

26 February 2016

Company Update

Appendix 4D – December 2015 Half Year Financial Report – Lodgement Delayed

Australian Careers Network Limited (ASX: ACO- the Company) announces that the lodgement of its Appendix 4D for the half year ending 31 December 2015 will be delayed due to inherent uncertainties surrounding its half year results.

As previously announced to the market, a substantial amount of ACO's group revenue now comes from VET FEE-HELP Commonwealth funding provided to Phoenix Institute of Australia Pty Ltd (Phoenix). In October 2015 the Commonwealth purported to defer payments to the Company and, on 19 January 2016, advised Phoenix, that it had determined not to pay Phoenix an amount of \$40m which was due to Phoenix and was previously approved for payment.

In December 2015, Phoenix lodged an application with the Federal Court of Australia to compel the Commonwealth to pay the unpaid amount. Hearings in the Federal Court commenced on 11 February and concluded on 15 February 2016. Judge Moshinsky reserved his judgement.


The Federal Court decision concerning the Commonwealth's payment of \$40m to Phoenix, which has a material impact on ACO's half year result, is not expected to be handed down until after 29th February, 2016. The directors are of the opinion that, due to the uncertainty surrounding the judgement and hence the ongoing source of revenue and the existing receivable from the Commonwealth, it would be appropriate to delay reporting until a determination has been made by the Court. Furthermore, issuing the December 2015 half year financial report, prior to the Federal Court delivering its judgment, would not provide users of the financial report with a true or fair view of the Group's financial position as at 31 December 2015 nor of its performance for the half year.

The Company notes that a reconciliation is due to occur at the end of March 2016 where the actual numbers of students for whom VET FEE-HELP payments are due for the year ending 31 December 2015 are reconciled with the payments which are currently due and outstanding. Given the Commonwealth's decision to not pay amounts due, the Company has concerns about the willingness of the Commonwealth to pay Phoenix additional amounts resulting from the reconciliation and of the Company including those amounts in the half year accounts.

The Company will consider issuing the Appendix 4D shortly after the Federal Court has issued its decision and will keep the market updated as matters proceed.

Update on Smallprint/Catapult Acquisition

The Company refers to the proposed acquisition of Smallprint and Catapult, announced in late 2015. Given the delays experienced in obtaining funds from the Commonwealth for training services provided, the Company has decided not to proceed with the acquisition.

A handwritten signature in black ink, appearing to read 'Ivan Brown', is positioned above the printed name.

Ivan Brown
Managing Director

For queries, please contact Australian Careers Network Limited on 03 8331 7890 or info@australiancareersnetwork.com.au