Property Exchange Australia Limited, Optalert Holdings Pty Ltd and Sydney Institute of Marine Science. He is a director of IEG Holdings Corporation (US) and a director and company secretary of AQRB Pty Ltd and Gilmour & Co Pty Ltd. Ian was formerly company secretary of Goodman Fielder Limited (ASX: GFF), Fluorotechnics Limited (now Lamboo Resources Limited (ASX: LMB)), Medical Therapies Limited (now Cellmid Limited (ASX: CDY)), Benthic Geotech Pty Limited and IEG Holdings Limited.

MEETINGS OF DIRECTORS

The number of meetings of the company's directors ('the Board') and of each board committee held during the year ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Management Committee		Remuneration Committee	
	Attended	Held	Attended	Held	Attended	Held
William J. Beerworth	14	14	3	3	4	4
Glenn Elith	13	*13	3	3	-	-
William Deane	13	14	3	3	4	4
Dr Christopher Clark	12	14	2	3	4	4
Caroline Trotman	14	14	3	3	4	4

Held: represents the number of meetings held at which the director was eligible to attend, during the time the director held office or was a member of the relevant committee.

** Glenn Elith, Managing Director and Chief Executive Officer, had a material interest in the sole matter considered at one meeting of directors and did not attend that meeting.*

REMUNERATION REPORT (AUDITED)

The remuneration report details the director and other key management personnel ('KMP') remuneration arrangements for the consolidated entity and the parent entity.

KMP are defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional disclosures relating to key management personnel



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of RedHill's and the consolidated entity's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice. The directors of the company ensure that executive reward satisfies the following key criteria for good reward governance practices:

- › competitiveness and reasonableness;
- › acceptability to shareholders;
- › performance linkage / alignment of executive compensation; and
- › transparency.

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performing and high quality personnel.

The Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity and company. The Remuneration Committee may from time to time use external consultants to assist in development of remuneration strategy, as detailed in the 'use of remuneration consultants' section below.

In accordance with best practice corporate governance, the structure of executive and non-executive director remuneration is dealt with separately.

Non-executive director remuneration is structured to be aligned to shareholder's interests:

- › rewards capability and experience;
- › rewards contribution to growth in shareholder wealth; and
- › is competitive with remuneration in listed companies of comparable size and complexity.

Executive remuneration is structured to be aligned to shareholders' interests:

- › has economic profit as a core component of design;
- › focuses on sustained growth in shareholder wealth through payment of dividends, growth in share price, delivering constant or increasing return on assets, and focusing the executive on key non-financial drivers of value;
- › provides a clear structure for earning rewards; and
- › assists with attracting and retaining high calibre executives.

Non-executive directors' remuneration

The approved aggregate maximum amount payable to non-executive directors as director fees (excluding salary payments to the executive directors) is \$350,000.

Fees paid to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. These fees are reviewed annually to ensure they are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Executive remuneration

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and level of responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- › base pay and non-monetary benefits;
- › short-term performance incentives;
- › share-based payments; and
- › other statutory components including superannuation and long service leave.

The combination of these comprises the executive's total available remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional cost to the consolidated entity and adds additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product innovation management.

The directors consider that there is a positive correlation between the company's remuneration policies and its financial performance.

Use of remuneration consultants

The company engaged Egan Associates Pty Limited (Egan Associates) as remuneration consultants during the financial year ended 30 June 2015 to prepare two reports:

1. review the Chief Executive Officer remuneration payable by organisations of comparable scale and operational complexity in Australia; and
2. comment on the company's Senior Executive Management Incentive Scheme and offer suggestions for improvement.

The independent review of Chief Executive Officer remuneration included remuneration recommendations relating to the company's Chief Executive Officer (CEO) that were accepted by the Remuneration Committee, approved by the Board and that are disclosed in the 'Details of Remuneration' section below.

Egan Associates' comments on the company's Senior Executive Management Incentive Scheme did not contain a remuneration recommendation.

The compendious consideration paid for the two reports was \$20,097.00 (including GST).

The CEO had no involvement in the Chief Executive Officer remuneration review or in the analysis, discussion or approval of the CEO remuneration recommendations.

The Board is satisfied that the CEO remuneration recommendations were made free from undue influence by the CEO because he was entirely uninvolved in the selection and appointment of Egan Associates, in the Chief Executive Officer review process, or in the analysis, consideration, discussion or approval of the CEO remuneration recommendations by the Remuneration Committee or the Board.



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

B. DETAILS OF REMUNERATION

Amounts of remuneration

Details of the remuneration of the directors and other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) are set out in the following tables.

The key management personnel of the consolidated entity during the year ended 30 June 2015 consisted of the directors of RedHill Education Limited and Gavin Dowling, the Managing Director of Go Study Australia.

2015	Short-term benefits			Post-employment	Long-term	Share-based	
Name	Cash salary and fees	Bonus	Termination benefits	benefits Super-annuation	Long service leave	payments Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
William J. Beerworth	132,000	-	-	-	-	-	132,000
William Deane	65,000	-	-	-	-	-	65,000
Dr Christopher Clark	65,000	-	-	-	-	-	65,000
Caroline Trotman	65,000	-	-	-	-	-	65,000
Executive Director:							
Glenn Elith *	332,500	40,000	-	18,783	-	-	391,283
Other Key Management Personnel:							
Gavin Dowling *	146,016	113,992	-	13,872	-	-	273,880
	805,516	153,992	-	32,655	-	-	992,163

* Bonus payments assessed and paid on a performance basis.



REDHILL EDUCATION LIMITED DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

2014	Short-term benefits			Post-employment	Long-term	Share-based	
Name	Cash salary and fees	Bonus	Termination benefits	benefits Super-annuation	Long service leave	payments Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
William J. Beerworth	125,000	-	-	-	-	-	125,000
William Deane	65,000	-	-	-	-	-	65,000
Dr Christopher Clark	65,000	-	-	-	-	-	65,000
Caroline Trotman	65,000	-	-	-	-	-	65,000
Executive Director:							
Glenn Elith *	282,500	30,000	-	17,775	-	-	330,275
Other Key Management Personnel:							
Gavin Dowling *	140,400	123,880	-	12,987	-	-	277,267
	742,900	153,880	-	30,762	-	-	927,542

* Bonus payments assessed and paid on a performance basis.



REDHILL EDUCATION LIMITED **DIRECTORS' REPORT** FOR THE YEAR ENDED 30 JUNE 2015

C. SERVICE AGREEMENTS

Remuneration and other terms of employment for continuing key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Glenn Elith
Title:	Chief Executive Officer
Agreement commenced:	1 May 2012
Term of agreement:	Glenn is employed under a continuing contract with no fixed term.
Details:	Gross salary per annum of \$350,000 plus statutory superannuation. 12 weeks' termination notice by either party.
Name:	Gavin Dowling
Title:	Managing Director, Go Study Australia
Agreement commenced:	3 January 2007
Term of agreement:	Gavin is employed under a continuing contract with no fixed term.
Details:	Gross salary per annum of \$151,857 plus statutory superannuation which increases automatically on each 1 July by 4%. Bonus of 10% of the net profit after income tax of Go Study Australia Pty Limited and its subsidiaries and branch offices. 4 weeks' termination notice by either party.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015



D. SHARE-BASED COMPENSATION

Issue of shares

25,000 shares of the company were issued to directors and key management personnel on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Number of options	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date*
22/09/2010	45,000	22/09/2011	22/09/2016	\$1.00	\$0.068
17/09/2013	75,000	17/09/2014	16/09/2018	\$0.20	\$0.377
17/09/2013	100,000	17/09/2015	16/09/2018	\$0.30	\$0.309
17/09/2013	100,000	17/09/2016	16/09/2018	\$0.40	\$0.264
17/09/2013	100,000	17/09/2017	16/09/2018	\$0.50	\$0.232
22/05/2014	150,000	23/05/2017	22/05/2019	\$0.90	\$0.130
22/05/2014	150,000	23/05/2017	22/05/2019	\$1.10	\$0.081

* Fair value per option at grant date is an estimate only using the Black-Scholes methodology. An external valuation was performed on options granted during the twelve months ending 30 June 2014.

Options granted carry no dividend or voting rights.



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The number of options over ordinary shares granted to and vested by directors and other KMP as part of compensation during the year ended 30 June 2015 are set out below:

	Number of options granted during the year 2015	Number of options granted during the year 2014	Number of options vested during the year 2015	Number of options vested during the year 2014
Glenn Elith	-	700,000	-	400,000

Values of options over ordinary shares granted, exercised and lapsed for directors and other KMP as part of compensation during the year ended 30 June 2015 are set out below:

	Fair value of options granted during the year* \$	Fair value of options exercised during the year* \$	Fair value of options lapsed during the year* \$	Remuneration consisting of options for the year %
Glenn Elith	-	9,419	-	-

* Fair value is an estimate only using the Black-Scholes methodology at the grant date.

E. ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

In accordance with Class Order 14/632, issued by the Australian Securities and Investments Commission, relating to 'Key management personnel equity instrument disclosures', the following disclosure relates only to equity instruments in the consolidated entity.



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Shareholding

The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year
<i>Ordinary shares</i>					
William Deane*	666,666	-	-	(100,000)	566,666
Glenn Elith **	-	-	25,000	-	25,000
Gavin Dowling	94,674	-	-	-	94,674
	<u>761,340</u>	<u>-</u>	<u>25,000</u>	<u>(100,000)</u>	<u>686,340</u>

* William Deane holds the beneficial interest in ordinary shares through Exto Partners Pty Ltd and due to the ownership structure of that company he only claims an interest in 50% of these ordinary shares.

** Glenn Elith exercised 25,000 options held over ordinary shares during the year ended 30 June 2015.

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

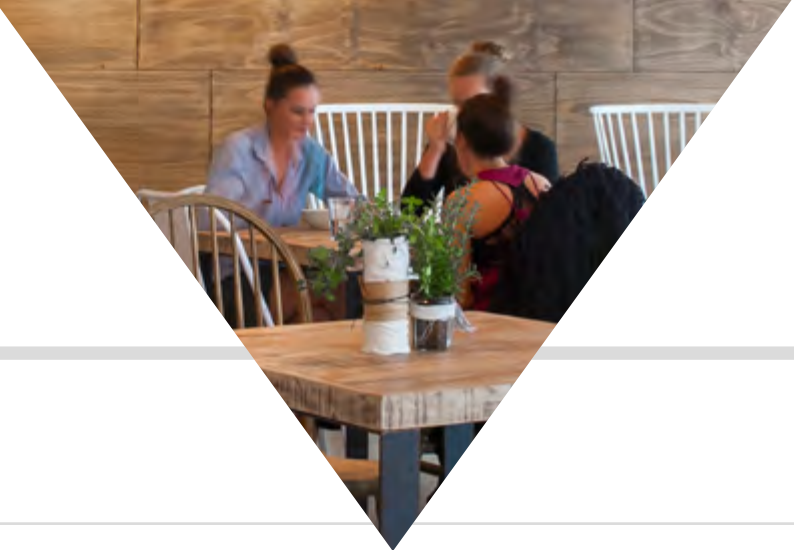
	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
William J. Beerworth	30,000	-	-	-	30,000
Glenn Elith	700,000	-	(25,000)	-	675,000
	<u>730,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>705,000</u>

On 17 September 2013 the Board granted Chief Executive Officer, Glenn Elith, 400,000 options over ordinary shares of the company. This issue of options was approved by shareholders at the 2012 AGM and the granting was in accordance with performance guidelines established by the RedHill Remuneration Committee. The options are in four equal tranches, and are conditional upon continued employment in the consolidated entity and the achievement of key performance indicators.

On 22 May 2014 the Board granted Chief Executive Officer, Glenn Elith, 300,000 options over ordinary shares of the company. This issue of options was approved by the shareholders of the company at the 2013 AGM and the granting was in accordance with performance guidelines established by the RedHill Remuneration Committee. The options are in two equal tranches, and are conditional upon continued employment in RedHill and the achievement of key performance indicators.

There were no other options over ordinary shares granted to or vested by directors and other KMP's as part of compensation during the year ended 30 June 2015.

This concludes the Remuneration report, which has been audited.



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

SHARES UNDER OPTION

Unissued ordinary shares of the company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
22/09/2010	22/09/2016	\$1.00	30,000
22/09/2010	22/09/2016	\$1.00	15,000
17/09/2013	16/09/2018	\$0.20	75,000
17/09/2013	16/09/2018	\$0.30	100,000
17/09/2013	16/09/2018	\$0.40	100,000
17/09/2013	16/09/2018	\$0.50	100,000
22/05/2014	22/05/2019	\$0.90	150,000
22/05/2014	22/05/2019	\$1.10	150,000

No options lapsed during the year ending 30 June 2015.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

On 17 November 2014 the company issued 25,000 ordinary shares at an issue price of \$0.20 per share upon exercise of share options issued to Mr Glenn Elith under its employee share option plan.

INDEMNITY AND INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, the company paid an insurance premium in respect of a directors and officers liability insurance policy to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

INDEMNITY AND INSURANCE OF AUDITOR

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF RSM BIRD CAMERON PARTNERS

There are no officers of the company who are former audit partners of RSM Bird Cameron Partners.

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.



REDHILL EDUCATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

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.

AUDITOR

RSM Bird Cameron Partners was nominated for the appointment as auditor of the consolidated entity in accordance with section 328B of the Corporations Act 2001, and appointed by the shareholders of the company at the 2012 Annual General Meeting.

RSM Bird Cameron Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



William J. Beerworth
Chairman

24 September 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 audit of the financial report of RedHill Education Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

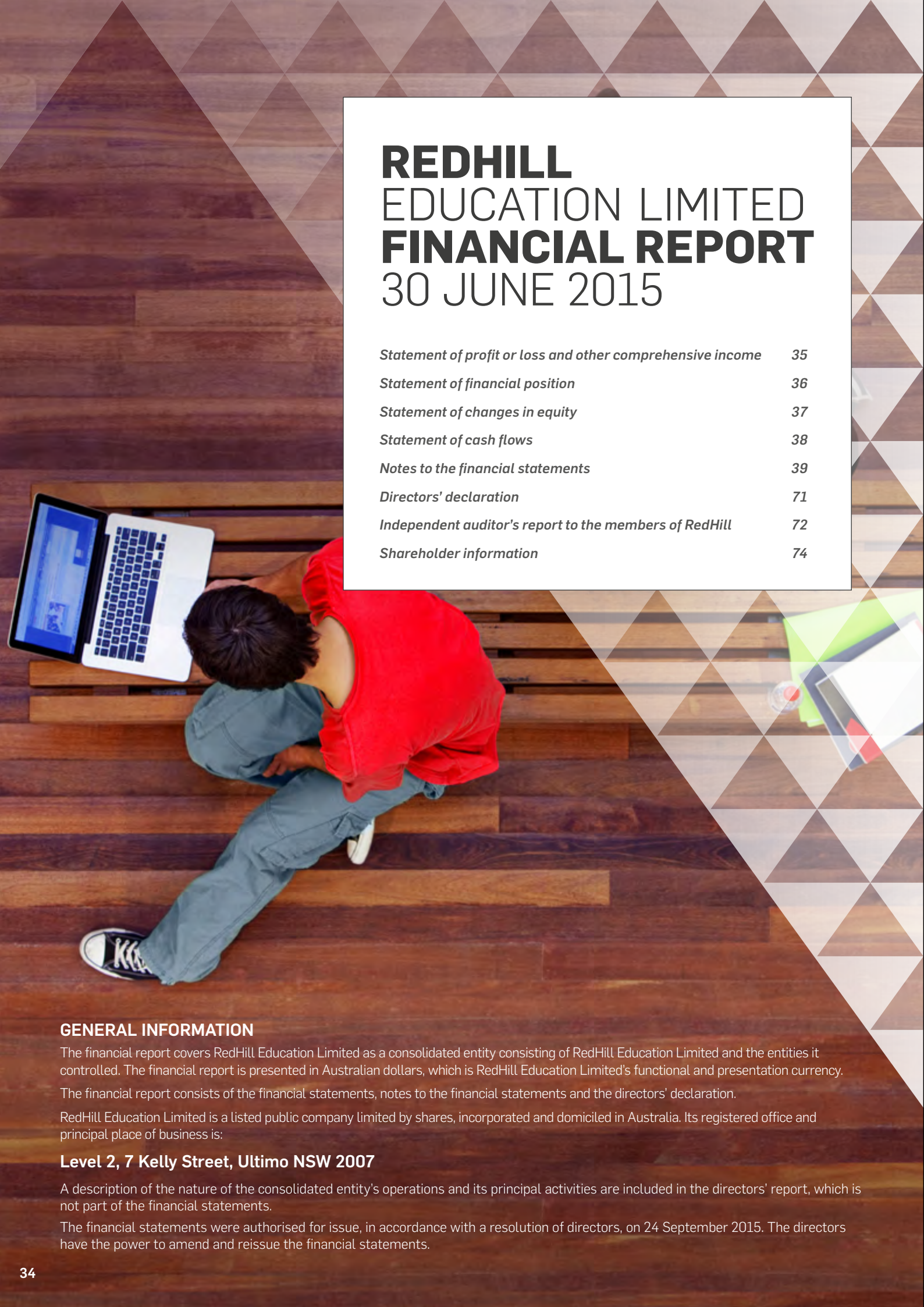
RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



G N Sherwood
Partner

Sydney, NSW
Dated: 24 September 2015



REDHILL EDUCATION LIMITED FINANCIAL REPORT 30 JUNE 2015

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GENERAL INFORMATION

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

The 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 directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 2015. The directors have the power to amend and reissue the financial statements.

REDHILL EDUCATION LIMITED

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015



		Consolidated	
	Note	2015 \$'000	2014 \$'000
Revenue	4	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	5	(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 benefit/(expense)		2,415	2,181
Income tax benefit/(expense)	6	(763)	2,635
Profit after income tax benefit/(expense) for the year attributable to the owners of RedHill Education Limited	23	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	35	5.47	15.97
Diluted earnings per share	35	5.45	15.94

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



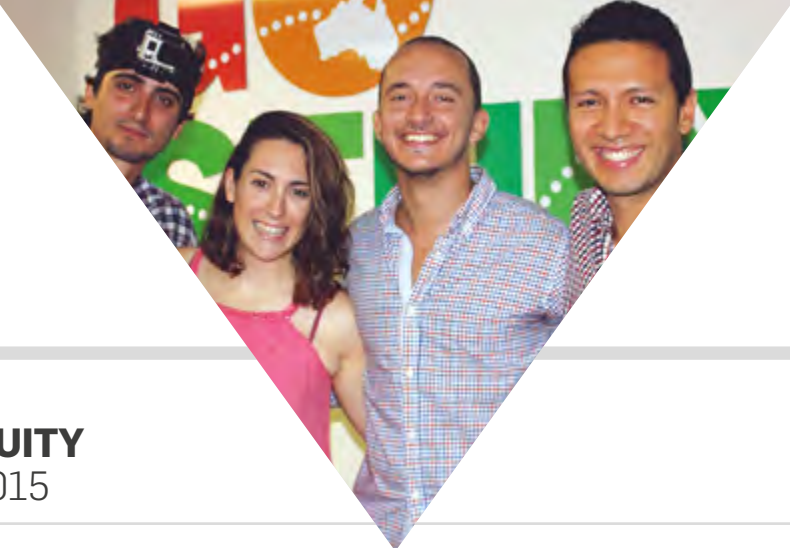
REDHILL EDUCATION LIMITED

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated	
	Note	2015	2014
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	7	6,661	5,987
Trade and other receivables	8	3,293	2,658
Prepayments and other assets	9	934	646
Total current assets		10,888	9,291
Non-current assets			
Property, plant and equipment	10	2,453	1,876
Intangibles	11	6,513	6,340
Deferred tax	12	1,912	2,661
Other	13	1,840	1,100
Total non-current assets		12,718	11,977
Total assets		23,606	21,268
Liabilities			
Current liabilities			
Trade and other payables	14	8,733	8,741
Finance lease	15	92	55
Employee benefits	16	315	267
Other Provisions	17	386	216
Total current liabilities		9,526	9,279
Non-current liabilities			
Finance lease	18	107	100
Employee benefits	19	133	120
Other Provisions	20	1,524	1,111
Total non-current liabilities		1,764	1,331
Total liabilities		11,290	10,610
Net assets		12,316	10,658
Equity			
Contributed equity	21	18,752	18,747
Reserves	22	40	86
Accumulated losses	23	(6,476)	(8,175)
Total equity		12,316	10,658

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

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Consolidated				
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 21)	12	-	-	12
Share-based payments	-	48	-	48
Transfer of non-controlling interest	-	541	(541)	-
Balance at 30 June 2014	18,747	86	(8,175)	10,658
Consolidated				
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 21)	5	-	-	5
Share-based payments	-	1	-	1
Recycling of lapsed and exercised options	-	(47)	47	-
Balance at 30 June 2015	18,752	40	(6,476)	12,316

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



		Consolidated	
	Note	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	34	2,971	3,177
Cash flows from investing activities			
Payments for security deposits		(866)	(361)
Payments for property, plant and equipment	10	(1,179)	(751)
Payments for intangibles	11	(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	7	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

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1. **Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

- › AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- › AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- › AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
- › AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
- › AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
- › Interpretation 21 Levies

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RedHill Education Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. RedHill Education Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Tuition related revenue

Tuition revenue and other education material related revenue are recognised as the service is provided. Non-refundable administration fees relating to tuition are recognised upon receipt.

Commission revenue

Commission revenue is recognised at the point at which the consolidated entity is deemed to have fulfilled its commitment as an agent by placing the student in the course of their choice. This usually occurs upon commencement of the course by the student, at which time non-refundable enrolment and tuition fees have been paid by them to the education provider.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- › When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- › When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

RedHill Education Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'group allocation' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	5-10 years
Plant and equipment	2-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity.





REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Leases

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

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses

recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of between two and three years.

Copyrights and licenses

Course development expenditure includes copyrights and licenses which are recognised as an asset at cost less any impairment losses. Once delivery of the course to which the development costs relate has commenced the associated costs are amortised over the life of the accreditation, being their finite useful life between two and three years.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on finance lease.



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries and other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution

superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Share based compensation benefits are provided to employees via the RedHill Education Limited Employee Share Option Plan.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of

the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of RedHill Education Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into

account the after income tax effect of interest and other financing costs associated with dilutive potential on ordinary shares at balance date and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares during the financial year.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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





REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed which is not considered material for the consolidated entity. The consolidated entity is yet to assess the impact of the standard.

AASB 15 Revenue from Contracts with Customers

This standard is currently applicable to annual reporting periods beginning on or after 1 January 2017 (however Exposure Draft 263 'Effective Date of AASB 15' proposes to defer the application date by one year to 1 January 2018). The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It is expected that the consolidated entity will adopt this standard from 1 July 2018 (presuming ED 263 is passed) but the impact of its adoption is yet to be assessed. The consolidated entity is yet to assess the impact of the standard.

Other amending accounting standards issued are not considered to have a significant impact on the financial statements of the consolidated entity as their amendments provide either clarification of existing accounting treatment or editorial amendments. These standards (and their operative dates) include:

- › AASB 14 Regulatory Deferral Accounts (from 1 January 2016)
- › AASB 2014-1 Amendments to Australian Accounting Standards (Part D from 1 January 2016 and Part E from 1 January 2018)
- › AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (from 1 January 2016)
- › AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (from 1 January 2016)
- › AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (from 1 January 2017)

- › AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants (from 1 January 2016)
- › AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (from 1 January 2018)
- › AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (from 1 January 2015)
- › AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (from 1 January 2016)
- › AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (from 1 January 2016)
- › AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle (from 1 January 2016)
- › AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (from 1 January 2016)
- › AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (from 1 July 2015)
- › 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent (from 1 July 2015)
- › AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception (from 1 January 2016).
- › AASB 1057- Application of Australian Accounting Standards (from 1 January 2016).



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. The directors have assessed the carrying value of goodwill in the consolidated entity as appropriate at 30 June 2015. Refer to note 11 for further details.

Impairment of non-financial assets other than goodwill

The consolidated entity assesses impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset, if applicable, and provision.

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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.



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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 benefit	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 of the company consider EBITDA to reflect the core earnings of the consolidated entity.



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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 cost	(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 expense						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 of the company consider EBITDA to reflect the core earnings of the consolidated entity.

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4. Revenue

	Consolidated	
	2015 \$'000	2014 \$'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 5. Expenses

	Consolidated	
	2015 \$'000	2014 \$'000
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	361	293
Plant and equipment	241	211
Total depreciation	<u>602</u>	<u>504</u>
<i>Amortisation</i>		
Copyrights	126	121
Licenses	2	2
Total amortisation	<u>128</u>	<u>123</u>
Total depreciation and amortisation	<u>730</u>	<u>627</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	<u>2,089</u>	<u>1,970</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>745</u>	<u>635</u>



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6. Income tax expense/(benefit)

	Consolidated	
	2015 \$'000	2014 \$'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)	763	(2,635)
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 12)	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)	763	(2,635)



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 7. Current assets - cash and cash equivalents

	Consolidated	
	2015 \$'000	2014 \$'000
Cash at bank and on hand	6,661	5,987

NOTE 8. Current assets - trade and other receivables

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

Impairment of receivables

The consolidated entity has recognised a loss of \$nil (2014: loss of \$26,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2015.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2015 \$'000	2014 \$'000
3 to 6 months overdue	55	41
Over 6 months overdue	3	17
	58	58

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2015 \$'000	2014 \$'000
Opening balance	58	199
Additional provisions recognised	-	26
Impaired receivables recovered	-	(167)
Closing balance	58	58

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Impaired receivables recovered

Represents the reversal of previously impaired recourse loan provided to ex-CEO (Paul Tobin) as part of his employment benefits during 2010. See Note 30 related party limited transactions for further details.

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$630,000 as at 30 June 2015 (\$518,000 as at 30 June 2014).

These relate to a number of independent customers for whom there is no recent history of default. The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes the consolidated entity did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices. In the event of a credit default in respect of these receivables, no impact on the profit is expected because the receivables would have a corresponding balance included in the deferred income balance in note 14.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2015 \$'000	2014 \$'000
1 to 3 months overdue	359	235
3 to 6 months overdue	207	213
Over 6 months overdue	64	70
	630	518





REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9. Current assets - prepayments and other assets

	Consolidated	
	2015	2014
	\$'000	\$'000
Lease incentive asset	151	151
Prepayments	705	398
Deposits	44	46
Other current assets	34	51
	<u>934</u>	<u>646</u>

NOTE 10. 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)
	<u>1,267</u>	<u>609</u>	<u>1,876</u>
Balance at 30 June 2014	1,267	609	1,876
Additions	715	464	1,179
Depreciation expense	(361)	(241)	(602)
	<u>1,621</u>	<u>832</u>	<u>2,453</u>
Balance at 30 June 2015	1,621	832	2,453

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

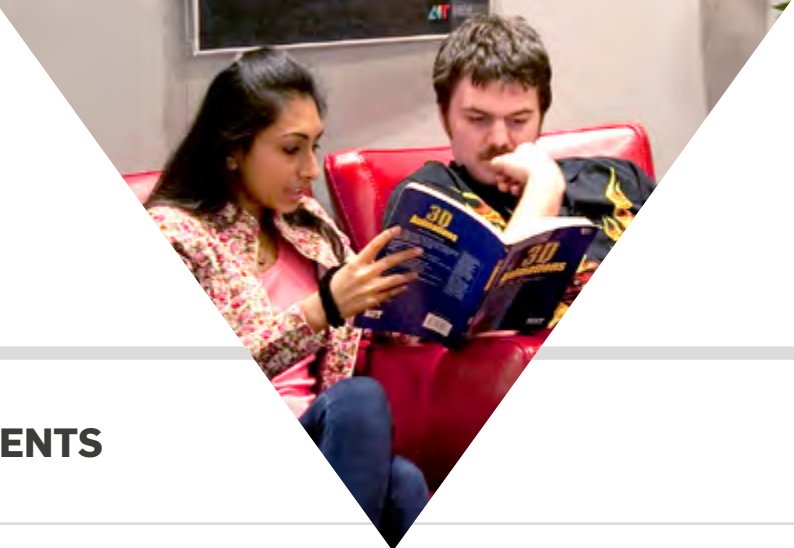
NOTE 11. Non-current assets - intangibles

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



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

(a) Impairment test for goodwill

Goodwill is allocated to the consolidated entity's cash-generating units ('CGUs') identified according to operating segment. A segment-level summary of the goodwill allocation is presented below:

	Consolidated	
	2015	2014
	\$'000	\$'000
Academy of Information Technology Pty Ltd ('AIT') - at cost	4,086	4,086
International School of Colour and Design Pty Ltd ('ISCD') - at recoverable amount	2,059	2,059
	<u>6,145</u>	<u>6,145</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

(b) Key assumptions used for value-in-use calculation

	2015		2014	
	AIT	ISCD	AIT	ISCD
Post tax discount rate	15.0%	15.0%	15.0%	15.0%
Student growth rate	5.0-30.0%	5.0-30.0%	5.0-30.0%	5.0-30.0%
Student growth rate-terminal year	2.5%	2.5%	2.5%	2.5%
Revenue price increase*	4-5.0%	4-5.0%	4-5.0%	4-5.0%
Annual rate of cost increase-Variable	0-50.0%	0-25.0%	0-50.0%	0-25.0%
Annual rate of cost increase-Fixed	4.0%	4.0%	4.0%	4.0%

* Excludes the terminal year, which has no price increase.

These assumptions have been used for the analysis of each CGU within the business segment. The discount rates used reflect specific risks relating to the relevant segments and is in line with industry norm. The student growth rates used are consistent with the business plan and the following management expectations:

AIT: Recovery in foreign student numbers due to a stabilisation of the Visa regime; continued growth of domestic student numbers due to continued access to FEE-HELP and VET FEE-HELP support; targeted marketing including increased digital and social media activity.

ISCD: Continued growth in student numbers undertaking courses; growth in campus based student numbers due to increase in course range and enhanced marketing activities; positive market perception from re-branding of ISCD and relocation to a modern new campus.

The revenue price increase and the cost increase is consistent with forecasts included in industry reports.

(c) Impairment of goodwill

The directors have formed the view that no impairment of the carrying value of goodwill is required for either of the Creative Design or Information Technology operating segments at 30 June 2015.

(d) Impact of possible changes in key assumptions

The consolidated entity has carried out a sensitivity analysis on the recoverable amount based on their viewpoint of a reasonably possible change in the discount rate of +/-1% and the student growth rate of +/- 3-5%. Based on the sensitivity analysis carried out, the recoverable amount of goodwill attributed to both the Information Technology and Creative Design operating CGUs is in excess of the carrying amount and there is no impairment required as at 30 June 2015.

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 12. Non-current assets - deferred tax

	2015 \$'000	Consolidated 2014 \$'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	-
	<hr/>	<hr/>
Deferred tax asset	1,912	2,661
	<hr/>	<hr/>
<i>Movements:</i>		
Opening balance	2,661	-
Credited /(debited) to profit or loss (note 6)	(749)	2,661
Closing balance	1,912	2,661
	<hr/>	<hr/>

Deferred tax included in income tax expense/(benefit) comprises:

- Recognition of previously unrecognised deferred tax asset - on tax losses of \$nil (2014: \$1,349,000);
- Recognition of previously unrecognised deferred tax asset - on timing differences of \$nil (2014: \$1,712,000); and
- Decrease in deferred tax assets - current year utilisation of losses of \$749,000 (2014: \$400,000).

NOTE 13. Non-current assets - other financial assets

	2015 \$'000	Consolidated 2014 \$'000
Deposits	1,658	792
Lease incentive asset	182	308
	<hr/>	<hr/>
	1,840	1,100
	<hr/>	<hr/>



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 14. 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>

Refer to note 25 for further information on financial instruments.

NOTE 15. Current liabilities - finance lease

	Consolidated	
	2015	2014
	\$'000	\$'000
Lease liability	<u>92</u>	<u>55</u>

Refer to note 25 for further information on financial instruments.

NOTE 16. Current liabilities - employee benefits

	Consolidated	
	2015	2014
	\$'000	\$'000
Annual leave	<u>315</u>	<u>267</u>

NOTE 17. Current liabilities - other provisions

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

Refer to note 20 for further details on lease incentives.



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 18.

Non-current liabilities - finance lease

	Consolidated	
	2015	2014
	\$'000	\$'000
Lease liability	107	100

Refer to note 25 for further information on financial instruments.

NOTE 19.

Non-current liabilities - employee benefits

	Consolidated	
	2015	2014
	\$'000	\$'000
Long service leave	133	120

NOTE 20.

Non-current liabilities - other provisions

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

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.

	Lease	
	Incentive	Make good
	\$'000	\$'000
Consolidated - 2015		
Carrying amount at the start of the year	906	205
Additional provisions recognised	413	-
Carrying amount at the end of the year	1,319	205



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21. Equity - contributed equity

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

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	11,848	\$0.59	7
Balance	30 June 2014	30,179,052		18,747
Shares issued*	17 November 2014	25,000	\$0.20	5
Balance	30 June 2015	30,204,052		18,752

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

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2014 Annual Report.



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 22. Equity - reserves

	Consolidated	
	2015 \$'000	2014 \$'000
Share-based payments reserve	40	86

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services under the employee share option plan.

Non-controlling interest reserve

Non-controlling interest reserve is in respect of the interest to be contributed to the non-controlling interest holders. This reserve has been transferred to retained earnings during the previous financial year because the company no longer holds subsidiaries with non-controlling interests.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency \$'000	Share-based payments \$'000	Non-controlling interest \$'000	Total \$'000
Balance at 1 July 2013	4	38	(541)	(499)
Foreign currency translation	(4)	-	-	(4)
Employee share options - value of employee services	-	48	-	48
Transfer to retained earnings	-	-	541	541
Balance at 30 June 2014	-	86	-	86
Employee share options - value of employee services	-	1	-	1
Recycling of lapsed and exercised options	-	(47)	-	(47)
Balance at 30 June 2015	-	40	-	40

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 23. Equity - accumulated losses

	Consolidated	
	2015 \$'000	2014 \$'000
Accumulated losses at the beginning of the financial year	(8,175)	(12,450)
Profit after income tax expense for the year	1,652	4,816
Transfer from non-controlling interest reserve	-	(541)
Transfer from share-based payment reserve	47	-
	<hr/>	<hr/>
Accumulated losses at the end of the financial year	<u>(6,476)</u>	<u>(8,175)</u>

NOTE 24. Equity - dividends

Dividends

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

Franking credits

	Consolidated	
	2015 \$'000	2014 \$'000
Franking credits available at the reporting date based on a tax rate of 30%	673	673
	<hr/>	<hr/>
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>673</u>	<u>673</u>





REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 25. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity is not exposed to significant foreign currency risk. Management follow the trend in the Australian dollar to ensure that pricing implications for international students undertaking the consolidated entity's courses is understood, as all courses are paid for in Australian dollars.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

Interest rate risk arises from fluctuations in interest bearing financial assets or liabilities that the consolidated entity may have. The consolidated entity's main interest rate risk arises from its cash at bank and cash equivalents.

As at the reporting date, the consolidated entity had the following cash and cash equivalents:

	2015		2014	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Consolidated				
Cash and cash equivalents	2.36%	6,661	2.43%	5,987
Net exposure to cash flow interest rate risk		6,661		5,987

An official increase/decrease in interest rates of 100 (2014: 100) basis points would have favourable/adverse effect on profit before tax of \$67,000 (2014: favourable/adverse \$60,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has no significant credit risk exposure to any individual receivable.



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2015	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-%	1,727	-	-	-	1,727
Other payables	-%	712	-	-	-	712
Payroll accruals	-%	546				546
<i>Interest-bearing - variable</i>						
Lease liability	5.36%	100	111	-	-	211
Total non-derivatives		3,085	111	-	-	3,196

Consolidated - 2014	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-%	964	-	-	-	964
Other payables	-%	1,080	-	-	-	1,080
Payroll accruals	-%	525				525
<i>Interest-bearing - variable</i>						
Lease liability	5.77%	63	105	-	-	168
Total non-derivatives		2,632	105	-	-	2,737

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26.

Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2015	2014
	\$	\$
Short-term employee benefits	959,508	896,780
Post-employment benefits	32,655	30,762
	<u>992,163</u>	<u>927,542</u>

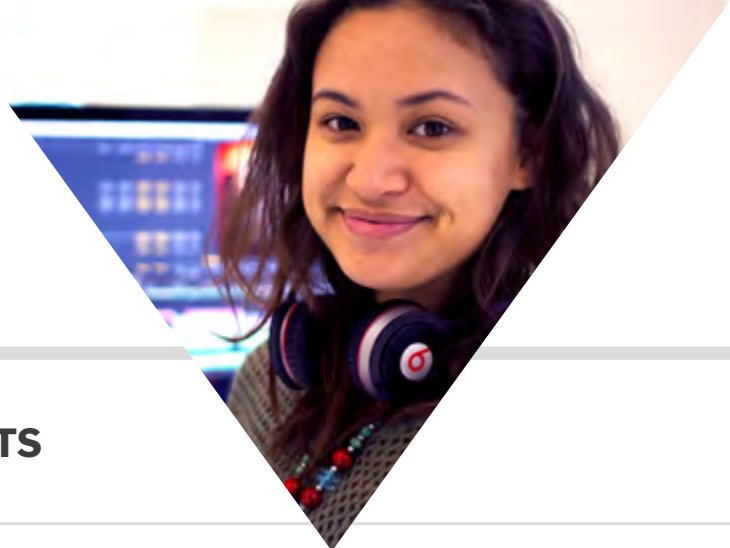
Note 27.

Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Bird Cameron Partners, the auditor of the company, and unrelated firms:

	Consolidated	
	2015	2014
	\$	\$
<i>Audit services - RSM Bird Cameron Partners</i>		
Audit or review of the financial statements	<u>99,500</u>	<u>89,500</u>
<i>Other services - RSM Bird Cameron Partners</i>		
Tax services	<u>10,000</u>	<u>10,000</u>
	<u>109,500</u>	<u>99,500</u>





REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 28. 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 29. Commitments for expenditure

	2015 \$'000	Consolidated 2014 \$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,013	1,874
One to five years	7,655	5,230
	<u>10,668</u>	<u>7,104</u>
<i>Lease commitment - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	100	63
One to five years	111	105
	<u>211</u>	<u>168</u>
Total commitment	(12)	(13)
Less: Future finance charges		
	<u>199</u>	<u>155</u>
Net commitment recognised as liabilities		
<i>Representing:</i>		
Lease liability - current (note 15)	92	55
Lease liability - non-current (note 18)	107	100
	<u>199</u>	<u>155</u>

Operating lease commitments include contracted amounts for campus locations, under non-cancellable operating leases expiring within two to five years with, in some cases, options to extend. The leases have various escalation clauses, the nature of which are consistent with commercial property leases elsewhere in the market place. On renewal, the terms of the leases are renegotiated.

Finance lease commitment represents the contracted amount for IT equipment with an aggregate written down value of \$199,000 (2014: \$155,000) under finance leases expiring within three years. Under the terms of the leases, the consolidated entity retains possession of the leased assets at expiry of the lease.

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 30.

Related party transactions

Parent entity

RedHill Education Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

A limited recourse loan was provided to the ex-CEO (Paul Tobin) as part of his employment benefits to acquire shares in the company. This loan was used to acquire 166,667 ordinary shares in the company during 2010. On 1 April 2014, the sale of 166,667 shares in RedHill Limited was completed and net cash proceeds of \$145,045 transferred to the company as full and final settlement against the loan. As the loan was previously fully impaired, the proceeds from settlement have been credited direct to the income statement in the 2014 financial year.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 31.

Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2015 \$'000	Parent 2014 \$'000
Loss after income tax	(1,610)	(474)
Total comprehensive income	(1,610)	(474)

Statement of financial position

	2015 \$'000	Parent 2014 \$'000
Total current assets	1,447	1,654
Total assets	15,042	14,812
Total current liabilities	10,381	9,302
Total liabilities	11,166	9,332
Equity		
Contributed equity	18,752	18,747
Share-based payments reserve	87	86
Accumulated losses	(14,963)	(13,353)
Total equity	3,876	5,480

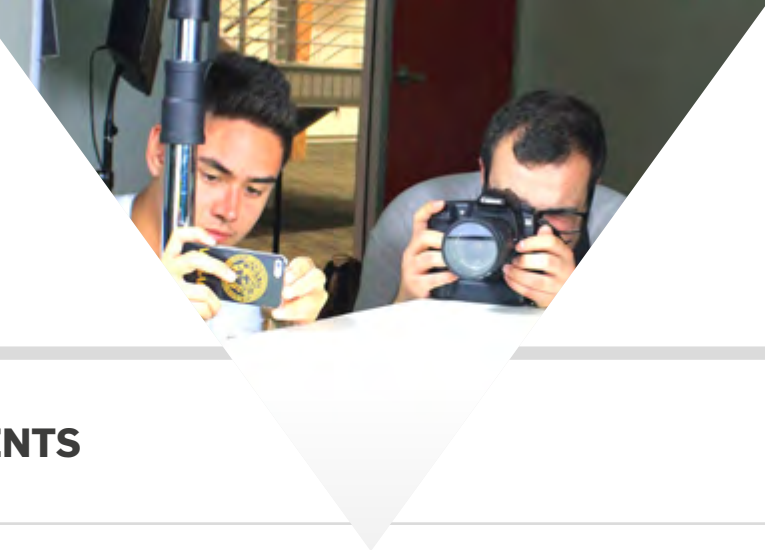
Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2015.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- › Investments in subsidiaries are accounted for at cost, less any impairment; and
- › Dividends received from subsidiaries are recognised as income in the parent entity.



REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2015	2014
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

NOTE 33. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 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.

NOTE 34. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2015 \$'000	2014 \$'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	2,971	3,177

REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 35. Earnings per share

	Consolidated	
	2015 \$'000	2014 \$'000
Profit after income tax attributable to the owners of RedHill Education Limited	1,652	4,816
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	110,000	45,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	30,304,531	30,208,809
Basic earnings per share	5.47	15.97
Diluted earnings per share	5.45	15.94





REDHILL EDUCATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 36. Share-based payments

The RedHill Education Limited Share Option Plan was established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Remuneration Committee, grant options over ordinary shares in the parent entity to certain key management personnel of the consolidated entity. The options are granted in accordance with performance guidelines established by the Remuneration Committee.

Set out below are summaries of options granted under the plan:

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/09/2010	22/09/2016	\$1.00	30,000	-	-	-	30,000
22/09/2010	22/09/2016	\$1.00	15,000	-	-	-	15,000
17/09/2013	16/09/2018	\$0.20	100,000	-	(25,000)	-	75,000
17/09/2013	16/09/2018	\$0.30	100,000	-	-	-	100,000
17/09/2013	16/09/2018	\$0.40	100,000	-	-	-	100,000
17/09/2013	16/09/2018	\$0.50	100,000	-	-	-	100,000
22/05/2014	22/05/2019	\$0.90	150,000	-	-	-	150,000
22/05/2014	22/05/2019	\$1.10	150,000	-	-	-	150,000
			<u>745,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>720,000</u>

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/04/2008	30/04/2014	\$0.89	27,095	-	-	(27,095)	-
10/12/2009	10/12/2013	\$0.59	6,774	-	(6,774)	-	-
10/12/2009	10/12/2014	\$0.59	6,774	-	(6,774)	-	-
10/12/2009	20/12/2015	\$0.59	6,774	-	(6,774)	-	-
22/09/2010	22/09/2016	\$1.00	30,000	-	-	-	30,000
22/09/2010	22/09/2016	\$1.00	15,000	-	-	-	15,000
17/09/2013	16/09/2018	\$0.20	-	100,000	-	-	100,000
17/09/2013	16/09/2018	\$0.30	-	100,000	-	-	100,000
17/09/2013	16/09/2018	\$0.40	-	100,000	-	-	100,000
17/09/2013	16/09/2018	\$0.50	-	100,000	-	-	100,000
22/05/2014	22/05/2019	\$0.90	-	150,000	-	-	150,000
22/05/2014	22/05/2019	\$1.10	-	150,000	-	-	150,000
			<u>92,417</u>	<u>700,000</u>	<u>(20,322)</u>	<u>(27,095)</u>	<u>745,000</u>

Fair value at grant date is estimated using the Black-Sholes methodology.



REDHILL EDUCATION LIMITED DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2015

In the directors' opinion:

- › the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- › the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- › the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- › there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



William J. Beerworth
Chairman

24 September 2015
Sydney

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
REDHILL EDUCATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of RedHill Education Limited, which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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.

Opinion

In our opinion:

- (a) the financial report of RedHill Education Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 29 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of RedHill Education Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS


G N Sherwood
Partner

Sydney, NSW
Dated: 24 September 2015

REDHILL EDUCATION LIMITED SHAREHOLDER INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

The shareholder information set out below was applicable as at 14 September 2015.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	28	0
1,001 to 5,000	54	0
5,001 to 10,000	33	0
10,001 to 100,000	58	2
100,001 and over	31	1
	<hr/> 204 <hr/>	<hr/> 3 <hr/>
Holding less than a marketable parcel	<hr/> 16 <hr/>	





REDHILL EDUCATION LIMITED SHAREHOLDER INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
UBS NOMINEES PTY LTD	3,212,078	10.63
CITICORP NOMINEES PTY LIMITED	2,508,628	8.31
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <PICREDIT>	2,344,568	7.76
MS LOURDES LYNN	2,312,560	7.66
SANDHURST TRUSTEES LTD <TBF SMALL CAP VAL GRWTH A/C>	2,090,139	6.92
MR EDWARD LEE KELLER	1,991,106	6.59
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,688,250	5.59
NATIONAL NOMINEES LIMITED	1,466,862	4.86
SKILLED PLACEMENTS PTY LIMITED	1,328,752	4.40
SKILLED PLACEMENTS PTY LIMITED	1,095,000	3.63
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,070,446	3.54
COPSE INVESTMENT LIMITED	1,016,090	3.36
MICHAEL CAMERON RATCLIFF	575,784	1.91
JILCY PTY LTD <JILCY SUPER FUND A/C>	540,000	1.79
BT PORTFOLIO SERVICES LIMITED <YAZAD SUPER FUND A/C>	500,000	1.66
MR SIMON LEWIS CAVELL	474,618	1.57
ESCHAM PTY LTD <THE BRI A/C>	338,696	1.12
EXTO PARTNERS AUSTRALIA PTY LTD <EXTO UNIT A/C>	316,666	1.05
ROY SIMPSON + VANESSA SIMPSON	300,000	0.99
AUST EXECUTOR TRUSTEES LTD <DS CAPITAL GROWTH FUND>	261,678	0.87
	25,431,921	84.21



REDHILL EDUCATION LIMITED SHAREHOLDER INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	720,000	3

Substantial holders

Substantial holders in the company are set out below:

	Number of ordinary shares held
ACADEMIES AUSTRALASIA GROUP LTD	3,197,252
REGAL FUNDS MANAGEMENT PTY LTD	3,117,158
PERPETUAL LIMITED	2,344,568
LOURDES LYNN	2,312,560
TBF INVESTMENT MANAGEMENT PTY LTD (T/A THE BOAT FUND) *	2,090,139
LINEAR ASSET MANAGEMENT LTD *	2,090,139
EDWARD LEE KELLER	1,991,106
PIE FUNDS MANAGEMENT LTD	1,927,349

* These two notices relate to the same holding of ordinary shares.

The disclosed number of ordinary shares held by substantial holders may not be equal to the actual number of ordinary shares held as at 14 September 2015 as only movements of at least 1% are required to be notified to Australian Securities Exchange.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Other stock exchanges

The Company is not listed on any stock exchanges other than Australian Securities Exchange.

On-market share buy-back

Currently, there is no on-market buy-back of shares.



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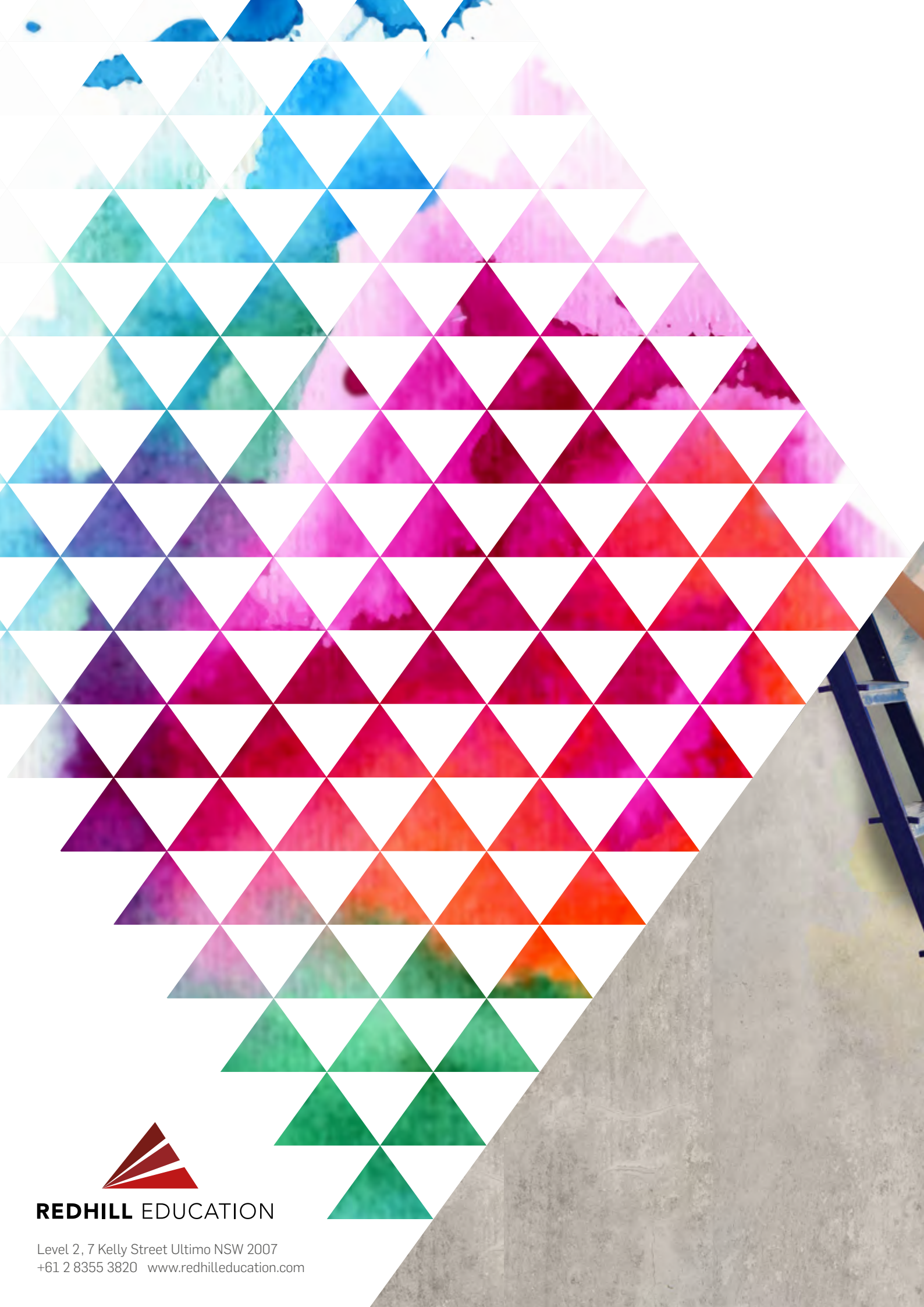
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