

ASX ANNOUNCEMENT

Intueri IPO Bookbuild Outcome & Supplementary Shareholder Notice

8 May 2014 – The Board of Arowana International Limited (“Arowana” or the “Company”) is pleased to provide the following update in relation to the initial public offering (“IPO”) of shares in Intueri Education Group Limited (Intueri), Arowana’s private vocational education subsidiary.

Pricing for Intueri’s IPO and the extent of Arowana’s residual shareholding has now been finalised following an institutional and broker bookbuild undertaken on 7 May 2014. The price for Intueri shares under the IPO is NZ\$2.35, implying an enterprise value for Intueri of NZ\$252.5 million. The price is within the indicative range of NZ\$2.25 to NZ\$2.75 included in the Intueri prospectus. Arowana has determined to retain shares in Intueri on completion of the IPO representing 24.9% of the post-IPO share capital of Intueri. This is within the indicative range of 15% - 25% as stated in the Shareholder Booklet dated 15 April 2014. The Company estimates that the net cash proceeds of the sale of its interest in Intueri under the Offer will be NZ\$101.9 million or A\$94.7 million based on an exchange rate of 1.0758 as at close of business on 7 May 2014.

As foreshadowed in the Shareholder Booklet dated 15 April 2014, the attached Supplementary Notice provides further details of the impact of the IPO on the Company to Arowana shareholders.

ENDS

For further information, please contact:

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Disclaimer

The offer of shares in Intueri Education Group Limited (“Intueri”) is made by Intueri Education Group Holdings Limited on the terms and conditions set out in the Investment Statement and the Prospectus for the offer. Applications for shares must be made on the application form accompanying the Investment Statement.

None of the persons named in this advertisement (nor any other person) guarantees the Offer or the shares in Intueri. None of this advertisement, the Prospectus or the Investment Statement contain any statements made by the Joint Lead Managers and to the maximum extent permitted by law each Joint Lead Manager (its related companies and each of their respective directors, officers, employees and agents) expressly disclaims all liability under this advertisement, the Prospectus and the Investment Statement.

An application has been made to NZX Limited (NZX) for permission to list Intueri, and to quote Intueri’s shares, on the NZX Main Board, and all requirements of NZX relating thereto that can be complied with on or before the date of the registration of the Intueri prospectus (15 April 2014) have been duly complied with. However, NZX accepts no responsibility for any statement in this advertisement. The NZX Main Board is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act 1988.

A prospectus under the New Zealand Securities Act 1978 for the offer by Intueri Education Group Holdings Limited (a registered company in New Zealand with company number 5069801) of ordinary shares (“Securities”) in Intueri Education Group Limited (a registered company in New Zealand with company number 4013538) (Company) dated 15 April 2014 (as amended by an Instrument to amend dated 6 May 2014) (“Prospectus”) has been lodged with the Australian Securities & Investments Commission in accordance with the Trans-Tasman Mutual Recognition Scheme in Chapter 8 of the Australian Corporations Act 2001 (Cth). Offers of Securities are made in the Prospectus and the Investment Statement for the offer which are available from www.intuerishares.co.nz.

The information in this document has been made available to the recipient for information purposes only and is not intended to be, and does not constitute a product disclosure statement, prospectus, short form prospectus or profile statement as those terms are defined in the Corporations Act 2001 (Cth). It does not constitute an offer for the issue, sale or purchase of any securities, or any recommendation in relation to investing in the Securities. Full details are set out in the Prospectus and the Investment Statement.

As an investment in the Securities can be subject to investment risk, an investor should read the Prospectus and the Investment Statement in their entirety and conduct their own independent review, investigation and analysis of the Company and the Securities and obtain any professional advice they require in deciding whether to acquire the Securities.

Any investor who wishes to acquire the Securities is required to complete an application form which is included in, or is accompanying, the Investment Statement.

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Arowana International Limited

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Supplementary Notice

On 15 April 2014 Arowana International Limited (**Arowana**) announced that it had determined to pursue a spin-off of Arowana's private vocational education subsidiary, Intueri Education Group Limited (**Intueri**). The spin-off would be undertaken by way of an initial public offering of shares in Intueri (**IPO**) with a primary listing of Intueri on the NZX and a dual listing on the Australian Securities Exchange (**Transaction**). A prospectus for the IPO was lodged with the New Zealand Financial Markets Authority on 15 April 2014 and amended by an instrument to amend dated 6 May 2014.

Implementation of the IPO is subject to approval by Arowana shareholders for the purposes of ASX Listing Rule 11.2. A detailed shareholder booklet including a notice of meeting and explanatory memorandum (**Shareholder Booklet**) was mailed to shareholders on 16 April 2014. At the time of despatch of the Shareholder Booklet, pricing for the IPO and the extent of the residual Arowana shareholding in Intueri had not yet been determined. As a result, full details of the likely impact of the Transaction on Arowana were not then known.

Pricing for the IPO and the extent of Arowana's residual shareholding has now been finalised. As foreshadowed in the Shareholder Booklet, this supplementary notice provides additional information for consideration by Arowana Shareholders. Arowana Shareholders should review this supplementary notice together with the Shareholder Booklet before determining how to vote on the Resolution.

Terms defined in the Shareholder Booklet have the same meaning in this notice.

1. Recommendation

The Independent Directors, comprising Malcolm Keefe and Hon. John Moore AO unanimously recommend that you vote **FOR** the Transaction. See Section 3.2 and 3.3 of the Shareholder Booklet and this supplementary notice for further information.

2. Final pricing

Pricing for the IPO was determined through an institutional and broker bookbuild undertaken on 7 May 2014. The price for Intueri shares under the IPO is NZ\$2.35. This is within the indicative range of NZ\$2.25 to NZ\$2.75 included in the Intueri prospectus. This pricing implies an enterprise value for Intueri (inclusive of the Quantum Education Group which is being acquired utilising funds from the IPO) of NZ\$252.5 million.

Applying an A\$/NZ\$ exchange rate of 1.0758, (being the spot exchange rate as at 5pm on 7 May 2014), this equates to a price of A\$2.18 per Intueri share and implies an enterprise value for Intueri (inclusive of Quantum) of A\$234.7 million.

3. Arowana residual holding

Arowana has determined to retain shares in Intueri on completion of the IPO representing 24.9% of the post-IPO share capital of Intueri. The Shareholder Booklet noted that Arowana's post-IPO interest in Intueri would be in the range of 15% - 25%.

4. Arowana's share of proceeds of sale

Arowana estimates that the net cash proceeds of sale of its interest in Intueri under the IPO will be NZ\$101.9 million. Based on the spot exchange rate as at 5pm on 7 May 2014, this equates to A\$94.7 million. The exact amount of the net proceeds could vary from the amount stated as a result of changes in the exact final costs of the Transaction and movements in the AU\$/NZ\$ exchange rate.

As at 30 April 2014, Arowana had unaudited consolidated cash at bank of approximately A\$8.5 million. On completion of the Transaction it is anticipated to have cash at bank of approximately A\$101.8 million.

5. Impact on financial position of Arowana

The impact of completion of the Transaction on the financial position of Arowana is illustrated in the unaudited pro forma balance sheet set out below. This unaudited pro forma balance sheet is based on the auditor-reviewed consolidated balance sheet of Arowana as at 31 December 2013 adjusted as if the Transaction were completed on the terms outlined above on 31 December 2013. The unaudited pro forma balance sheet is intended to be illustrative only and will not reflect the actual position and balances as at the date of completion of the Transaction.

The unaudited pro forma balance sheet is presented in summary only and does not comply with the presentation and disclosure requirements of Australian Accounting Standards.

Based on the unaudited pro forma 31 December 2013 balance sheet, Arowana's net tangible asset per share is A\$0.97 per share. This takes into account the value of Arowana's 24.9% remaining shareholding in Intueri assessed at the IPO price.

Historical and Unaudited Pro Forma Consolidated Balance Sheets

A\$'000	Historical 31 Dec 2013	Unaudited Pro Forma 31 Dec 2013
Cash and cash equivalents	16,211	101,846
Accrued income	13,431	60
Other assets	3,412	2,527
Total current assets	33,054	104,433
Fixed assets	7,076	599
Intangibles (incl. Goodwill)	38,674	5,941
Investments	-	54,392
Deferred tax asset	1,205	1,136
Total non-current assets	46,954	62,068
Trade and other payables	5,667	761
Deferred income	11,017	659
Borrowings	3,068	132
Total current liabilities	19,753	1,552
Borrowings	15,865	144
Other non-current liabilities	114	66
Total non-current liabilities	15,978	210
Net assets	44,278	164,739

Notes:

1. References to “pro forma” financial information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information may not have been subject to audit or review.
2. The column headed “Historical 31 Dec 2013” reflects the auditor-reviewed consolidated balance sheet of Arowana as at 31 December 2013 released to the market through ASX on 27 February 2014.
3. The column headed “Unaudited Pro Forma 31 Dec 2013” reflects the financial information referred to note 2 above adjusted on the basis of the following assumptions:
 - (a) the sale of shares in Intueri Education Group Limited under the IPO such that Arowana owns 24.9% of the post IPO issued capital of Intueri for net proceeds of A\$94.7 million as at 31 December 2013;
 - (b) Arowana’s remaining 24.9% investment in Intueri is disclosed at Intueri’s IPO price to provide shareholders with a true reflection of the NTA. Ordinarily, the investment in Intueri would be disclosed at cost in the financial statements in accordance with Australian Accounting Standards on the basis that Arowana treats the shareholding as a long-term strategic investment. The NTA of Arowana would be \$0.66 if investment in Intueri is disclosed at cost;
 - (c) no tax is expected to be payable by Arowana in relation to the sale of its shares in Intueri;
 - (d) payment of an unfranked dividend of A\$3,915,836 to Arowana Shareholders on 3 April 2014; and
 - (e) an A\$/NZ\$ exchange rate of 1.0758.
4. No provision has been made for any payment under the Arowana LTVCP. The amount of any payment under the LTVCP is currently not determinable since it will depend on the weighted average share price of Arowana during the calculation period of 20 trading days following completion of the Transaction.

6. Impact on revenue and profit

Following completion of the Transaction Arowana will have the following material sources of revenue and expenses:

- (i) Net earnings from Thermoscan Inspection Services (**Thermoscan**);
- (ii) Net earnings from Key Media HRM (**HRM**);
- (iii) Dividend income from its investment in Intueri;
- (iv) Income from cash balance; and
- (v) Arowana’s enterprise office corporate costs.

The anticipated impact of completion of the Transaction on Arowana’s profit before tax is illustrated in the unaudited pro forma profit before tax calculation set out below. This unaudited pro forma profit before tax calculation is based on the auditor-reviewed consolidated financial statements of Arowana for the half year ended 31 December 2013 adjusted as if the Transaction were completed on the terms outlined above on 30 June 2013. The unaudited pro forma profit before tax calculation is intended to be illustrative only and will not reflect the actual position and balances as at the date of completion of the Transaction.

The unaudited pro forma profit before tax calculation is presented in summary only and does not comply with the presentation and disclosure requirements of the Australian Accounting Standards.

A\$m	Audited half-year ended 31 Dec 2013	Underlying Pro Forma half year ended 31 Dec 2013	Unaudited 31 Dec 2013
Thermoscan NPBT	0.2		0.2
HRM NPBT	(0.1)		(0.1)
Intueri NPBT	2.7		-
Dividend income from investment in Intueri	-		0.9
Income from cash balance	-		1.8
Enterprise office corporate costs	(1.6)		(1.6)
Profit before tax	1.3		1.2

Note: Numbers may not add due to rounding

Notes:

- References to “pro forma” financial information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information may not have been subject to audit or review.
- Intueri NPBT, Thermoscan NPBT, HRM NPBT and Enterprise office corporate costs are sourced from the audit reviewed consolidated financial statements for Arowana for the half year ended 31 December 2013.
- Dividend income reflects the dividend that would have been payable by Intueri to Arowana in respect of the half year ended 31 December 2013 based on the prospective dividend yield of 3.3% (being the prospective dividend yield for Intueri for the calendar year ending 31 December 2014 presented on a half year basis) applying the dividend policy set out in Section 4.4 of the Intueri prospectus dated 15 April 2014 and based on Arowana holding shares in Intueri representing 24.9% of the issued capital of Intueri as if it held that interest for the half year ended 31 December 2013.
- Income from cash balance is based on a term deposit rate of 3.6% for 6 months. Cash balance has not been adjusted for LTVCP as the precise amount cannot be determined (see Section 8 below for more details).

7. Use of Arowana’s Sale Proceeds

As outlined in the Shareholder Booklet, the Board intends to implement a capital management program which may include the distribution of some of the cash proceeds from the Transaction to Shareholders. The exact amount and nature of the capital management program is currently being determined. The Board expects to provide an update on the capital management program to Shareholders once the Transaction has been completed.

While the final form of the capital management program has yet to be determined, the Board anticipates that the minimum size of the capital management program will be \$0.05 per share.

As outlined in the Shareholder Booklet, consistent with its diversified conglomerate model, Arowana will continue to focus on its strategic objective of investing in and operating businesses across a targeted range of industries that provide a high return on invested capital and invested management time.

The balance of the proceeds from Transaction, after distribution of some cash to Shareholders, will be retained by Arowana for future investment in such opportunities.

The Arowana management team is actively reviewing a number of value accretive opportunities across Australia, New Zealand and Asia. In particular, the team has identified a number of attractive high growth opportunities in the Asian region and Australia where Arowana can apply its investment and operational processes to create Shareholder value and leverage its strong networks. As always, the Arowana team will continue to apply its disciplined forensic approach in assessing investment opportunities and will continue to adopt a long-term mindset in all investment and operational activities.

8. LTVCP

As disclosed in Section 4.7 of the Shareholder Booklet, completion of the Transaction will constitute an Early Trigger Event for the purposes of Arowana's LTVCP. Arowana anticipates making a payment under the LTVCP to eligible Arowana enterprise office employees following completion. The precise amount that will be paid cannot presently be determined as it is contingent on the exact date of completion as well as the weighted average share price of Arowana during the calculation period. The amount payable will be announced to the market through the ASX when the precise payment under the LTVCP can be calculated.

Further Information

For further information please contact Tom Bloomfield on 1300 737 760.

By order of the Board
Tom Bloomfield
Company Secretary