Celebrating Generation IDP

Annual Report 2019

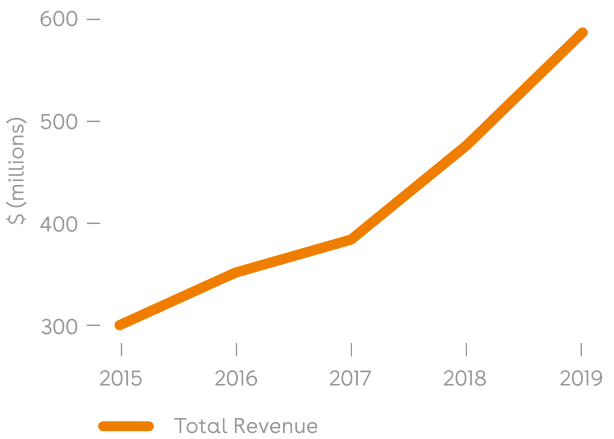
In our 50th year, we are proud to have delivered positive outcomes for our customers, global partners, shareholders and our people.

Fatema
IDP student from Saudi Arabia studying in Queensland

Contents

Record financial results

Strong revenue growth



"IDP helped me when I was a student. Now I use digital channels to share stories of our customers and connect them to opportunities."

McKen
From alumni to content specialist with IDP in Singapore

Positive product performance

$170m Student placement FY19 up 39% on FY18	**$360m** English language testing FY19 up 17% on FY18
$37m Digital marketing and events FY19 up 15% on FY18	**$27m** English language teaching FY19 up 24% on FY18

Satisfied customers globally

IDP students placed by IDP are likely to refer us to their family and friends. (Source: 2018 Student Satisfaction)

Celebrating an Australian success story

The IDP of today, a global enterprise stretching across 58 countries, is a different organisation to the Australian aid organisation that started in the late 1960s.

While our structure and services have evolved, our commitment to the transformative power of education remains steadfast.

This year, as IDP celebrates 50 years, we look back on the key milestones that defined our company and the wider international education sector.

1969

The early days... An aid organisation

IDP was formally established, initially as Australian Asian Universities Cooperation Scheme (AAUCS), to help develop universities in South-East Asia. While our original focus centred on building our regional neighbours' skills, it marked the start of an Australian consortium which would grow to become a world leader in its sector, helping more than half a million people change their lives through international education.

1981

Brand IDP introduced

As AAUSC opened its first offshore office in Jakarta, Indonesia, we rebrand to International Development Program, later shortened to IDP.[2]

1986

Australia opens its doors to international students, and IDP leads the way

A new policy by the Australian Government was introduced that allowed universities to accept full fee-paying international students. This was the catalyst for unprecedented growth in students coming to Australia[1]. As interest in destination Australia grew, IDP's business model evolved to become an offshore representative for Australia's highly regarded public universities.

1987

IDP opens in Singapore, its first office specifically to support student placement activities.

1989

IELTS redefines English language testing

IDP partners with Cambridge Assessment English and the British Council to develop and introduce the International English Language Testing System (IELTS). Over the last 30 years, IELTS has become the most trusted high-stakes English Language test in the world, relied upon by governments, educators and employers.

1992

Establishes the Australian Centre for Education, an English language teaching school in Cambodia, that would go on to become the market leader.

1996

Becomes wholly owned by 38 Australian Universities.

2006

SEEK acquires 50% shareholding and IDP converts from 'not-for-profit' to 'for-profit' status.

2010

Introducing the American Dream – more choices for students

IDP, already the industry leader for students considering studying in Australia, welcomes universities and institutions based in the United States to our list of client partners.

This milestone marks the start of our multi-destination strategy, which now supports students wishing to study in six major English-speaking countries: Australia, Canada, Ireland, New Zealand, United Kingdom and United States.

1. Dorothy Davis and Bruce Makintosh, *Making a difference: Australian International Education*, 2012, University of New South Wales Press.

2. Alec Lazenby and Denis Blight, *Thirty years in international education and development*, 1999, IDP.

2011

Extends multi-destination strategy into the United Kingdom and Canada.

2012

Extends multi-destination strategy into New Zealand.

2015

Lists on the Australian Securities Exchange

IDP becomes a publicly listed company on the Australian Securities Exchange (ASX).

2016

Celebrates 30 years of bringing the industry together

In collaboration with the International Education Association of Australia, IDP celebrates 30 years of hosting the Australian International Education Conference.

2017

The global platform build begins

With the world's leading physical office network now in place, spanning Greater China, South Asia, Australasia, South East Asia and the Middle East, IDP shifts focus to building digital capability. We announced a bold vision to build the world's leading platform and connected community to guide students along their journey to achieve their lifelong learning and career aspirations.

IDP acquires Hotcourses Group

This vision took a significant step forward when we acquired the Hotcourses Group, a world leader in online student engagement and marketing. The Hotcourses Group is now integrated into our global team as IDP Connect.

Launches computer-delivered IELTS

IDP launches its first computer-delivered IELTS dedicated computer labs in Australia in preparation for a global rollout. This was a significant innovation in IELTS' history, as test-takers now have more choice, and faster results.

2018

Extends multi-destination strategy to Ireland.

2019

Foundations for future growth

In line with celebrating our 50th anniversary, we have built the global platform which will connect our global community to their goals.

In doing so, we have shifted our focus from an analogue service, to delivering an omni-channel experience driven by smart insights.

With solid foundations for future growth, we are excited to support more students unlock their potential through education.

Our global team

The work we do changes the lives of individuals and communities around the world. This is a snapshot of our global team who make this happen.

Continuous education

A culture of innovation and curiosity is supported by a Massive Open Online Learning platform provided to teams.

Celebrating diversity

IDP's workforce is made up of 60% women, 40% men. We speak more than 35 languages, and live across 108 cities.

Nurturing leadership

Talent programs have been introduced to foster the next generation of leaders.

Towards a sustainable future

IDP is committed to building sustainable futures and improving the lives of our customers and our people. We have in place a range of partnerships, which contribute to the growth and prosperity of our communities and the environments where we operate.

Nyumbani

Demonstrating the power of education to change people's lives, in 2004 IDP Connect (formerly the Hotcourses Group) teamed up with an organisation called Nyumbani in Nairobi, Kenya. Nyumbani takes in orphaned children affected with the HIV virus who are unable to go to school and provides them with lifelong care.

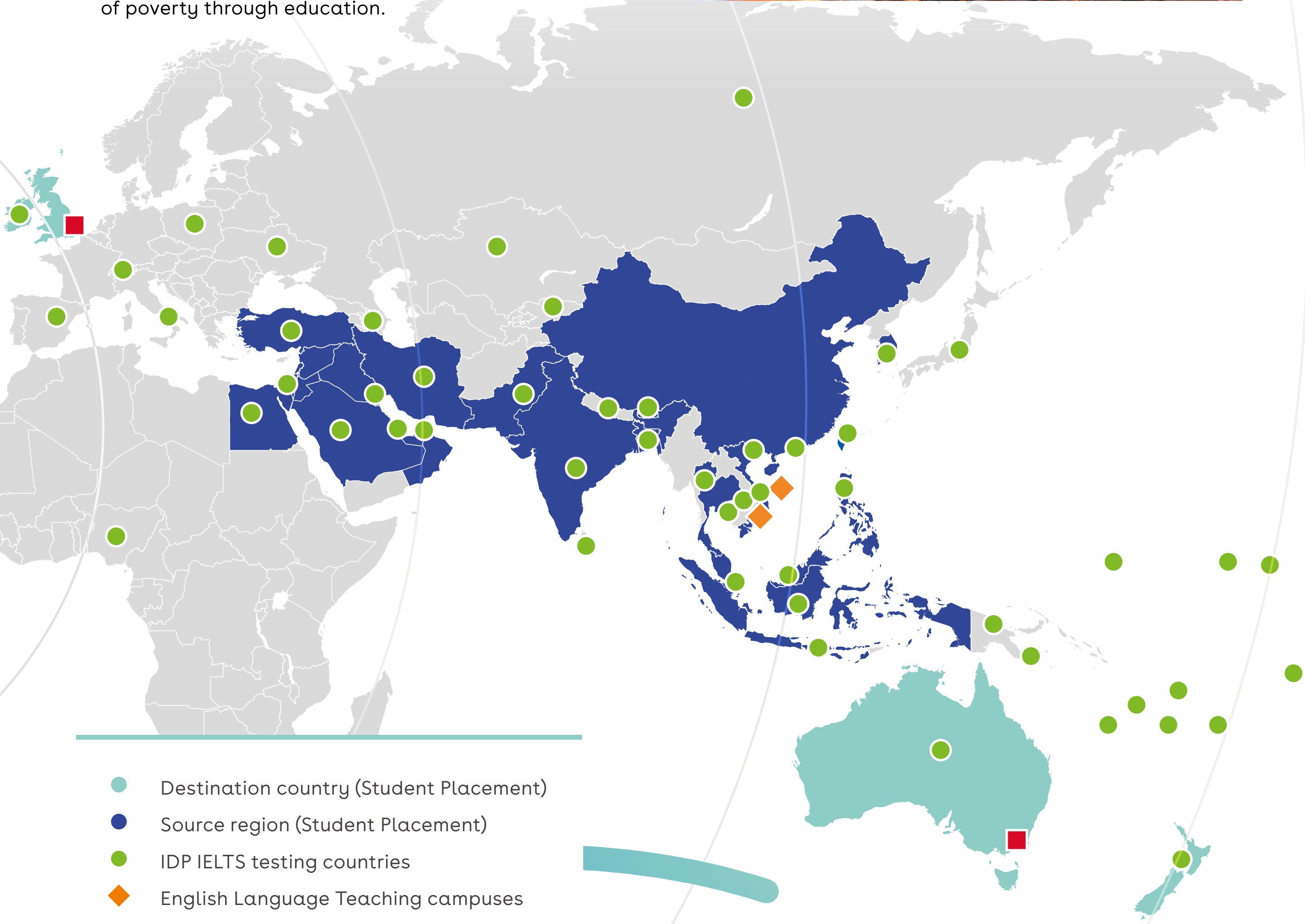
IDP Connect invested in setting up a primary school to provide much-needed education for these children, in what has become the Nyumbani Village. Today, our support allows Nyumbani UK and The Hotcourses Foundation to fund first class education to over 1,000 children with teachers from across Kenya. The most recent initiative has been to establish these schools as Beacons of Excellence in education.

As a result of the education in the Nyumbani Village schools and outreach programmes, we are seeing hundreds of students get into polytechnics and universities in Kenya. These students, typically studying vocational subjects, are gaining employability skills which will assist them to break free of the cycle of poverty through education.

Strategic impact

We have several investment initiatives underway to ensure we continue to support our communities, build greener futures, and address critical social inequalities. Our aim is to create both value for our business and deliver long-term global impact.


Nyambani students



- Destination country (Student Placement)
- Source region (Student Placement)
- IDP IELTS testing countries
- English Language Teaching campuses
- Head office

Chairman's Message

"I am pleased to report, thanks to the hard work of our team, we delivered another outstanding result."

Dear shareholders

The financial year of 2019 marked a significant and meaningful milestone for IDP Education.

This was the year we celebrated 50 years of pioneering international education services. Over the last half-century, IDP has evolved from a government-funded aid organisation to a global leader in our sector.

More importantly, we have helped more than half a million people enrich their lives through international education.

In 2019, I am pleased to report that, thanks to the hard work of our team, we delivered another outstanding result for our shareholders. This commitment and focus resulted in $598 million in revenue, an increase of 23 per cent on the year prior.

As in previous years, our diversified business model and service offering held us in good stead as our customers' needs and preferences shifted in line with changes to domestic policies and global market trends.

The strategic foresight of IDP's board to expand our destination offer beyond Australia continued to deliver returns this year. Our newer destinations of Canada, New Zealand and United States all delivered volume growth above 20 per cent for this financial year.

The addition of the Republic of Ireland earlier this year to our destination offer has enhanced our ability to help students find the country that will position them best to achieve their education goals.

23%	29%
Revenue increase on last year	EBITDA increase on last year

Turning attention to our current strategy and vision, in 2019 we began to realise the potential resulting from the investment we have made in our digital transformation. With our business firmly focused on building the world's leading platform and connected community, we completed the implementation of the technology infrastructure and began expanding the capability of our people.

With our technology foundations in place, we introduced new ways of working that unite us as a global team, so that we can provide consistent and personalised support for all our students, wherever they are in the world.

In our digital marketing business stream, we finalised the Hotcourses Group's integration into the company as a new B2B division, rebranded as IDP Connect. This new division, combining the best of IDP's client services with excellence in digital marketing, enabled us to form the definitive global dataset of our sector and will allow us to create valuable synergies from our 2017 acquisition.

In English language testing, our rapid roll-out of computer-delivered IELTS continued with the newer option now

Marco
IDP student from Philippines, studying in New Zealand

"We are committing to be available to customers, no matter when or how they choose to engage with us."

Diana
From Colombia, part of the IELTS support network

available in over 120 test centres around the world. More availability, more choice in test format and a dramatic improvement to the test day experience has empowered our test takers to achieve their English language test goals. Our customers showed their appreciation for these improvements, with a record-breaking number of 1.28 million tests taken in 2019.

Our English language teaching (ELT) business stream had another successful year, recording 24 per cent revenue growth. While only a relatively small part of our overall business, the ELT teams in Cambodia and Vietnam continue to deliver high-quality services to students.

Looking ahead, we are excited about our roadmap for success.

As we refine our global platform and grow our connected community, we are committing to be available to customers, no matter when or how they choose to engage with us.

The alumni network we have built over the last 50 years includes business and community leaders whose lives have been enriched, not only by their global education, but by their experience of new cultures, countries and people.

To you, our shareholders, thank you for your support of IDP and your belief in our vision.

To our people, thank you for your unwavering dedication and continued support throughout this journey.

Most importantly, to our students and alumni, thank you for choosing IDP to guide you through your international education journey and for being a part of our global story.

Peter Polson
Chairman

CEO's Message

"Since 1969, IDP Education has been driven by the belief that sharing knowledge and skills across borders leads to a smarter and more united world. While our products and services have evolved over this 50-year period, this belief remains steadfast."

Dear shareholders

Since 1969, IDP Education has been driven by the belief that sharing knowledge and skills across borders leads to a smarter and more united world.

While our products and services have evolved over this 50-year period, this belief remains steadfast.

In 2019, we celebrated our 50th anniversary by reflecting on the successes we have achieved over the last five decades.

At the same time, we also used this milestone to acknowledge our progress in building the global platform and connected community to guide international students along their journey to achieve their lifelong learning and career aspirations.

What were the key achievements for 2019?

This was an exceptional year for IDP. We achieved record financial and operating metrics and saw growth across all business lines.

We helped students gain entry into almost 50,000 courses in quality higher education institutions around the world.

We also delivered a record 1.28 million English language tests through IDP's IELTS global network.

Importantly, we achieved these operating results while simultaneously transforming our organisation.

Through this transformation, and our clear vision, we have built the foundations to deliver both a great customer experience and long-term growth for our global business.

How is IDP transforming as a business?

In 2019, we advanced our extensive digital transformation program, which aims to pivot all aspects of IDP to centre on our customers.

We designed an integrated set of technologies that enable us to expand the audiences we connect with and foster deeper relationships earlier in their study abroad, work and migration journeys.

This included building a leading course search network, linking customer touchpoints on a global customer relationship management tool; providing timely customer support through global contact centres and introducing a sophisticated marketing automation system to nurture students from initial online search through to commencing studies and beyond.

Mohit
IDP alumni from India, now a marketing general manager

Mehek
IDP student from Bangladesh, currently studying a Master of Teaching

To unlock the benefits from this new platform, we expanded our digital marketing capabilities in all regions. We also supported our teams by redesigning processes to ensure a superior experience, regardless of where and how a customer connects with us.

We are seeing results from this investment. In FY19, our hot and warm student enquiries from online increased by 37 per cent, 27 per cent more students attended our events and 33 per cent more students applied for a course through IDP. On top of this, we saw indications this investment is improving marketing efficiencies as our cost-per-student lead decreased by 11 per cent.

These metrics give us confidence in both our progress and commitment to our vision.

How did the business lines perform?

Student Placement

Our Student Placement volumes increased by 25 per cent. This growth was shared across a varied group of source countries and study destinations.

This global reach not only makes our business more resilient to local economic and political shifts, it also provides a diverse student mix for our higher education institution clients.

CEO's Message continued

Our five key study destinations – Australia, Canada, New Zealand, United Kingdom and the United States – all saw double-digit volume growth, with Canada leading the charge with an increase of 72 per cent.

We also expanded our physical office network to support more students across Nepal, Pakistan, India and Canada.

We were encouraged by the uptake of our value-add services, Student Essentials. We saw 117 per cent year-on-year growth for the new banking, accommodation and insurance services that aim to help students navigate all aspects of studying abroad.

English Language Testing

Over the year, IELTS built on its position as the world's most trusted English language test for study, work and migration. IDP delivered a record 1.28 million IELTS tests. This result was boosted by the expansion of our test centre network to new markets in Ireland, Poland, Chile and Peru.

The operational highlight of the year was the rapid roll-out of computer-delivered IELTS, which is now offered in 124 centres across 44 countries.

Digital Marketing and Events

This year we launched our new B2B division – IDP Connect – and in doing so, completed the integration of the Hotcourses Group into the wider business.

By combining the data-driven insights and marketing solutions of Hotcourses with the global reach and trusted advice of IDP, we are providing our clients with unrivalled opportunities to connect with the right students for their institution.

Our first integrated content services launched through IDP Connect showed early signs of supporting customers to move seamlessly from initial enquiry to application. Clients using the Content Hub products across our digital network were 83 per cent more likely to receive a student enquiry.

English Language Teaching

Our English Language Teaching campuses in Vietnam and Cambodia also had a positive year. Across nine campuses, we delivered almost 95,000 courses for students looking to improve their English language skills.

How can IDP ensure a more connected community?

Towards the end of FY19 we launched a new Corporate Responsibility Framework. This Framework will guide us in building a sustainable future and help us improve the lives of our customers, our people and our wider communities.

In its initial stage, the Framework focuses on extending our investment in initiatives that aim to create a greener future and address social inequalities, including creating new opportunities for women in education.

What are IDP's areas of focus heading into the next financial year?

Moving into FY20, we are leveraging our new operating processes and innovating how we design our products with our students, clients and test takers.

To support our continued focus on delivering superior customer service, we are introducing a net promoter score system across key touchpoints.

In the first half of the financial year we will launch our Digital Campus in Chennai. This will bring together 400 of our digital marketing, design and technical resources, enabling rapid product development and customer-centric innovation.

We will continue to expand our client services so we can provide data-driven insights and marketing solutions through IDP Connect. With in-market knowledge and propensity modelling, we aim to empower institutions to be more strategic about attracting a globally diverse student cohort.

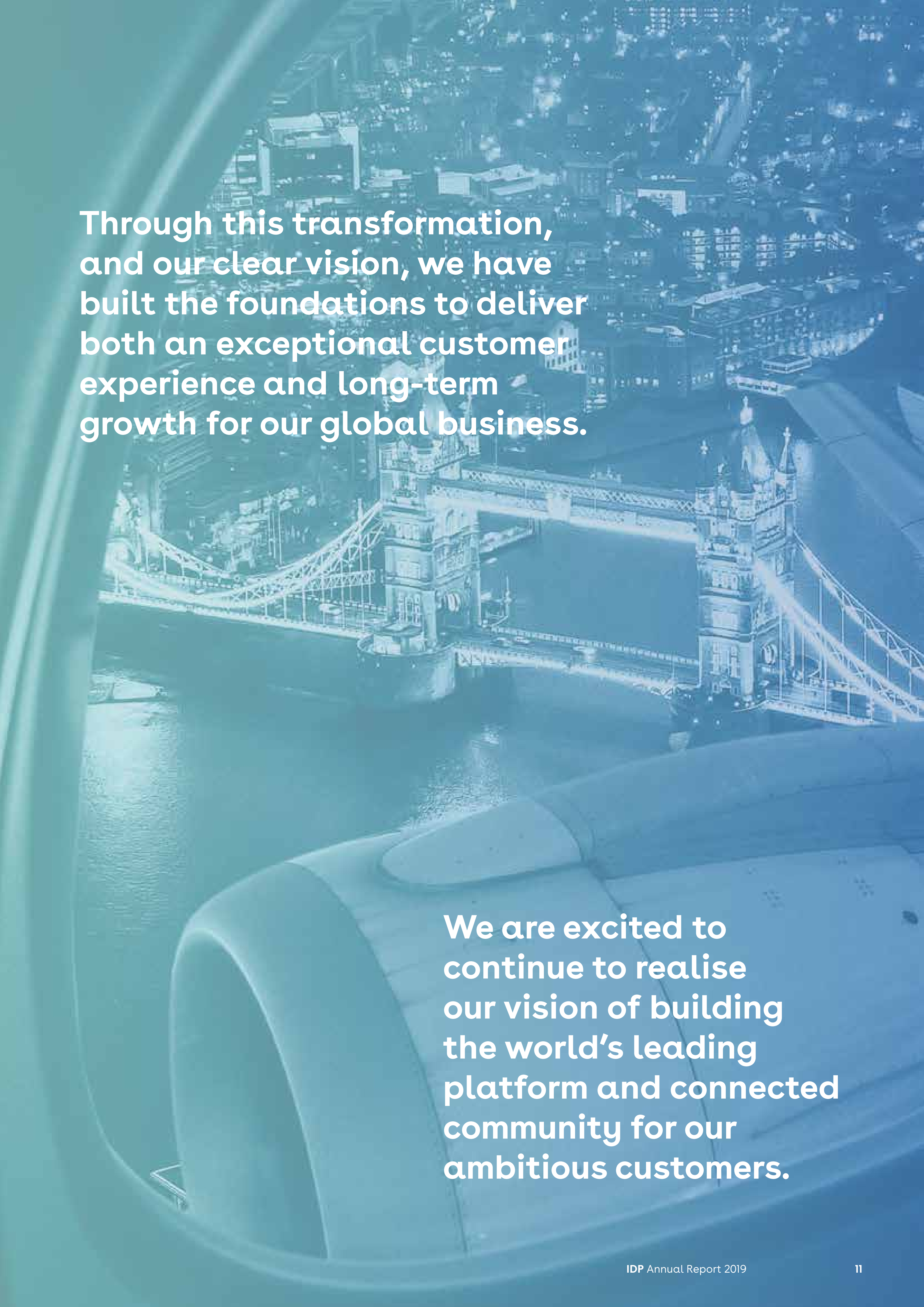
We are also prioritising an investment in the IELTS test taker journey. We are proud of our world-leading test and its role in helping people achieve their study and migration goals, however we are committed to making it an easier process for people to book and prepare for their test. By leveraging our new customer experience and digital capability, we are well positioned to achieve this.

We head into FY20 with great momentum and foundations for future growth.

We are excited to continue to realise our vision of building the world's leading platform and connected community for our ambitious customers.

Thank you for your ongoing support.

Andrew Barkla
CEO



Through this transformation, and our clear vision, we have built the foundations to deliver both an exceptional customer experience and long-term growth for our global business.

We are excited to continue to realise our vision of building the world's leading platform and connected community for our ambitious customers.

Board of Directors

Peter Polson

Non-Executive Director and Chairman

Peter was appointed Non-Executive Director of IDP in March 2007. At that time IDP was a private company, jointly owned by SEEK and Education Australia. Upon listing on the Australian Securities Exchange in 2015, Peter became the inaugural Chairman of IDP as a publicly listed company.

Peter has broad experience in the financial services industry, first as Managing Director of the international funds management business at the Colonial Group, then as an executive with the Commonwealth Banking Group. In this role Peter had responsibility for all investment and insurance services, including the group's funds management, master funds, superannuation and insurance businesses and third-party support services for brokers, agents and financial advisers.

Peter is the Chairman of Challenger Limited, Challenger Life Company Limited, Avant Group Insurance Limited and Very Special Kids.

Peter is also a Director of Avant Mutual Group Limited and Avant Group Holdings Limited.

Andrew Barkla

Chief Executive Officer and Managing Director

Andrew was appointed as Chief Executive Officer and Managing Director at IDP in August 2015.

Andrew has extensive experience in the technology, services and software industry, with over 20 years of senior management experience in roles across Australia, New Zealand, Asia and North America.

Prior to joining IDP, Andrew worked for SAP as President of Australia and New Zealand.

Prior to his role at SAP, Andrew held leadership roles at Unisys, including as Vice President of Unisys' Asia Pacific Japan operations covering 13 countries, as Member of Unisys' Global Executive Committee and as Chairman of Unisys West, a technology services joint venture between BankWest and Unisys.

Earlier in his career, Andrew was Vice President and General Manager of PeopleSoft's Asia Pacific region.

Ariane Barker

Non-Executive Director

Ariane was appointed as a Non-Executive Director at IDP at the completion of its IPO in November 2015 and is Chair of the Audit and Risk Committee.

As the CEO of Scale Investors, Ariane works to support female entrepreneurs and gender balanced startups who are in early stage businesses. She is a board member and member of the risk and audit committees, respectively, of Commonwealth Superannuation Corporation (CSC), a member of the Murdoch Children's Research Institute (MCRI) Investment Committee, and is a former Board Member of Emergency Services & State Superannuation (ESSSuper).

Ariane has extensive experience in international finance, risk management, and debt and equity capital markets, having worked in executive roles with JBWere (part of National Australia Bank), Merrill Lynch, Goldman Sachs and HSBC in the United States, Europe, Japan and Hong Kong.

Ariane is a graduate and member of the Australian Institute of Company Directors (AICD).

Chris Leptos AM

Non-Executive Director

Chris was appointed a Non-Executive Director of IDP in November 2015. His other Board roles include Chairman of SEA Electric, Deputy Chairman of Flagstaff Partners, and President of the National Heart Foundation.

He is a chartered accountant and a Fellow of the AICD. He is also a member of the Advisory Board of The University of Melbourne Faculty of Business & Economics, the Advisory Council of Asialink, a Professional Fellow at Monash University, and a Governor of The Smith Family.

He was previously a Senior Partner with KPMG and Managing Partner Government at Ernst & Young where he had national responsibility for leading the public sector and higher education practice. Chris retired as Deputy Chairman of Linking Melbourne Authority in December 2015.

Professor Colin J. Stirling

Non-Executive Director

Colin was appointed as a Non-Executive Director at IDP in February 2018. He is the President and Vice-Chancellor of Flinders University and brings more than thirty years of experience in international education in Australia, the UK and the USA. He also holds a number of other board positions across academic and community organisations and is a member of the Innovative Research Universities (IRU) Vice-Chancellors' Group.

Educated at the University of Edinburgh, and with a PhD from the University of Glasgow, Colin began his award-winning scientific career at the University of California, Berkeley.

Greg West

Non-Executive Director

Greg was appointed as a Non-Executive Director at IDP in December 2006. He is a Chartered Accountant with experience in the education sector, investment banking and financial services. Greg is on the Council of the University of Wollongong and a Director and Chair of the Audit Committee of UOWGE Limited, a business arm of the University of Wollongong with universities in Dubai, Hong Kong and Malaysia. Greg is also a Director and Chair of Education Australia Limited.

Previously, Greg was Chief Executive Officer of a dual listed ASX biotech company. He has worked at Price Waterhouse and held senior finance executive roles in investment banking with Bankers Trust, Deutsche Bank, NZI and other financial institutions. Greg is a Director of the St James Foundation Limited.

Professor David Battersby AM

Non-Executive Director

David was appointed as a Non-Executive Director at IDP in February 2011. He was appointed Vice-Chancellor of the University of Ballarat in 2006 and, in 2014, he became Foundation Vice-Chancellor of Federation University Australia completing his term of office in 2016.

He took up his current appointment as an Adjunct Professor at Southern Cross University in 2017.

David's previous senior appointments have been at universities in Australia and New Zealand and he has undertaken consultancies for UNESCO, the OECD and various government agencies.

He was foundation Chair of the Australian Regional Universities Network and the board of the Museum of Australian Democracy at Eureka and is currently on the board of directors of the Melbourne Institute of Technology.

David is also Deputy Chair of the Board of Education Australia Limited.

Financial Report
for the year ended 30 June 2019

Directors' report

The Directors of IDP Education Limited, present the financial report of IDP Education Limited (the Company) and its controlled entities (the Group or IDP) for the financial year ended 30 June 2019.

Operating and financial review

Introduction

A summary of IDP's consolidated financial results for the year ending 30 June 2019 ("FY19") is set out below. The financial performance of the company during the year was strong with another record year for revenue and earnings.

Summary Financials (A$m)

				Growth	
	Unit	FY19**	FY18	$m	%
Total Revenue	A$m	598.1	487.2	110.9	22.8%
Gross Profit	A$m	334.1	269.5	64.6	24.0%
EBIT	A$m	97.1	75.9	21.2	28.0%
NPAT	A$m	66.3	51.5	14.8	28.8%
NPAT (Adjusted)*	A$m	68.7	55.3	13.4	24.2%
EPS	cents	26.3	20.6	5.7	27.7%
EPS (Adjusted)*	cents	27.2	22.1	5.1	23.1%
Debt	A$m	60.5	63.9	(3.4)	-5.3%

* The table above includes a measure of "adjusted" NPAT and "adjusted" Earnings Per Share ("EPS"). These measures exclude amortisation of intangible assets acquired through business combinations from the calculation. This amortisation charge in FY18 and FY19 relates primarily to the acquisition of Hotcourses which was completed on 31 January 2017. The Directors believe these adjustments and other non-IFRS measures included in this report are relevant and useful in measuring the financial performance of the company. Later in the report the Directors also present "underlying" financial measures which remove the impact of foreign exchange movements during the year. The Directors believe that these "adjusted" and "underlying" metrics provide the best measure to assess the performance of the Group by excluding the impact of currency movements, non-cash intangible asset amortisation generated from business combinations from the reported IFRS measures.

** The Group has adopted the new revenue recognition accounting standard, AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. The impact from the adoption of the new accounting standard is not material to the FY19 results. The impact to FY19 was $0.2m increase to revenue and $0.2m decrease to NPAT. The FY18 comparatives have not been restated as permitted by the standard.

Review of Operations

IDP has a global footprint and a diversified business model across its four business lines. As a result, the aggregate performance of the company for any given year is driven by a large number of variables across many countries. This report provides a high-level summary of the highlights and key drivers during the year.

The performance of IDP in FY19 represents a continuation of the strong organic growth that the company has been experiencing over the past seven years. This growth has been underpinned by the ongoing global growth in the international education industry and the central role of English as a key global language. IDP has a global footprint and diversified business model that benefits from these global trends.

From an international education perspective, the key macro drivers remained supportive during FY19. IDP's key destination markets for student placement Australia, UK and Canada remain an attractive destination for international students.

IDP's largest student destination (by volume), Australia, continues to benefit from favourable regulatory settings, a reputation for high quality education and a safe and friendly living environment. Increased volumes from India and other parts of South Asia underpinned the ongoing growth of the industry for Australian education providers, while China after a long period of expansion had a small decline during the year.

IDP's second largest market, the UK, remains a very attractive destination for students seeking a high quality education. Whilst regulatory settings, particularly relating to post-study work rights, remain relatively restrictive, the UK industry saw solid growth in total international student volumes this year. IDP recorded strong growth in UK student volumes during the year. Whilst benefitting from the broader industry growth, IDP's performance largely reflected an increased market share across its source countries.

The Canadian market had another outstanding year with total student volumes growing very strongly relative to FY18. Canada's open and inviting regulatory settings with government policies designed to attract international students has underpinned the strong performance over the last four years. IDP has benefited from this dynamic with increasing levels of interest from prospective students in our source countries for study in Canada.

Sentiment towards the US as an international education destination remains mixed. Concerns over the openness of the country and safety for international students continue to impact aggregate demand. Despite these events impacting the overall market, demand for the US from IDP countries increased during the year, particularly for post graduate study.

IDP's English language testing business continues to benefit from the increased global mobility of students, workers and migrants to the main English speaking countries. The number of IELTS tests conducted by IDP in each period is however influenced by a diverse and complex range of microeconomic factors across more than 50 IDP IELTS countries. The performance of the company's IELTS operations is influenced by factors such as: economic conditions in the local economy; demand for overseas study and work; immigration policies and visa settings by the key English-speaking countries, and currency fluctuations. Competition is also a key factor and the recognition by governments and other organisations of alternative English tests also influences IELTS test volumes.

IDP views and manages its business on a geographic basis. Country and regional management are responsible for all activities in their geographic region across each of the company's key products (Student Placement, English Language Testing, English Language Teaching and Digital Marketing and Events). As a result, the company's key reporting segments comprise geographic regions. The sections below discuss the company's results across its three geographic regions.

Asia

The table below shows the company's results across its Asian region which includes the following markets: Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, Laos, Malaysia, Mauritius, Nepal, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam.

Asia Segment – Financial Summary

				Growth	
	Unit	FY19	FY18	$m	%
Total Revenue	A$m	391.8	304.9	86.9	28.5%
EBIT	A$m	113.6	82.6	31.0	37.5%
EBIT Margin	%	29%	27%		
% of Total Group Revenue	%	65%	63%		
% of Total Group EBIT (Excl Corporate Overheads)	%	73%	67%		

Asia posted another strong year of growth and continued to be a key driver of the company's profitability with 73% of group EBIT (excluding corporate overhead) coming from the region. The region includes both India and China which are the key engines of growth for the international education industry more broadly. These countries have large populations that are experiencing rising wealth and a high propensity to invest in education both domestically and abroad.

In India, IDP performed very strongly during the year with revenue growth of 38%, the company's performance benefited from strong student demand for placement into higher education courses to Australia and Canada and growth in market share of students placed in Australia, Canada and the UK. IDP IELTS volume growth in the second half was impacted by a short-term market share shift to the British Council in the Punjab region of India, and the college exam schedules in India being impacted by the general election. IELTS volume growth in India for the full year were still very strong at 18%.

In China, IDP delivered another solid year of growth with student placement revenue rising 20%. This was underpinned by a 68% increase in volumes to the UK.

In China, IDP grants the British Council a licence to distribute IELTS. As consideration, IDP receives a fee from the British Council which is calculated as a percentage of each candidate's IELTS test fee for IELTS tests taken in China. Growth in IELTS testing volumes in China of 9% during FY19 therefore contributed to IDP's earnings in its Asia segment.

Outside of India and China, IDP's performance in Asia was strongest in Vietnam, Cambodia and Bangladesh. In Vietnam and Cambodia, IELTS, student placement and English language teaching were strong contributors to growth, while in Bangladesh IELTS and student placement were the drivers of growth.

Offsetting this growth was weaker performance in Singapore, Malaysia and Philippines. Each of these countries recorded lower earnings for the year with a diverse range of factors impacting performance.

Australasia

The table below shows the company's results across its Australasian region which includes the following countries: Australia, Fiji, New Caledonia and New Zealand.

Australasia Segment – Financial Summary

				Growth	
	Unit	FY19	FY18	$m	%
Total Revenue	A$m	63.3	68.5	-5.2	-7.6%
EBIT	A$m	12.2	16.3	-4.1	-25.0%
EBIT Margin	%	19%	24%		
% of Total Group Revenue	%	11%	14%		
% of Total Group EBIT (Excl Corporate Overheads)	%	8%	13%		

Whilst recording another year of revenue and earnings decline, the performance of the Australasian segment showed signs of improvement during the year. This segment has recorded a decline in earnings for the last four years with competition in the English language testing market reducing IELTS volumes in Australia and New Zealand. Volumes in Australia were down again in FY19 and New Zealand, after strong growth of 72% in FY18 due to visa changes by the New Zealand Government, declined by 14% as the market settled with the backlog cleared.

IDP's onshore student placement business, our third largest student placement market, which counsels and advises international students that are already in Australia on further or alternative study options. This business had a solid increase in revenue during FY19 with volumes of international students placed in Australia 11% above the levels recorded in FY18.

EBIT declined in the Australasia segment primarily as a result of the decline in IELTS volumes but also reflects the investment made in student placement digital marketing resources and in a contact centre to qualify, nurture and convert leads across the digital platform.

Rest of World

The table below shows the company's results across the Rest of World region which includes: Argentina, Azerbaijan, Bahrain, Brazil, Canada, Chile, Colombia, Cyprus, Egypt, Germany, Greece, Iran, Ireland, Italy, Jordan, Kazakhstan, Kuwait, Lebanon, Mexico, Nigeria, Oman, Pakistan, Peru, Poland, Qatar, Russia, Saudi Arabia, Spain, Switzerland, Turkey, Ukraine, Uzbekistan, the United Arab Emirates ("UAE"), the United Kingdom, and the United States of America.

Rest of World Segment – Financial Summary

				Growth	
	Unit	FY19	FY18	$m	%
Total Revenue	A$m	143.1	113.8	29.3	25.7%
EBIT	A$m	30.1	24.9	5.2	20.9%
EBIT Margin	%	21%	22%		
% of Total Group Revenue	%	24%	23%		
% of Total Group EBIT (Excl Corporate Overheads)	%	19%	20%		

The Rest of World recorded a strong performance for the year with the Middle East, Canada, Nigeria and the UK underpinning the segment's growth.

The Middle East's underlying performance was a result of solid IELTS volume growth with total test volumes across the region up. The strongest performers were Iran, the UAE, Kuwait and Saudi Arabia.

Student Placement was strongest in the UAE which recorded a 24% increase in total student placement volumes. The Middle East showed good volume growth to Australia, UK and Canada destinations.

IDP's Canadian operations posted good results during the year with 19% volume growth. The onshore IELTS testing market in Canada has been growing strongly over the past three years with increased flow of international students and skilled migrants.

The entry into Nigeria two years ago with the IELTS business has been successful with very strong growth recorded in FY19 and the UK digital marketing revenue growing in line with expectations at 17%.

Results by Service

To aid the reader's understanding of the company's results, IDP has also prepared financial results by secondary segments which show revenue and gross profit by service. The analysis below discusses the operational and financial highlights for each of the company's services.

Student Placement – Operational and Financial Summary

				Growth	
	Unit	FY19	FY18	Unit	%
Volumes					
- Australia	000's	28.6	25.9	2.7	10.4%
- Multi-Destination	000's	21.0	13.9	7.1	51.1%
- Total Volumes	000's	49.6	39.7	9.8	24.8%
Revenue					
- Australia	A$m	104.4	80.6	23.8	29.5%
- Multi-Destination	A$m	65.9	42.1	23.8	56.6%
- Total Revenue	A$m	170.3	122.7	47.6	38.8%
Gross Profit	A$m	138.5	104.1	34.4	33.1%
Gross Profit Margin	%	81%	85%		
Average Fee (A$)					
- Australia	A$	3,654	3,115	539	17.3%
- Multi-destination	A$	3,137	3,034	103	3.3%
- Total	A$	3,435	3,087	347	11.2%

Note: The Average Fee for Student Placement shown in this table is calculated as total Student Placement revenue divided by the number of courses IDP enrolled students into at its client education institutions during the period. Total Student Placement revenue includes all revenue associated with all placements including any revenue received from the student. Volume data to calculate the Average Fee only includes IDP client education institution course enrolments and excludes course enrolment volumes at education institutions that are not clients of IDP.

Student placement volumes rose by 24.8% in FY19 reflecting a continuation of strong performance in recent years from this important business line. The investment made in the student placement digital platform over the past 2 years was completed during the second half of FY19 and the roll out to all IDP student placement countries was completed. The strong second half performance included contributions from the improved sales pipeline and larger volume of leads resulting from the new digital platform.

Growth in student placement revenue was also driven by further new office expansion in the regions with 9 new student placement offices opened in FY19. The new offices were opened in India, Pakistan, Nepal and Canada. IDP now has one of the largest student placement service networks in India with a total of 38 offices, and a total network of 127 student placement offices operating in 33 countries.

Volumes to Australia rose 10.4% which reflected volume growth in both off-shore and on-shore volumes. India had very strong growth with solid contributions to the growth from Australia onshore, Thailand, Sri Lanka and Bangladesh. China remained a significant proportion of the FY19 volume but had a small decline when compared to FY18.

The company's investment in its 'multi-destination' strategy continued to drive growth with a 51.1% increase in total volumes to the UK, USA, Canada, New Zealand and Ireland. Canada continued to be the strongest destination market for IDP in FY19 with volumes rising 72%. Positive regulatory settings in Canada, and strong execution in IDP student placement offices drove good conversion from increasing student demand.

Volumes to the UK continued to increase despite subdued conditions generally for study in the UK with IDP's focus on the higher quality institutions being rewarded by increasing market share and volume growth in China, India, UAE, Indonesia and Malaysia.

The average student placement fee across the business was up 11.2% relative to that recorded in FY18. A range of factors contributed to this change, including:

- A strong increase in Australian fees which was driven by negotiated fee increases with Australian clients;
- An increase in the essential services provided directly to students arriving in Australia for study such as health insurance and accommodation where a commission is paid by the service provider;
- A higher proportion of post-graduate and undergraduate courses and a lower proportion of English language and pathway programs where students enrolled;
- Higher underlying tuition fees, of which IDP takes a percentage for each successful placement;
- Lower growth in average multi-destination fees resulting from a shift in the mix due to the exceptional growth in Canada where IDP realised a lower average commission and lower student charging revenue for the UK and Canada from China.

English Language Testing – Operational and Financial Summary

				Growth	
	Unit	FY19	FY18	Unit	%
Volumes	000's	1,283.2	1,141.2	142.0	12.4%
Revenue	A$m	359.6	306.8	52.8	17.2%
Gross Profit	A$m	154.5	129.1	25.4	19.7%
Gross Profit Margin	%	43%	42%		
Average Fee	A$	280.2	268.8	11.4	4.2%

Note: The Average Fee for English Language Testing is the average of all English Language Testing revenue divided by the total number of IELTS tests conducted during the period.

In English Language Testing, IDP's IELTS volumes rose 12.4% in FY19 taking the annual total to 1,283,200 tests – a record for IDP.

Asia remains the key engine for growth in IELTS for IDP with 62% of the company's test volumes conducted in that region during FY19. As noted in the segmental commentary above, IELTS volume growth in the second half was impacted by a short-term market share shift to the British Council in the Punjab region of India, and the college exam schedules in India being impacted by the general election. IELTS volume growth in India for the full year was still very strong at 18%.

The company also benefited from growth in Nigeria, Vietnam, Uzbekistan, South Korea, Hong Kong and Bangladesh.

Volumes in Australia were down on the prior year due to the impact of competition, and the New Zealand market declined as the backlog caused by visa changes was cleared in FY18. Computer-delivered testing in Australia grew to 40% of total candidates in FY19.

The average fee for English Language Testing reflects a large number of variables across IDP's network of over 450 testing locations in over 50 countries. The increase in average test fees across the network was primarily a result of price increases taken in India and Australia where volumes are significant.

English Language Teaching – Operational and Financial Summary

				Growth	
	Unit	FY19	FY18	Unit	%
Courses	000's	94.2	83.3	10.9	13.1%
Revenue	A$m	27.5	22.2	5.3	24.0%
Gross Profit	A$m	18.9	14.7	4.2	28.6%
Gross Profit Margin	%	69%	66%		
Average Course Fee	A$	292.2	266.5	25.7	9.6%

IDP's English Language teaching business comprises 9 schools across Cambodia and Vietnam. The campus in Thailand was closed in December 2018 with the location being converted to an IELTS computer delivered testing facility. The division posted solid growth during FY19 with Cambodia continuing its strong performance and Vietnam returning to growth. Total course volumes across the division were up 13.1% for the year to a record 94,200 courses.

Revenue grew by a higher rate due to a higher average course fee, with a benefit from foreign exchange as course fees in Cambodia are charged and paid in US dollars.

Digital Marketing and Events – Financial Summary

				Growth	
	Unit	FY19	FY18	$m	%
Revenue	A$m	36.8	31.9	4.9	15.3%
Gross Profit	A$m	19.8	19.8	0.0	0.0%
Gross Profit Margin	%	54%	62%		

The Digital Marketing and Events segment captures the revenue IDP generates from its student placement events and from its IDP-connect (formerly Hotcourses) digital marketing business. Events are in-country recruitment fairs that IDP holds to promote its university clients to prospective students and their families. Universities that attend these events pay a fee to attend and meet IDP's students in each source country. The events are run on a cost-recovery basis in some markets and make a small loss in some markets and form a key part of the marketing activities for the company's student placement business.

Other – Financial Summary

				Growth	
	Unit	FY19	FY18	$m	%
Revenue	A$m	4.0	3.6	0.4	10.9%
Gross Profit	A$m	2.4	1.7	0.7	41.2%
Gross Profit Margin	%	59%	47%		

The company generated a small amount of other revenue in FY19 which was derived via contracted activities for development programs initiated by government or semi-government bodies, office services revenue and other miscellaneous items. Revenue from these activities grew at 10.9% during the year, while gross profit grew at 41.2%.

Financial Position

The financial position of IDP remains strong. As at 30 June 2019 the company had total assets of $369.5m of which 36% related to intangible assets and the remaining being comprised primarily of cash, trade receivables and property, plant and equipment. Total assets exceeded total liabilities by $153.9m.

IDP has the following facilities:

Great British Pound £30,906,112	Facility A: Acquisition funding 3-year unsecured Cash Advance loan facility for acquisition of UK subsidiaries
Australian Dollar $25,000,000	Facility B: 3-year unsecured Cash advance facility to support both general corporate purposes and working capital requirements of the Group
Australian Dollar $5,000,000	Facility C: Acquisition funding 3-year unsecured Cash Advance loan facility for investment in HCP Ltd

The total drawn debt is $60.5m at 30 June 2019.

From a cash perspective the company had $56.1m of cash on the balance sheet as at 30 June 2019.

The company's strong financial position and positive cash flow enabled it to declare two dividends during the year comprising:

- Final Dividend – a $16.5m (6.5 cents per share) dividend for the six months ending 30 June 2018. This dividend was franked at 60%
- Interim Dividend – a $30.5m (12 cents per share) dividend for the six months ending 31 December 2018. This dividend was franked at 50%

Foreign Exchange

IDP currently earns revenues and incurs expenses in approximately 45 currencies and as a result is exposed to movements in foreign exchange rates. It is therefore important to consider IDP's financial performance on an underlying basis by excluding the impact of foreign exchange movements during the year.

To illustrate the impact of foreign currency exchange rate movements on the FY19 result, IDP has restated its FY18 results using the foreign exchange rates that were recorded in FY19. By comparing FY19 to the restated FY18 financials, IDP is able to isolate the underlying performance of the business during the period.

The table below summarises this analysis and by comparing to the Summary Financials on page 15 shows that foreign exchange movements had a positive impact on the net profit after tax for the year. The weakening of the Australian dollar contributed $11.5m favourable exchange movement in revenue, and $7.0m favourable exchange movement in gross profit which offset the increase in expenses from exchange movement in our offshore operations. The impact of exchange movements on net profit after tax was favourable $2.2m.

Underlying Growth

	Unit	FY19	FY18*	Growth $m	Growth %
Total Revenue	A$m	**598.1**	498.7	99.4	19.9%
Gross Profit	A$m	**334.1**	276.5	57.6	20.8%
EBIT	A$m	**97.1**	78.3	18.9	24.1%
NPAT	A$m	**66.3**	53.8	12.6	23.4%
NPAT (Adjusted)**	A$m	**68.7**	57.6	11.0	19.2%

* Calculated by restating the prior comparable period's financial results using the actual FX rates that were recorded during the current period.

** Adjusted NPAT excludes acquired intangible amortisation.

IDP utilises a variety of methods to manage its foreign currency exchange rate risk. The key method is the use of forward exchange contracts and currency option contracts. IDP's hedging policy requires it to put in place hedges to cover the expected net cash operating flows of certain currencies including the GBP, INR, CNY, CAD and SGD.

Business Strategy and Prospects

The company's results during the period improved largely due to continued delivery of the organic growth strategy. This strategy has been designed to leverage past investment in the company's global network and capitalise on opportunities in the growing international student and high-stakes English language testing markets.

In Student Placement, the multi-destination strategy has underpinned the company's growth over recent years. The company has made substantial investments in establishing capabilities in the United States, the United Kingdom, Canada and New Zealand, and it expects to continue to benefit from these investments as it grows volumes to these destinations. The higher education market in Ireland was added as a destination in late FY18 and the benefits started to flow from opening the new destination to IDP students in the latter half of FY19 and will continue to grow into FY20.

In Australia, IDP is well positioned to capitalise on the continued growth in the number of international student enrolments to Australian institutions. IDP has a market leading position and strong reputation in its existing source countries for placing students to Australia. It will continue to build market share in these countries and will also look to leverage this capability and reputation by selectively and incrementally expanding its source country presence.

In addition to this organic volume growth IDP has commenced its drive to longer term growth in Student Placement through the use of technology. The first significant milestone of IDP's digital strategy focused on creating a digital platform for international students to engage with IDP beyond just the traditional face-to-face counselling service which is the main element of the current service offering. The roll out of IDP's digital platform, completed in March 2019 will enhance the experience for all of its customers and provide deeper and richer ways to engage with the student and clients throughout the international student journey.

IDP is also well positioned to capitalise on the continued growth in global demand for high-stakes English language testing driven by the ongoing requirement for English language capability for the purpose of study, work and migration.

The IELTS partners, IDP, British Council and Cambridge Assessment, have also invested significantly in systems, testing approaches and technology to advance and improve the IELTS product.

Risks

An investor in IDP needs to consider the financial impact of the risks below.

Regulatory risk – The company generates a substantial amount of income from placing international students into education institutions in Australia, the United States, the United Kingdom, Ireland, Canada and New Zealand. To the extent that any of these destination countries alter immigration policies, regulation or visa requirements that reduce the number of student or migration visas that they grant, this will have a direct impact on IDP's student placement enrolment volumes and/or IELTS test volumes and therefore revenue. Changes by government immigration authorities in these destination countries that decrease or remove the acceptance of IELTS, increase competition from other providers or change the way that tests are administered, could also have a material and adverse impact on the company's financial position and performance.

Geopolitical – Political events and tension, unfavourable press, negative international relations and other international events may reduce the attractiveness of particular destination countries for students and other migrants originating from particular source countries. Any future circumstances which reduce the attractiveness of a particular destination country to foreign students or other migrants may have a material and adverse impact on the company's financial position and performance.

Risks of operating a global company – The global footprint which IDP operates across is exposed to regulatory, operating and management complexities and risks. There are certain risks inherent in doing business in foreign jurisdictions such as unexpected changes in legal and regulatory requirements, difficulties in managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, expropriation, nationalisation, the application of sanctions, embargoes or export and trade restrictions and war. There may also be foreign exchange controls which restrict or prohibit repatriation of funds and prohibitions and delays from customers or government agencies. These issues may arise from time to time, in the foreign jurisdictions in which IDP operates, which could have a material and adverse impact on the company's financial position and performance.

Competition – IDP operates in highly competitive markets across all of its geographies and products. IELTS in particular competes with a number of alternative high-stakes English language tests and, in most jurisdictions, IDP competes with the British Council as a distributor of IELTS. The following factors have the potential to reduce the number or profitability of IELTS tests that are conducted by IDP and therefore could have a material and adverse impact on the company's financial position and performance: (i) the cost of sitting alternative high-stakes English language tests being lower than that for IELTS; (ii) increased acceptance by destination education institutions and immigration departments of alternative high-stakes English language tests; (iii) an increase in the number of testing centres, and times, at which alternative high-stakes English language tests can be taken; (iv) alternative high-stakes English language tests being marked in quicker timeframes when compared to those for IELTS; or (v) alternative high-stakes English language tests being perceived to be fairer and/or more suited to people whose first language is not English.

Relationship with Education Australia

Education Australia, which represents 38 Australian universities, owns approximately 50% of the Shares of IDP Education Limited. The Constitution of IDP Education Limited requires that:

- for such time as Education Australia is registered as the holder of at least 10% of the voting securities in the company (Securities), a majority of the Board is to comprise, collectively, Independent Directors (as defined in the Constitution) and representatives of Education Australia; or
- if at any time Education Australia ceases to hold at least 10% of the Securities, a majority of the Board is to comprise Independent Directors only;

Accordingly, there exists the potential for Education Australia to exert a significant degree of influence over the company's management and affairs and over matters requiring Shareholder approval, including (among other things) the election of Directors and the approval of significant corporate transactions.

Directors

The following persons were Directors of IDP Education Limited during the financial year and up to the date of this report unless otherwise stated:

Name	Particulars
Peter Polson	Non-Executive Director and Chairman
Andrew Barkla	Managing Director and Chief Executive Officer
Ariane Barker	Non-Executive Director
Professor David Battersby AM	Non-Executive Director
Chris Leptos AM	Non-Executive Director
Professor Colin Stirling	Non-Executive Director
Greg West	Non-Executive Director

Details of each Director's qualifications, experience and special responsibilities are set out on page 12 to 13.

Company Secretary

The Company Secretary is Murray Walton, who is also the Chief Financial Officer of the Group. Murray Walton is a member of the Institute of Chartered Accountants Australia and New Zealand and a graduate member of the Australian Institute of Company Directors (AICD).

Meetings of Directors

The following table sets out the number of meetings (including meetings of committees of directors), held for the year and the number of meetings attended by each Director.

	Board		Audit and Risk Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Peter Polson	7	7	7	7	4	4	2	2
Andrew Barkla	7	7	–	–	–	–	–	–
Ariane Barker	7	7	7	7	4	4	2	2
Professor David Battersby AM	7	7	–	–	–	–	2	2
Chris Leptos AM	7	7	–	–	4	4	2	2
Professor Colin Stirling	7	7	–	–	–	–	2	2
Greg West	7	7	7	7	–	–	2	2

Principal activities

The Group's principal activities during the year were:

› placement of international students into education institutions in Australia, UK, USA, Canada, New Zealand and Ireland. Services include counselling, application processing and pre-departure guidance;

› distribution and administration of International English Language Testing System ("IELTS") tests, a globally recognised high-stakes English language test for study, work and migration purposes. IDP is a co-owner of IELTS with the British Council and Cambridge Assessment;

› operation of English language schools in Vietnam and Cambodia; and

› operation of digital marketing and event service.

There was no significant change in the nature of these activities during the year.

Significant changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year.

Future developments

Likely developments in, and expected results of the operations of the Group in subsequent years are referred to on page 23 except to the extent disclosure of the information would be likely to result in unreasonable prejudice to the Group. The type of information not disclosed includes commercial in confidence information such as detailed operational plans and strategies that would provide third parties with a commercial advantage.

Dividends

In respect of the financial year ended 30 June 2019, an interim dividend of 12.0 cents per share franked at 50% was paid on 29 March 2019. A final dividend of 7.5 cents per share franked at 45% was declared on 21 August 2019, payable on 26 September 2019 to shareholders registered on 10 September 2019.

In respect of the financial year ended 30 June 2018, an interim dividend of 8.5 cents per share franked at 70% was paid on 29 March 2018. A final dividend of 6.5 cents per share franked at 60% was paid on 27 September 2018.

Events subsequent to balance date

There has not been any matter or circumstances occurring subsequent to the balance date that has significantly affected, or may significantly affect, the operation of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' interests in securities

The relevant interests of Directors in the Company's securities at the date of this report were:

	Ordinary Shares	Options	Performance Rights
Peter Polson	86,655	-	-
Andrew Barkla	122,471	720,000	260,530
Ariane Barker	18,867	-	-
Professor David Battersby AM	7,231	-	-
Chris Leptos AM	25,867	-	-
Professor Colin Stirling	-	-	-
Greg West	25,000	-	-

Environmental regulation and performance

The Group's operations are not subject to any significant environmental regulations under the government legislation of the countries it operates in. The Group's environmental footprint is small and arises primarily from the energy used and materials consumed in its offices. The Board believes that the consolidated company has adequate systems in place for the monitoring of environmental regulations.

Indemnification and insurance of officers

During the year, the Company paid a premium in respect of a contract insuring the Directors of IDP Education Limited (as named above), the Company Secretary, Murray Walton, and all executive officers of IDP against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are essential and will not compromise their independence.

Details of amounts paid or payable to the auditor Deloitte Touche Tohmatsu for audit and non-audit services provided during the year are outlined in Note 24 to the financial statements.

The Directors have considered the non-audit services provided during the year and are satisfied these services are compatible with the general standard of independence for auditors imposed by 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 & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

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 page 49.

Rounding of amounts to the nearest thousand dollars

The Group is of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191* dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' report and financial report are rounded off to the nearest thousand dollars, except where otherwise stated, to the nearest dollar.

Corporate governance policies

IDP is committed to strong and effective governance frameworks and complies with the Australian Securities Exchange Corporate Governance Principles and Recommendations 3rd Edition (ASX Principles). IDP's Corporate Governance Statement, in addition to corporate governance policies are available in the Investor Centre – Corporate Governance section of the company Website, at *https://investors.idp.com/Investor-Centre/?page=Corporate-Governance*

Letter from Remuneration Committee Chairman

Dear Shareholder,

On behalf of the Board I am pleased to introduce IDP Education Limited's 2019 Remuneration Report for which we seek your support at our Annual General Meeting in October 2019.

The financial year just completed was our third full year of operation as an ASX listed company. As detailed in the financial section of our Report 2019 was again a record year in terms of both revenue and earnings and I am pleased to say we remain on track to continue delivering on our ambitious growth plans.

IDP operates in over 30 countries around the world with a significant presence in Asia, the Middle East, North America, Europe and Australasia. The company experienced volume growth across all product categories and significant growth in student placement, driven by our multi-destination offerings. During the year, we became a leader in digital education search and student engagement as we grew our international network across Asia, Australasia and the rest of the world.

Throughout the year management has:

› Broadened our offer to both students and clients;
› Expanded our addressable market to students who may otherwise not use a placement agent;
› Accelerated our ability to develop and deploy world-class digital solutions tailored for the education industry;
› Enhanced our connectivity to the strategically important UK market;
› Supported the roll out of a virtual agency model; and
› Strengthened our role as a leading provider of international student placement services, high-stakes English language testing services and operator of English language schools in South East Asia.

Our continuing success is reflected in our security price. Total Shareholder Returns (TSR) since listing have exceeded 495%. This success has also resulted in management achieving above target awards under the annual incentive plan and they are expected to meet the long-term hurdles set under our long term equity incentive schemes. Maintaining a near perfect record of achievement since listing.

Remuneration remains a key focus of your Board. IDP's significant growth, technological change and diverse geographic locations provides unique challenges. During FY19 the Board has managed these challenges actively and our review and governance processes have included the following:

› Half yearly review of IDP's executive KMP remuneration strategies and policies;
› Independent benchmark assessments of all executive KMP positions, as well as regional GLT roles. Increases in remuneration for FY20 have been proposed for selected critical roles;
› Independent benchmark assessments of Board positions;
› Review and update of Change of Control provisions under IDP's Employee Equity Plan;
› Refinement of the remuneration mix of selected senior executives to increase their 'at risk' component;
› Review and refinement of financial and non-financial components of IDP's short term incentive schemes to ensure they remain focussed on key deliverables that are challenging at the target level;
› Consideration of changes occurring in remuneration trends and regulatory settings arising from changes in the ASX Corporate Governance Guidelines and Principles; and
› Consideration of the lessons learned from the Haynes Royal Commission and recommendations effecting the Financial Services Industry.

As Chair of the Board's Remuneration Committee I continue to work closely with my fellow Directors, external advisers and management to ensure that IDP maintain an effective and flexible remuneration framework to meet all challenges and designed to drive results and motivate our employees at all levels. During the year I have again met with a number of our key shareholders, other stakeholders and the proxy adviser firms representing institutional investors to ensure we remain informed of their issues and concerns.

Overall, we believe IDP's remuneration framework remains robust and meets contemporary standards. In summary, the framework remains materially unchanged and is designed to:

- Provide a strong link between executive KMP remuneration outcomes and IDP's financial performance but also mindful of our key strategic requirements;
- Ensure that executive KMP remuneration outcomes reflect both IDP's short and long-term objectives, including risk management practices that will support sustainable performance over the long term; and
- Retain and attract talent necessary to deliver above average organisational performance.

Your Board remains focussed on ensuring our remuneration policies and practices remain contemporary and sufficiently nuanced to accommodate the changing environment in which we operate. Overall our executive remuneration is balanced between fixed and variable components and aligned to achieving our key business strategies and designed to enhance shareholder value. As we continue to grow and expand we will continue to adapt our remuneration responses to meet all challenges and ensure we develop the best talent available to deliver our world class services to our customers for the benefit of all stakeholders.

Peter Polson
Chair of the Remuneration Committee
21 August 2019

Remuneration Report

Key management personnel (KMP) is defined by AASB 124 Related Party disclosures. Only Directors, the Chief Executive Officer and executives that have the authority and responsibility for planning, directing and controlling the activities of IDP Education Limited, directly or indirectly and are responsible for the entity's governance are classified as KMP.

The KMP of IDP for the year ended 30 June 2019 were:

	Position	Period as KMP
Executive KMP		
Andrew Barkla	Managing Director and Chief Executive Officer	17 August 2015 to Current
Murray Walton	Chief Financial Officer and Company Secretary	9 March 2010 to Current
Warwick Freeland	Chief Strategy Officer and Managing Director IELTS Australia	10 August 2008 to Current
Non-Executive Directors		
Peter Polson	Chair	21 March 2007 to Current
Ariane Barker	Non-Executive Director	12 November 2015 to Current
Professor David Battersby AM	Non-Executive Director	9 February 2011 to Current
Chris Leptos AM	Non-Executive Director	12 November 2015 to Current
Greg West	Non-Executive Director	4 December 2006 to Current
Professor Colin Stirling	Non-Executive Director	6 February 2018 to Current

Remuneration governance

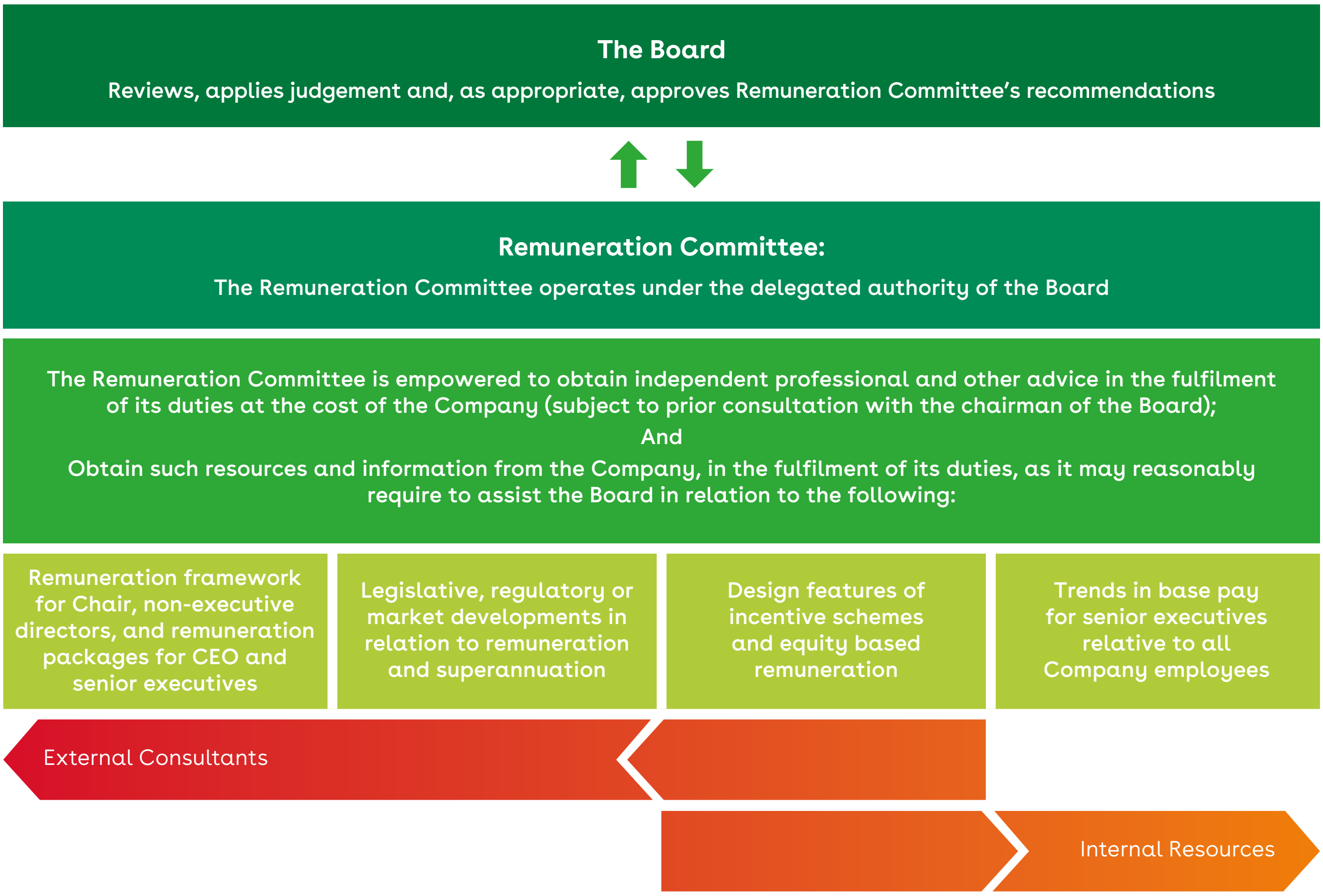
This section of the Remuneration Report describes the role of the Board and the Remuneration Committee, and the use of remuneration consultants when making remuneration decisions.

Role of the Board and the Remuneration Committee

The Board is responsible for IDP's remuneration strategy and policy. Consistent with this responsibility, the Board has established the Remuneration Committee (the Committee).

In summary, the role of the Committee includes assisting and advising the Board on remuneration policies and practices for the Board, the Chief Executive Officer (CEO), the other Executive KMP, senior executives and other persons whose activities, individually or collectively, affect the financial soundness of the Company. The Committee advises the Board on remuneration practices and policies which are fair and responsible, by recognising the correlation between performance targets and reward, in order to provide value to shareholders.

The Committee's role and interaction with the Board, internal and external advisors, are further illustrated below:



Further information on the Committee's role, responsibilities and membership is contained in the Corporate Governance Statement. The Remuneration Committee Charter can also be viewed in the Corporate Governance section of the Investor Centre of the IDP website.

As at 30 June 2019, the Committee comprised the following Non-executive Directors:

- Mr Peter Polson (Chair)
- Ms Ariane Barker
- Mr Chris Leptos

The Directors' Report provides information regarding:

- skills, experience and expertise of the Committee members; and
- number of meetings and attendance of members at the Committee meetings

Use of remuneration consultants

The Board directly engages external advisors to provide input to the process of reviewing Executive KMP and Non-Executive Director remuneration. A Use of Remuneration Consultants Policy was approved by the Board on 21 August 2017.

During FY19, Crichton and Associates Pty Limited (Crichton and Associates) were engaged by the Board to provide recommendations in relation to KMP and various other remuneration consulting services. Crichton and Associates were paid (invoiced) $20,775 for these services.

The following arrangements were made to ensure that the remuneration recommendations have been made free from undue influence:

› Crichton and Associates takes instructions from an independent Non-executive Director and the Committee and is accountable to the Board for all work completed;
› During the course of any assignment, Crichton and Associates may seek input from management, however deliverables are provided directly to the Remuneration Committee and considered by the Board; and
› Professional fee arrangements are agreed directly with the Remuneration Committee Chairman.

As a consequence, the Board is satisfied that the remuneration recommendations were made free from undue influence from any member of the KMP.

In addition to providing remuneration consulting services, Crichton and Associates also provided services relating to other aspects of remuneration of the Group's employees, including the provision of valuation services, IDP Employee Incentive Plan (IDIP) award offer documentation and other related advisory services. For these services Crichton and Associates was paid (invoiced) $32,814 during FY19.

Remuneration strategy

IDP's Board, Executive and Employee Remuneration Policy (Policy) aims to set employee and executive remuneration that is fair, competitive and appropriate for the markets in which it operates and is mindful of internal relativities. IDP aims to ensure that the mix and balance of remuneration is appropriate to reward fairly, attract, motivate and retain senior executives and other key employees.

Specific principles of IDP's remuneration strategy include:

› reward is one important component of the overall employee experience supporting the attraction and retention of a highly skilled and diverse workforce;
› the weighting toward shared KPIs and performance measures recognises IDP's success requires collaboration;
› provide a fair and competitive (internal and external) fixed annual remuneration for all positions under transparent policies and review procedures;
› link executive rewards to shareholder value accretion by providing appropriate equity (or equivalent) incentives to selected senior executives and employees linked to long-term company performance and core values;
› provide competitive total rewards to attract and retain appropriately skilled employees and executives;
› have a meaningful portion of remuneration 'at risk', dependent upon meeting pre-determined benchmarks, both short (annual) and long term (3+ years); and
› establishing appropriate, demanding performance hurdles for any executive equity incentive remuneration.

The Policy is drafted in such a way as to enable IDP to navigate the complexity of managing remuneration across numerous geographies and varying job roles.

Executive KMP remuneration strategy and objectives are summarised in the table overleaf:

IDP Executive KMP Remuneration Objectives

Shareholder value creation through equity components	An appropriate balance of 'fixed' and 'at risk' components	Creation of reward differentiation to drive performance culture and behaviours	Attract motivate and retain executive talent required at each stage of development

Total Annual Remuneration (TAR) or Total Target Remuneration (TTR) is set by reference to relevant market benchmarks

Fixed	At Risk	
Fixed Annual Remuneration (FAR)	Short Term Incentives (STI)	Long Term Incentives (LTI)
Fixed remuneration is set based on relevant market relativities, reflecting responsibilities, performance, qualifications, experience and geographic location	STI performance criteria are set by reference to Group and Business Unit performance targets appropriate to the specific position	Targets are linked to IDP group objectives such as EPS CAGR and relative TSR

Remuneration will be delivered as

Base salary plus any allowances (includes Superannuation for Australian Executives)	Paid, as cash, on completion of the relevant performance period. Deferral of a portion of the STI into equity (performance rights) may be considered	Awarded as equity and vest (or not) at the end of the performance period

Strategic intent and market positioning

FAR in the early stages will be positioned between the median and 75th percentile (+/-) compared to relevant market based data considering expertise and performance in the role	Performance incentive is directed to achieving key strategic or financial targets. FAR and STI opportunity is intended to be positioned in the 3rd quartile of the relevant benchmark group	LTI is intended to align executive KMP with shareholder interests. LTI opportunity should ideally be positioned at or about the top of the 3rd quartile

Total Annual Remuneration (TAR) or Total Target Remuneration (TTR)

TAR or TTR is intended to be positioned in the 3rd quartile compared to relevant market based comparisons. 4th quartile TAR or TTR may be derived if demonstrable out performance is achieved by IDP

Executive remuneration mix

IDP endeavours to provide an appropriate and competitive mix of remuneration components balanced between fixed and at risk, and paid both in cash and deferred equity.

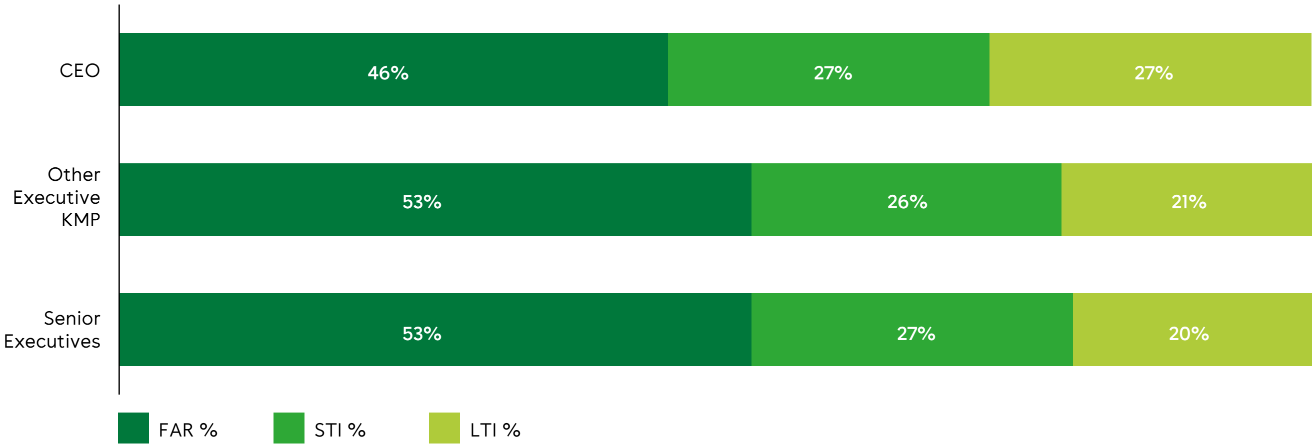
Remuneration overview

As discussed above, each executive's total remuneration package may be comprised of the following elements:

- Fixed Annual Remuneration (FAR)
- At-Risk Remuneration:
  - Short Term Incentive (STI)
  - Long Term Incentive (LTI)

The illustration below provides an overview of the average FY19 Total Target Remuneration mix for the CEO, other Executive KMP and senior executives of IDP.

FY19 Total Target Remuneration Mix (at target)



In determining the Total Target Remuneration mix for the CEO and other Executive KMP, the Board has considered the following:

- Setting market competitive Fixed Annual Remuneration;
- Achieving an appropriate mix between fixed and variable remuneration;
- Providing a meaningful STI (targeted at up to 60% of FAR) aligned to the achievement of key financial and other organisational metrics over the current financial year; and
- Providing meaningful LTI (targeted at up to 60% of FAR) aligned to meeting benchmark earnings (EPS CAGR) and share growth (relative TSR) targets over a three (3) year performance period.

It is intended that if the benchmark targets are achieved then IDP will have outperformed and the CEO and other Executive KMP will achieve top quartile remuneration benefits.

The reward mix and performance expectations are reviewed annually.

Executive KMP Remuneration Mix

The mix of remuneration for the Executive KMP in FY19 is shown in the following table and a detailed description of each is discussed in more detail:

	Fixed Annual Remuneration ($)	STI (At-Target) ($)[1]	STI (Exceptional) ($)[2]	LTI (At-Target) ($)[3]
Executive KMP				
Andrew Barkla	900,000	540,000	972,000	540,000
Murray Walton	559,000	279,500	503,100	196,650
Warwick Freeland	441,850	220,925	397,665	198,833

1. For Executive KMP, the STI is the total payment at-target as a % of the FAR.
2. For Executive KMP, STIs have a stretch component that is designed to encourage exceptional performance. The figure quoted would apply if the maximum was achieved for every STI performance measure.
3. For Executive KMP, the LTI refers to the value, at-target, of any grant as a % of FAR. The number of performance rights issued was calculated by dividing the LTI value by share price (ASX: IEL) determined based on the 5 day Volume Weighted Average Price (VWAP) following announcement of FY18 results.

Fixed Annual Remuneration

Fixed Annual Remuneration represents the fixed portion of executive remuneration and includes base salary, salary packaged benefits, allowances and employer superannuation contributions.

IDP's approach to FAR settings is to aim to position all executives between the median and 75th percentile of relevant comparator group executives as determined by independent benchmark assessment and advice.

The table below applied logically, can be used as a guide to IDP's remuneration setting process.

Relative Positioning	Comments
1st Quartile	Inexperienced in the position but coping, or an experienced employee exhibiting performance gaps.
2nd Quartile	Experienced in the position, usually with a minimum of two years' service. In the competent range, but capable of further development or improvement in the role.
Mid-point (Median)	Fully competent executive or employee making a consistent and sound contribution, coping with and sometimes exceeding all the demands of the position.
3rd Quartile	Very experienced executive, exhibiting demonstrably superior performance. External appointees would often be recruited at this level. That is between the median and 75th percentile. The majority of senior executives would be likely to be paid at the 62.5th percentile, that is the middle of the 3rd quartile.
4th Quartile	Only **outstanding** and **strategically critical** executives would be remunerated in the 4th quartile. Care will be taken not to duplicate or inflate TAR through STI or LTI at this level. Less than 10% of executives likely to be paid at this level.

Executive KMP FAR is tested regularly for market competitiveness by reference to appropriate independent and externally sourced comparable benchmark information, including comparable Australian Securities Exchange (ASX) listed companies, and based on a range of size criteria including market capitalisation, revenue, number of employees taking into account an executive's responsibilities, performance, qualifications, experience and geographic location.

FAR adjustments, if any, are made with reference to individual performance, an increase in job role or responsibility, changing market circumstances as reflected through independent benchmark assessments or through promotion.

Any adjustments made to Executive KMP remuneration are approved by the Board, based on Committee recommendations referring to benchmarking data and the guidance of the independent remuneration consultant where appropriate.

Short term incentive

IDP has target based short term incentive plans in place for all Executive KMP.

Performance criteria set for STI plans reflect fundamental strategic or performance objectives to ensure a focussed and successful performance incentive program.

The target and maximum annual STI that may be awarded to Executive KMP is expressed as a percentage of FAR.

The key features of the STI plan are as follows:

Purpose	The STI arrangements at IDP are designed to reward executives for achievement against annual performance targets set by the Board at the beginning of the performance period. The STI program is reviewed annually by the Remuneration Committee and approved by the Board.
Performance criteria	During FY19, the key performance criteria of IDP were directed to achieving the following Board approved targets: › Earnings before Interest, Taxation, Depreciation and Amortisation; › Growth in the number of Applied students in Australia, United Kingdom (UK), Ireland and Canada; › Growth in volume of hot and warm student placement leads to global business; › Delivery of computer delivered IELTS global roll-out plan and growth in number of computer delivered tests; › Delivery of the Student Placement Global Ways of Working framework; and › Revenue growth in digital marketing and data products / service streams and incremental revenue in the UK and Europe student placement business (Hotcourses Group only). The Board believes that these specific STI performance criteria support the strategic direction of the Company and will encourage an increase in financial performance, market share and shareholder returns.
Rewarding performance	The STI performance weightings are set under a predetermined matrix with the Board determination final. Executive KMP's STI have a stretch component that is designed to encourage above at-target performance.
Performance period	The STI performance period is for the financial year 1 July to 30 June.
STI payment	The current year, CEO's STI is paid as follows: › STI amounts up to $100,000 and 50% of any amount above $100,000 will be paid in cash subsequent to 30 June 2019 following completion of the performance period and audit of the associated financial statements; and › 50% of any amount above $100,000 will be satisfied through a grant of service rights issued under the IDIP. The service rights are subject to a vesting condition that the CEO remains employed for a further 12 months from the end of the financial year. The STI of remaining other Executive KMP was paid in cash subsequent to 30 June 2019 following completion of the performance period and audit of the associated financial statements.

The performance criteria set are reviewed annually to ensure they align with the company's evolving business strategies and goals. The FY20 performance criteria will consist of a mix of financial (EBIT) and non-financial criteria.

Long-term incentives

The IDP Employee Incentive Plan (IDIP) is the Company's employee equity scheme.

The IDIP has been structured to meet contemporary equity design standards and enables the Company to offer selected employees a range of different remuneration, incentive awards or employee share scheme interests.

The flexible design accommodates current and future needs with seven possible award structures available. The Company has currently offered five of these, Performance Rights, Options Service Rights, Deferred Shares and Exempt Shares (general employees only), to Executive KMP and senior executives as depicted below.

Awards Available Under the IDIP

Performance Rights	Options	Service Rights	Exempt Shares	Deferred Shares	Cash Rights	Stock Appreciation Rights

IDP has offered a range of LTI Awards under the IDIP. These Awards are designed to assist in the motivation and retention of senior management and other selected employees in line with contemporary market practice.

The vesting conditions are designed to achieve the long term objectives of the Company as identified by the Board at the time of granting and the individual LTI awards have included some of the following criteria:

› Achievement of forecast or target financial performance measures, including:
  – Earnings per share compound annual growth;
  – Total shareholder return (TSR) compound annual growth; or
  – IDP comparative ranking of TSR against the component companies in the ASX300 Discretionary Index or other relevant selected comparator group.

The vesting conditions also include continuous service over the three year LTI period to promote talent retention.

The relevant performance conditions and the hurdle rates are reviewed, updated and approved annually.

The Board believes that the specific LTI vesting conditions will ensure the alignment of KMP's awards with shareholder returns. As at 30 June 2019, Executive KMP participate in the following Awards under the IDIP:

› the FY17 Award;
› the FY18 Award
› the FY19 Award; and
› Deferred STI grant.

The key features of the LTI plans are as follows:

LTI Award	Performance rights/ options awards	Grant date	Grant date fair value ($)	Exercise price ($)	Vesting conditions	Vesting date
FY17 Award – Tranche 1	Performance Rights	14-Sep-16	3.83	0.00	EPS target CAGR over the period 1 July 2016 to 30 June 2019[1] Continuous employment with IDP until Vesting Date	31-Aug-19
FY17 Award – Tranche 2	Performance Rights	14-Sep-16	2.56	0.00	Ranking in TSR against the component companies in the ASX300 Discretionary Index from grant date to 30 June 2019[2] Continuous employment with IDP until Vesting Date	31-Aug-19
FY18 Award – Tranche 1	Performance Rights	15-Sep-17	5.45	0.00	EPS target CAGR over the period 1 July 2017 to 30 June 2020[3] Continuous employment with IDP until Vesting Date	31-Aug-20
FY18 Award – Tranche 2	Performance Rights	15-Sep-17	4.07	0.00	Ranking in TSR against the component companies in the ASX300 Discretionary Index from grant date to 30 June 2020[4] Continuous employment with IDP until Vesting Date	31-Aug-20
FY19 Award – Tranche 1	Performance Rights	27-Sep-18	9.67	0.00	EPS target CAGR over the period 1 July 2018 to 30 June 2021[5] Continuous employment with IDP until Vesting Date	31-Aug-21
FY19 Award – Tranche 2	Performance Rights	27-Sep-18	6.30	0.00	Ranking in TSR against the component companies in the ASX300 Discretionary Index from grant date to 30 June 2021[6] Continuous employment with IDP until Vesting Date	31-Aug-21

1. The base EPS has been set at adjusted FY16 EPS of 15.09c. 50% of performance rights available will vest if an EPS CAGR of at least 10% is achieved. 100% of performance rights available will vest if an EPS CAGR of at least 12% is achieved. Vesting will be on a pro rata basis between 10% and 12%.
2. 50% of performance rights available will vest if IDP Education Ltd achieves a ranking in TSR against the ASX 300 Discretionary Index of greater than or equal to 50th percentile. 100% of performance rights available will vest if IDP Education Ltd achieves a ranking in TSR against the ASX 300 Discretionary Index of greater than or equal to 75th percentile. Vesting will be on a pro rata basis between 50th percentile and 75th percentile achievement.
3. The base EPS has been set at FY17 EPS of 16.58 cents per share. 50% of performance rights available will vest if an EPS CAGR of at least 12% is achieved. 100% of performance rights available will vest if an EPS CAGR of at least 14% is achieved. Vesting will be on a pro rata basis between 12% and 14%.
4. 50% of performance rights available will vest if IDP Education Ltd achieves a ranking in TSR against the component companies in the ASX 300 Discretionary Index of greater or equal to 50th percentile. 100% of performance rights available will vest if IDP Education Ltd achieves a ranking in TSR against the component companies in the ASX 300 Discretionary Index of greater or equal to 75th percentile. Vesting will be on a pro rata basis between 50th percentile and 75th percentile achievement.
5. The base EPS has been set at FY18 EPS of 20.23 cents per share. 50% of performance rights available will vest if an EPS CAGR of at least 12% is achieved. 100% of performance rights available will vest if an EPS CAGR of at least 14% is achieved. Vesting will be on a pro rata basis between 12% and 14%.
6. 50% of performance rights available will vest if IDP Education Ltd achieves a ranking in TSR against the component companies in the ASX 300 Discretionary Index of greater or equal to 50th percentile. 100% of performance rights available will vest if IDP Education Ltd achieves a ranking in TSR against the component companies in the ASX 300 Discretionary Index of greater or equal to 75th percentile. Vesting will be on a pro rata basis between 50th percentile and 75th percentile achievement.

Termination benefits

The remuneration and other terms of employment are covered in a formal employment contract. The employment contracts include provisions requiring a minimum notice period by both the Executive and IDP. If either party provides notice, the Company may make a payment in lieu of notice.

For all Executive KMP, in the event of serious misconduct or other circumstances warranting summary dismissal, notice is not required.

The minimum notice period for each Executive KMP are set out in the below table.

Executive KMP	Contract type	Notice period by Executive	Notice period by IDP	Redundancy Payment
Andrew Barkla	Ongoing	3 months	9 months	If terminated by reason of redundancy, 5 weeks notice and 34 weeks severance
Murray Walton	Ongoing	3 months	3 months	General redundancy terms apply as mandated by the Fair Work Act 2009
Warwick Freeland	Ongoing	13 weeks	26 weeks	General redundancy terms apply as mandated by the Fair Work Act 2009

Clawback provisions

The Board approved an executive remuneration malus and clawback policy in relation to performance based remuneration on 21 August 2017. No circumstances have arisen during the current year that have required application of this policy.

Linking remuneration and performance in FY19

FY19 STI performance scorecard

The Board believes that the specific STI performance criteria set encourage the delivery of improved financial performance, an increase in market share and the resulting improvement in shareholder returns.

The relationship between the Executive KMP at-risk remuneration and IDP's performance can be demonstrated through the STI performance criteria, their weighting and the outcome achieved for FY19.

Measure	Weighting	Outcome
Earnings before Interest, Taxation, Depreciation and Amortisation	50.0%	58.0%
Volume of Applied students to Australia, United Kingdom (UK), Ireland and Canada	15.0%	17.1%
Volume of hot and warm student placement leads to global business	5.0%	7.2%
Volume of computer delivered IELTS tests delivered	5.0%	0.0%
Computer delivered IELTS launched in 23 countries	5.0%	10.0%
Delivery of the Student Placement Global Ways of Working framework	20.0%	20.0%
	100.0%	**112.3%**

These measures were selected for the STI as the Executive KMP together with the full Global Leadership Team need to remain focussed on the successful delivery of computer delivered IELTS and adopt a global ways of working framework for the student placement business to position IDP for future financial success.

The Board is delighted that the Company and the executive team have delivered these at or above target results.

The table below provides a summary of STI payments achieved for the FY19 performance year:

FY2019	STI At-Target $	STI Achieved[1,2] $	At-Target STI Achieved %	At-Target STI Forfeited %
Executive KMP				
Andrew Barkla	540,000	606,377[3]	112.3%	NIL
Murray Walton	279,500	313,856	112.3%	NIL
Warwick Freeland	220,925	248,081	112.3%	NIL

1. STI amounts indicated to have been achieved in respect of the year ended 30 June 2019 are subject to annual review and only payable subsequent to 30 June 2019 upon ratification and recommendation by the Remuneration Committee and approval by the Board.
2. With the exception noted in footnote 3, all STI amounts will be paid in cash.
3. An STI amount of $253,188 satisfied through a grant of service rights issued under the IDIP. The service rights are subject to a vesting condition that the CEO remains employed for a further 12 months from the end of the financial year.

The above target results are reflected in IDP's superior EBITDA and EPS results reflecting a strong alignment between executive remuneration and company performance.

LTI performance scorecard

LTI Awards are granted annually to all executive KMP. Apart from special incentive awards, LTI awards are granted as performance rights with both an earnings (EPS CAGR) and TSR (IDP TSR relative to S&P/ASX 300 25 Discretion Accumulation Index (XDKAI) component company TSR) over a set three year performance period. There are currently three unvested LTI grants and the current expectation of each grant for performance vesting is as follows:

Award	EPS CAGR Vesting Date	Estimated % to vest	TSR relative Vesting Date	Estimated % to vest
FY17 LTI	31 August 2019	100%	31 August 2019	100%
FY18 LTI	31 August 2020	100%	31 August 2020	100%
FY19 LTI	31 August 2021	100%	31 August 2021	100%

IDP is on track to exceed the EPS CAGR hurdle rates set for each LTI Award grant. The EPS CAGR for the period from 1 July 2015 to 30 June 2018 was 17.8% and 18.1% for the period from 1 July 2016 to 30 June 2019. If IDP's budgeted and forecast earnings are achieved the three year EPS CAGR targets for FY20 and FY21 will also be achieved.

We believe the EPS CAGR component of LTI awards provides a very strong correlation between IDP's performance and Executive KMP remuneration outcomes.

IDP's TSR performance relative to the component companies in the ASX/S&P300 Discretionary Index also reflects IDP's outperformance as it has consistently achieved top quartile performance over an extended period. Accordingly, the Board believes the reward outcomes for executives of a series of years are in alignment with company performance.

Remuneration Report continued

The following table provides a summary of critical performance metrics showing IDP's financial performance for FY19 and the four years prior:

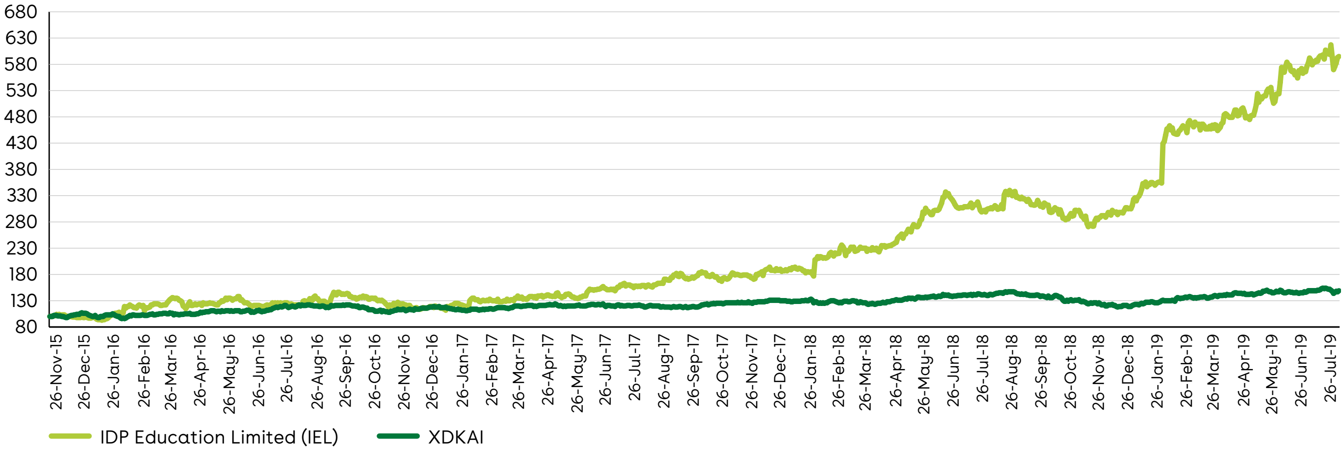
Measure	FY19	FY18	FY17	FY16	FY15
Revenue ($000)	598,136	487,155	394,187	361,636	309,865
% change from previous year	22.78%	*23.58%*	*9.00%*	*16.71%*	*20.75%*
Earnings Before Interest and Taxation ($000)	97,116	75,924	61,224	53,664	45,150
% change from previous year	27.91%	*24.01%*	*14.09%*	*18.86%*	*16.91%*
Net Profit after Taxation ($000)	66,311	51,481	41,511	39,914	31,476
% change from previous year	28.81%	*24.02%*	*4.00%*	*26.81%*	*12.47%*
Basic Earnings per Share (cents per share)	26.26	20.59	16.58	15.95	12.58
% change from previous year	27.54%	*24.18%*	*3.95%*	*26.79%*	*12.52%*
3 year Compound Annual Growth Rate (Conventional)	18.08%	*17.85%*	*14.04%*	*23.49%*	*n/a*
Diluted Earnings per Share (cents per share)	26.09	20.14	16.20	15.60	12.48
% change from previous year	29.54%	*24.32%*	*3.85%*	*25.00%*	*11.93%*
Dividend (cents per share)	18.50	14.00	12.50	19.18	15.58
% change from previous year	32.14%	*12%*	*-34.83%*	*23.11%*	*18.21%*
Share Price as at 30 June ($)	17.66	10.58	5.09	4.12	n/a
Average STI payout as a % at-target for eligible KMPs	112.3%	122.5%	119.5%	94.3%	n/a

The component of LTI awards linked to TSR relative performance is a less reliable measure of performance. Because this measure requires a calculation of all the component companies in the XDKAI (approximately 44 companies) the exact performance can only be assessed at the final test date (30th June each year). An indicative only result can be shown by comparing IDP's TSR relative to the XDKAI as set out in the following chart.

As indicated, IDP has consistently outperformed the XDKAI. Since listing IDP has achieved an approximate 495% TSR, whereas the XDKAI has returned 49%. This means shareholder returns for IDP shareholders are in excess of ten times the selected comparator index over the period since listing.

Accordingly, based on early indications, a 100% vesting of the TSR component of the LTI awards granted in 2016, 2017 and 2018 are expected although subject to independent verification and testing at the relevant test dates, which are different in each case.

IEL TSR vs S&P/ASX300 25 Discretion Accumulation Index (XDKAI)
26 November 2015 to 12 August 2019



Executive KMP Statutory remuneration table

The following table has been prepared in accordance with Section 300A of the *Corporations Act 2001* and details statutory accounting expense of all remuneration-related items for the Executive KMP. Note that the table below accrues amounts for equity awards being expensed throughout FY19 that are yet to, and may never, be realised by the Executive KMP member. The statutory remuneration table below differs from the FY19 KMP remuneration mix outlined on page 36. Differences arise mainly due to the accounting treatment of share-based payment (performance rights and options).

		Short term Benefits				Post-employment Benefits	Long-Term Benefits	Equity-Based Benefits	
	Financial Year	Salary $	STI[1] $	Other $	Non-monetary Benefits $	Superannuation $	Leave[2] $	Performance rights/ Options[3] $	Total remuneration $
Executive KMP									
Andrew Barkla	2019	875,000	606,377	-	-	25,000	24,533	721,365	2,252,275
	2018	775,000	588,087	-	-	25,000	13,690	1,126,705	2,528,482
Murray Walton[4]	2019	534,000	313,856	-	-	25,000	39,157	117,258	1,029,271
	2018	426,000	276,278	-	-	25,000	23,916	113,556	864,750
Warwick Freeland	2019	416,850	248,081	-	-	25,000	15,210	168,474	873,615
	2018	403,978	262,788	-	-	25,000	14,430	326,588	1,032,784
Total	2019	1,825,850	1,168,314	-	-	75,000	78,900	1,007,097	4,155,161
	2018	1,604,978	1,127,153	-	-	75,000	52,036	1,566,849	4,426,016

1. Short-term STI includes both cash and service rights expected to be paid/vest in future periods as a result of FY18 and FY19 STI outcomes.
2. Long-Term benefits represents long service leave accrued but untaken during the year.
3. Equity based benefits represent benefits issued under the LTI. It represents statutory accounting expenses measured under AASB 2, which are based on the grant date fair value, amortised on a straight line basis over the vesting period. Refer to share based payments accounting policy (note 22) for further details.
4. The CFO role was benchmarked in 2017 with FAR found to be materially under market. As indicated in the 2017 Annual Remuneration Report, the CFO's FAR was increased above market increases as a continuation of the gradual progression to market benchmark.

Executive KMP LTI outcomes

Executive KMP	LTI Award	Performance rights/ options awards	Grant date	Opening balance
Andrew Barkla	The FY16 Award	Performance Rights	19-Oct-15	324,447
	The FY17 Award	Performance Rights	14-Sep-16	116,505
	CEO Incentive Award	Options	17-Aug-15	4,150,000
	The FY18 Award	Performance Rights	27-Sep-17	94,302
	The FY19 Award	Performance Rights	27-Sep-18	–
Murray Walton	The FY16 Award	Performance Rights	19-Oct-15	96,695
	The FY17 Award	Performance Rights	14-Sep-16	33,216
	The FY18 Award	Performance Rights	27-Sep-17	31,011
	The FY19 Award	Performance Rights	27-Sep-18	–
Warwick Freeland	The FY16 Award	Performance Rights	19-Oct-15	147,574
	The FY17 Award	Performance Rights	14-Sep-16	45,490
	FY17 Special Incentive Award	Performance Rights	14-Sep-16	97,087
	The FY18 Award	Performance Rights	27-Sep-17	37,925
	The FY19 Award	Performance Rights	27-Sep-18	–

Executive KMP shareholdings

Details of ordinary shares held by the Executive KMP and their related parties are provided in the table below:

Executive KMP	Opening balance	Performance/ Service Rights exercised	Options exercised	Net change other[1]	Closing balance
Andrew Barkla	61,022	324,447	3,430,000	(3,715,469)	100,000
Murray Walton	36,700	96,695	–	(68,895)	64,500
Warwick Freeland	–	244,661	–	(244,661)	–

1. These amounts represent ordinary shares purchased or sold directly or indirectly by the Executive KMP during the financial year. These transactions have no connection with the roles and responsibilities as employees of the Group.

Granted during year	Exercised during year	Forfeited during year	Closing balance – vested and exercisable	Closing balance – vested but not exercisable	Closing balance – unvested
–	(324,447)	–	–	–	–
–	–	–	–	–	116,505
–	(3,430,000)	–	720,000	–	–
–	–	–	–	–	94,302
49,723	–	–	–	–	49,723
–	(96,695)	–	–	–	–
–	–	–	–	–	33,216
–	–	–	–	–	31,011
18,015	–	–	–	–	18,015
–	(147,574)	–	–	–	–
–	–	–	–	–	45,490
–	(97,087)	–	–	–	–
–	–	–	–	–	37,925
18,308	–	–	–	–	18,308

Please note, table continues from page 44.

Non-executive Director remuneration strategy and framework

Non-executive Director fees are determined by reference to external survey data, taking account of the Group's relative size and business complexity.

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director. However, under the ASX Listing Rules, the total amount paid to all Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company in a general meeting. This amount, being the fee pool limit, has been fixed at $1,500,000 per financial year.

Each Non-executive Director's total remuneration package may be comprised of the following elements:

- Base fee
- Committee fee

Non-executive Directors have no entitlement to STI or LTI.

No retirement benefits are payable to Non-executive Directors other than statutory superannuation entitlements.

The below table provides further details relating to the components of the Non-executive Director remuneration.

Component	Delivered	Description
Base Fee	Cash	The base fee represents remuneration for service on the IDP Board. The base fee for the Chair represents the entire remuneration for that role.
Committee Chair fees	Cash	Committee chair fees represent remuneration for chairing Board committees.
Committee Member Fees	Cash	Committee member fees represent remuneration for service on an IDP Board Committee.

Non-executive Director remuneration was last increased effective March 2018 based on an independent assessment of Board remuneration of comparable companies. This increase represents the only increase in fees since the company listed in November 2017. The current Non-executive Director remuneration fee structure is shown in the following table:

	$ per annum
Base Fee	
Chair	350,000
Non-executive Director	150,000
Committee Chair Fees	
Audit and Risk Committee	20,000
Nomination Committee	10,000
Remuneration Committee	10,000
Committee Member Fees	
Audit and Risk Committee	10,000
Nomination Committee	10,000
Remuneration Committee	10,000

Non-executive Director statutory remuneration table

			Short term Benefits			Post-employment Benefits	Long term Benefits	Equity-Based Benefits	
	Financial Year	Directors Fees $	STI $	Other $	Non-monetary Benefits $	Superannuation $	Leave $	Performance rights $	Total remuneration $
Non-executive Directors									
Peter Polson[1]	**2019**	**325,000**	–	–	–	**25,000**	–	–	**350,000**
	2018	213,088	–	–	–	20,243	–	–	233,331
Ariane Barker	**2019**	**190,000**	–	–	–	–	–	–	**190,000**
	2018	149,997	–	–	–	–	–	–	149,997
Professor David Battersby AM	**2019**	**146,118**	–	–	–	**13,882**	–	–	**160,000**
	2018	118,719	–	–	–	11,278	–	–	129,997
Greg West	**2019**	**155,251**	–	–	–	**14,749**	–	–	**170,000**
	2018	121,763	–	–	–	11,567	–	–	133,330
Chris Leptos AM	**2019**	**155,251**	–	–	–	**14,749**	–	–	**170,000**
	2018	121,763	–	–	–	11,567	–	–	133,330
Professor Colin Stirling[2]	**2019**	**146,118**	–	–	–	**13,882**	–	–	**160,000**
	2018	55,583	–	–	–	5,280	–	–	60,863
Former Non-executive Directors									
Belinda Robinson[3]	**2019**	–	–	–	–	–	–	–	–
	2018	63,136	–	–	–	5,998	–	–	69,134
Total	**2019**	**1,117,738**	–	–	–	**82,262**	–	–	**1,200,000**
	2018	**844,049**	–	–	–	**65,935**	–	–	**909,984**

1. The Chair and Directors fees were set upon listing to reflect relevant market benchmarks for an ASX listed entity of similar size and complexity and as assessed independently. The year on year increase reflects the increase in directors' fees effective 1 March 2018 to align with market and reflects the increased scale and complexity of IDP and the commensurate increase in time commitment by the Board.

2. Colin Stirling was appointed on 6 February 2018 and therefore, the directors fees and superannuation detailed for FY18 reflects the part year period that he was employed.

3. Belinda Robinson resigned on 6 February 2018 and therefore, the directors fees and superannuation detailed for FY18 reflect the part year period that she was employed.

Non-executive Director shareholdings

Details of ordinary shares held by the Non-executive Directors and their related parties are provided in the table below:

	Opening balance	Performance Rights exercised	Options exercised	Net change other[1]	Closing balance
Non-executive Directors					
Peter Polson	104,390	-	-	(17,735)	86,655
Ariane Barker	18,867	-	-	-	18,867
Professor David Battersby AM	7,231	-	-	-	7,231
Greg West	74,617	-	-	(49,617)	25,000
Chris Leptos AM	25,867	-	-	-	25,867
Professor Colin Stirling	-	-	-	-	-

1. These amounts represent ordinary shares purchased or sold directly or indirectly by the Non-executive Directors during the financial year. These transactions have no connection with the roles and responsibilities as Non-executive Directors of the Group

Minimum Shareholding requirement

A minimum shareholding policy was introduced during FY18. The policy requires Non-executive Directors to hold shares to the equivalent value of the annual base fee, unless the Non-executive Director is a representative of Education Australia (a major shareholder in IDP) in which case any minimum shareholding requirement will be determined by Education Australia in its absolute discretion. A transition period of three years is allowed to achieve this minimum holding. As at 30 June 2019 all Directors who are not representatives of Education Australia hold more shares than their threshold requirement.

This report is made in accordance with a resolution of the Directors

Peter Polson
Chairman

Andrew Barkla
Managing Director

Melbourne
21 August 2019

Auditor's independence declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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21 August 2019

The Board of Directors
IDP Education Limited
Level 8, 535 Bourke Street
Melbourne VIC 3000

Dear Board Members

IDP Education Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of IDP Education Limited.

As lead audit partner for the audit of the financial statements of IDP Education Limited for the financial year ended 30 June 2019, 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.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Genevra Cavallo

Genevra Cavallo
Partner
Chartered Accountants

Consolidated statement of profit or loss

for the year ended 30 June 2019

	Notes	30 June 2019 $'000	30 June 2018 $'000
Revenue	3	598,136	487,155
Expenses	4.1	(483,120)	(397,859)
Depreciation and amortisation		(17,919)	(13,114)
Finance income		297	370
Finance costs	4.2	(2,039)	(2,424)
Share of profit/(loss) of associate		19	(258)
Profit for the year before income tax expense		95,374	73,870
Income tax expense	5	(29,063)	(22,389)
Profit for the year		66,311	51,481
Profit for the year attributable to:			
Owners of IDP Education Limited		66,627	51,524
Non-controlling interests		(316)	(43)
		66,311	51,481

	Notes	30 June 2019	30 June 2018
Earnings per share for profit attributable to ordinary equity holders			
Basic earnings per share (cents per share)	7	26.26	20.59
Diluted earnings per share (cents per share)	7	26.09	20.14

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

for the year ended 30 June 2019

	Notes	30 June 2019 $'000	30 June 2018 $'000
Profit for the year		66,311	51,481
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net investment hedge of foreign operations		(777)	(2,824)
Exchange differences arising on translating the foreign operations		2,575	3,584
Gains/(losses) arising on changes in fair value of hedging instruments entered into for cash flow hedges			
Forward foreign exchange contracts		(806)	644
Cumulative gains/(losses) arising on changes in fair value of hedging instruments reclassified to profit or loss		(343)	701
Income tax related to gains/(losses) recognised in other comprehensive income	5	495	(179)
Items that will not be reclassified subsequently to profit or loss:		-	-
Other comprehensive income for the year, net of income tax		1,144	1,926
Total comprehensive income for the year		67,455	53,407
Total comprehensive income attributable to:			
Owners of IDP Education Limited		67,787	53,451
Non-controlling interests		(332)	(44)
		67,455	53,407

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
as at 30 June 2019

	Notes	30 June 2019 $'000	30 June 2018 $'000
Current assets			
Cash and cash equivalents	18	56,059	48,809
Trade and other receivables	8	68,558	45,067
Contract assets	9	32,564	8,371
Derivative financial instruments	21	1,007	1,245
Current tax assets		11,040	2,844
Other current assets	13	16,019	13,072
Total current assets		185,247	119,408
Non-current assets			
Contract assets	9	2,854	-
Investment in associate	26	4,760	4,742
Property, plant and equipment	11	21,288	18,987
Intangible assets	12	133,811	133,104
Capitalised development costs	10	3,921	5,683
Deferred tax assets	5	17,130	6,462
Derivative financial instruments	21	328	327
Other non-current assets		119	135
Total non-current assets		184,211	169,440
Total assets		369,458	288,848
Current liabilities			
Trade and other payables	14	92,682	69,793
Borrowings	17	-	5,000
Contract liabilities	15	34,184	29,549
Provisions	16	10,311	10,032
Current tax liabilities		2,809	1,720
Financial liabilities at fair value through profit or loss	21	174	870
Derivative financial instruments	21	1,663	669
Total current liabilities		141,823	117,633
Non-current liabilities			
Trade and other payables	14	537	657
Borrowings	17	60,478	58,928
Derivative financial instruments	21	365	113
Deferred tax liabilities	5	5,725	6,196
Provisions	16	6,583	4,035
Total non-current liabilities		73,688	69,929
Total liabilities		215,511	187,562
Net assets		153,947	101,286
Equity			
Issued capital	20	12,743	9,734
Reserves		32,857	9,918
Retained earnings		108,659	81,614
Equity attributable to owners of IDP Education Limited		154,259	101,266
Non-controlling interests		(312)	20
Total equity		153,947	101,286

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2019

	Note	Issued capital $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Retained earnings $'000	Equity attributable to owners of IDP Education Limited $'000	Non-controlling interests $'000	Total $'000
As at 1 July 2017		19,426	(701)	(936)	5,883	65,131	88,803	–	88,803
Change in the fair value of cash flow hedges, net of income tax		–	941	–	–	–	941	–	941
Exchange differences arising on translating the foreign operations		–	–	986	–	–	986	(1)	985
Profit for the year		–	–	–	–	51,524	51,524	(43)	51,481
Total comprehensive income for the year		–	941	986	–	51,524	53,451	(44)	53,407
Buy back of treasury shares	20.2	(9,692)	–	–	–	–	(9,692)	–	(9,692)
Share-based payments	22.4	–	–	–	3,745	–	3,745	–	3,745
Contribution from non-controlling interests		–	–	–	–	–	–	64	64
Dividends paid	6	–	–	–	–	(35,041)	(35,041)	–	(35,041)
As at 30 June 2018		9,734	240	50	9,628	81,614	101,266	20	101,286
Effect of adoption of new accounting standards (i)(ii)	1.6	–	–	–	–	7,490	7,490	–	7,490
As at 1 July 2018		9,734	240	50	9,628	89,104	108,756	20	108,776
Change in the fair value of cash flow hedges, net of income tax		–	(802)	–	–	–	(802)	–	(802)
Exchange differences arising on translating the foreign operations		–	–	1,962	–	–	1,962	(16)	1,946
Profit for the year		–	–	–	–	66,627	66,627	(316)	66,311
Total comprehensive income for the year		–	(802)	1,962	–	66,627	67,787	(332)	67,455
Issue of new shares	20.1	4,939	–	–	–	–	4,939	–	4,939
Buy back of treasury shares	20.2	(1,930)	–	–	–	–	(1,930)	–	(1,930)
Share-based payments		–	–	–	21,779	–	21,779	–	21,779
Dividends paid	6	–	–	–	–	(47,072)	(47,072)	–	(47,072)
As at 30 June 2019		12,743	(562)	2,012	31,407	108,659	154,259	(312)	153,947

(i) The Group has adopted AASB 15 *Revenue from Contracts with Customers* on a modified retrospective basis. This resulted in an increase of $7.756 million to retained profits as at 1 July 2018, being the cumulative effect on initial application of the standard (refer to Note 1.6). The comparative results for the year ended 30 June 2018 are not restated as permitted by the standard.

(ii) The Group has adopted AASB 9 *Financial Instruments*. This resulted in a charge of $0.266 million to retained profits as at 1 July 2018, being the cumulative effect on initial application of the standard (refer to Note1.6). The comparative results for the year ended 30 June 2018 are not restated as permitted by the standard.

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of cash flow

for the year ended 30 June 2019

	Notes	30 June 2019 $'000	30 June 2018 $'000
Cash flows from operating activities			
Receipts from customers		518,243	428,695
Payments to suppliers and employees		(413,143)	(327,721)
Interest received		297	370
Interest paid		(1,539)	(1,231)
Income tax paid		(29,153)	(25,579)
Net cash inflow from operating activities	18	74,705	74,534
Cash flows from investing activities			
Payments for acquisition of a subsidiary		-	(13,546)
Payments for investment in an associate		(696)	(4,130)
Payments for plant and equipment, intangible assets and capitalised development costs		(19,674)	(28,488)
Net cash outflow from investing activities		(20,370)	(46,164)
Cash flows from financing activities			
Contribution from non-controlling interests		-	64
Proceeds from borrowings	17	14,696	30,676
Repayments of borrowings	17	(19,000)	(8,000)
Issue of shares	20.1	4,939	-
Payments for treasury shares	20.2	(1,930)	(9,692)
Dividends paid	6	(47,072)	(35,041)
Net cash outflow from financing activities		(48,367)	(21,993)
Net increase in cash and cash equivalents		5,968	6,377
Cash and cash equivalents at the beginning of the year		48,809	41,958
Effect of exchange rates on cash holdings in foreign currencies		1,282	474
Cash and cash equivalents at the end of the year	18	56,059	48,809

The above statement should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements
for the year ended 30 June 2019

Notes to the financial statements

1. Basis of preparation

This general purpose financial report for the year ended 30 June 2019 has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial statements are for the consolidated entity, consisting of IDP Education Limited (the Company) and its controlled subsidiaries (the Group). IDP Education Limited is a for profit company limited by shares whose shares are publicly traded on the Australian Securities Exchange (ASX).

The consolidated financial statements for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 21 August 2019.

1.1. Compliance with IFRS

This general purpose financial report complies with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

1.2. Historical cost convention

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial assets and financial liabilities (including derivative instruments) that have been recognised at fair value through profit and loss.

1.3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out in the relevant notes except for those disclosed in notes 1.8 to 1.9.

The accounting policies adopted are consistent with those of the previous financial year except as noted. When the presentation or classification of items in the financial report is amended, comparative amounts are also reclassified.

The financial report has been prepared on a going concern basis.

1.4. Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 the following notes:

- Note 5 – Income taxes
- Note 12 – Intangible assets – Impairment test of goodwill and intangible assets with indefinite useful lives
- Note 21.3 – Fair value of financial instruments
- Note 22.3 – Fair value of share-based payments

1.5. Rounding of amounts

The Company is of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the consolidated financial statements and the Directors' report have been rounded to the nearest thousand dollars unless otherwise stated.

1. Basis of preparation (continuted)

1.6. Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 *Financial Instruments and related amending standards*
- AASB 15 *Revenue from Contracts with Customers and related amending standards*

AASB 9 Financial Instruments

In the current year, the Group has applied AASB 9 *Financial Instruments* and the related consequential amendments to the Accounting Standard for the first time. AASB 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting.

The Group has applied AASB 9 in accordance with the transition provisions set out in AASB 9.

Classification and measurement of financial assets and financial liabilities

On the adoption of AASB 9, the Group classified financial assets at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics and for financial liabilities unless specifically designated at transaction at fair value through profit or loss, then amortised cost. There were no changes in the measurement of the Group financial instruments.

The main effects resulting from this classification are shown in the table below:

	AASB 139		AASB 9		
Presented in the statement of financial position	**Classification**	**Subsequent measurement**	**Classification**	**Subsequent measurement**	**Rationale**
Cash and cash equivalents	Loans and receivables	Measured at amortised cost using the effective interest method	Financial assets measured at amortised cost	No change Measured at amortised cost	The contractual terms of the short term deposits give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount.
Trade and other receivables	Loans and receivables	Measured at amortised cost using the effective interest method	Financial assets measured at amortised cost	No change Measured at amortised cost	The contractual terms of trade and other receivables give rise to cash flows that are payments of the principal amount.
Contract assets	Loans and receivables	Measured at amortised cost using the effective interest method	Financial assets measured at amortised cost	No change Measured at amortised cost	The contractual terms of contract assets give rise to cash flows that are payments of the principal amount.

	AASB 139		AASB 9		
Presented in the statement of financial position	**Classification**	**Subsequent measurement**	**Classification**	**Subsequent measurement**	**Rationale**
Trade and other payables	Financial liabilities – amortised cost	Measured at amortised cost using the effective interest method	Financial liabilities measured at amortised cost	No change Measured at amortised cost	All financial liabilities should be classified as subsequently measured at amortised cost, except for those designated at FVTPL.
Borrowings	Financial liabilities – amortised cost	Measured at amortised cost using the effective interest method	Financial liabilities measured at amortised cost	No change Measured at amortised cost	All financial liabilities should be classified as subsequently measured at amortised cost, except for those designated at FVTPL.
Contract liabilities	Financial liabilities – amortised cost	Measured at amortised cost using the effective interest method	Financial liabilities measured at amortised cost	No change Measured at amortised cost	All financial liabilities should be classified as subsequently measured at amortised cost, except for those designated at FVTPL.

Impairment of financial assets

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The calculation of impairment losses impacts the way IDP calculates the bad debts provision, now termed the credit loss allowance. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. A provision allowance is determined based on historic credit loss rates for each group of customers, adjusted for any material expected changes to the customers' future credit risk.

Trade receivables are written off when there is no reasonable expectation of recovery.

As permitted by AASB 9, the Group has not restated comparatives as the credit loss allowance under AASB 139 and AASB 9 did not result in material changes to the amounts previously reported.

The cumulative effect of initially applying the standard was $0.266m charge to retained earnings, which was recognised in the retained earnings as of 1 July 2018.

General hedge accounting

IDP has analysed its hedging instruments and hedging accounting and concluded the AASB 9's change in accounting treatment of hedging instruments has no significant impact on the Group's financial performance and/or financial position.

1. Basis of preparation (continued)

1.6 Adoption of new and revised Accounting Standards (continued)

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. The Group has applied the modified retrospective approach with the cumulative impact of the adoption recognised in retained earnings as of 1 July 2018. The comparatives have not been restated.

The Group's revenue mainly comprises of:

- Student placement revenue
- IELTS examination revenue
- English language teaching revenue
- Digital marketing revenue

Under AASB 15, revenue recognition for each of the revenue streams is as follows:

Revenue stream	Performance obligation	Timing of recognition
Student placement revenue	Institution application service, visa application service and pre-departure service	Point in time recognition when the performance obligations are satisfied after applying the withdrawal rate (i.e. when students withdraw from the courses after the enrolments are confirmed), which will be deferred.
IELTS examination revenue	Provision of English language testing service	Over time from the date the testing commences, until the testing results are issued. Revenue is calculated based on the input method (i.e. resources consumed and cost incurred).
English language teaching revenue	Provision of English language teaching courses	Over time starting from the expiry of the trial period, until the completion of the courses. Revenue is calculated based on the output method (i.e. lessons delivered).
Digital marketing revenue	Hosting the advertising content online, lead generation and enquiry processing	Over time starting from the date that the content goes live, until the expiry of the advertising contract. Revenue is calculated based on the input method (i.e. resources consumed and cost incurred).

On the adoption of AASB 15, the timing of recognition of student placement revenue was impacted.

Under AASB 118, student placement revenue was recognised when student enrolments were confirmed, subject to the Group assessing that, based on the terms of the relevant contract and past experience on student withdrawal rates, it was probable that the Group would be entitled to those fees.

Under AASB 15, student placement revenue is recognised when the performance obligations are satisfied by transferring the student placement services to the customers. The recognition point varies dependent on the customer contract and regulatory framework existing in each market.

On the adoption of AASB 15, the revenue recognition policy for IELTS examination revenue, English language teaching revenue and digital marketing revenue has changed as disclosed in the table above however the timing of revenue recognition remains substantially unchanged.

The cumulative effect of initially applying the standard was $7.756m, which was recognised in the retained earnings as of 1 July 2018. The AASB 15 impact on current year performance and financial position is set out below. The disaggregation of revenue streams is disclosed in Note 3.

AASB 15 impact on Consolidated Statement of Profit or Loss	30 June 2019 $'000
Increase in revenue	205
Increase in expenses	(440)
Increase in income tax	(12)
Decrease in profit for the year	(247)

AASB 15 impact on Consolidated Statement of Financial Position	30 June 2019 $'000
Increase in contract assets – current	16,685
Increase in contract assets – non-current	2,854
Increase in trade and other payables	(2,438)
Increase in contract liabilities	(5,949)
Increase in deferred tax assets	1,487
Increase in current tax liabilities	(5,130)
Increase in retained earnings	7,509

The adoption of AASB 15 does not have impact on the basic and diluted EPS as disclosed in Note 7.

1.7. Standards and Interpretations in issue not yet effective

AASB 16 Leases

AASB 16 is effective for the annual reporting periods beginning on or after 1 January 2019. For IDP, AASB 16 is initially applied in the financial year ending 30 June 2020.

AASB 16 eliminates the classification of leases as either operating leases or finance leases as required by AASB 117 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to:

› Recognise assets and liabilities for all leases with a term of more than 12 months in the Consolidated Statement of Financial Position initially measured at the present value of the future lease payments, unless the underlying asset is of low value;

› Recognise amortisation of lease assets separately from interest on lease liabilities in the Statement of Profit or Loss;

› Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the Consolidated Cash Flow Statement.

IDP's operating leases with terms of more than 12 months mainly related to office facilities leases. Management have performed a detailed assessment of the impact of the adoption of AASB 16 as below.

The Group intends to adopt the modified retrospective transition method and the comparatives will not be restated. The estimated impact on the Consolidated Statement of Financial Position as at 1 July 2019 for the contractual arrangements currently in effect is expected to be as follows:

	$'m
Increase in non-current assets from recognition of lease assets	86.5
Increase in liabilities from recognition of lease liabilities	84.8
Decrease in assets from de-recognition of prepaid rent	(1.7)
Net impact in retained earnings	–

1. Basis of preparation (continued)

1.7 Standards and Interpretations in issue not yet effective (continued)

The estimated impact to the FY20 Consolidated Statement of Profit or Loss for the contractual arrangements currently in effect is estimated below:

	$'m
Decrease in rent expense	(20.4)
Increase in interest expense	4.1
Increase in depreciation expense	19.9
Decrease in net profit before tax	3.6

At the date of authorisation of the consolidated financial statements, other Standards and Interpretations in issue but not yet effective were listed below.

Standard and Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture AASB10 & AASB128, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022	30 June 2023
AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	1 January 2019	30 June 2020
AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	1 January 2019	30 June 2020
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	1 January 2019	30 June 2020
AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement	1 January 2019	30 June 2020
AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements	1 January 2019	30 June 2020
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020	30 June 2021
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	30 June 2021
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020	30 June 2021
Interpretation 23 Uncertainty over Income Tax Treatments and AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatment	1 January 2019	30 June 2020

In addition, at the date of authorisation of the financial statements no IASB Standards and IFRIC Interpretations were on issue but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued.

With the exception of AASB 16 Leases, the Directors of the Group do not anticipate that the adoption of above amendments will have a material impact in future periods on the financial statements of the Group.

1.8. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1.9. Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent's functional currency. For each Group controlled entity, the Group determines the functional currency and items included in the financial statements of each Group controlled entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each subsequent balance sheet date:

(i) Foreign currency monetary items are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or retranslation of monetary items are recognised in the profit or loss with exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation; and

(ii) Non-monetary items which are measured at historical cost are not retranslated.

Group consolidation

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Financial Performance

2. Segment information

Basis of segmentation

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Maker in assessing performance and determining the allocation of resources. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Chief Operating Decision Maker determined that its operating segments comprise the geographic regions of:

- Asia – which includes Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, Laos, Malaysia, Mauritius, Nepal, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, and Vietnam;
- Australasia – which includes Australia, Fiji, New Zealand and New Caledonia; and
- Rest of World – which includes Argentina, Azerbaijan, Bahrain, Brazil, Canada, Chile, Colombia, Cyprus, Egypt, Germany, Greece, Iran, Ireland, Italy, Jordan, Kazakhstan, Kuwait, Lebanon, Mexico, Nigeria, Oman, Pakistan, Peru, Poland, Qatar, Russia, Saudi Arabia, Spain, Switzerland, Turkey, Ukraine, Uzbekistan, the United Arab Emirates, the United Kingdom and United States of America.

These geographic segments are based on the Group's management reporting system and the way management views the business.

The principal activities of each segment are provision of student placement services, International English Language Testing (IELTS), digital marketing and event services and English language teaching services.

Geographic segment revenue and results

	Segment revenue		Segment EBIT	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Asia	391,774	304,876	113,554	82,567
Australasia	63,299	68,523	12,223	16,292
Rest of World	143,063	113,756	30,150	24,885
Consolidated total	598,136	487,155	155,927	123,744
Corporate cost			(58,811)	(47,820)
EBIT			97,116	75,924
Net finance cost			(1,742)	(2,054)
Profit before tax			95,374	73,870

Service segment

The Group also uses a secondary segment which shows revenue and gross profit by service. Revenue by service segment is disclosed in Note 3. Gross profit (i.e. revenue less direct costs) by service segment is shown below:

	30 June 2019 $'000	30 June 2018 $'000
Student placement	138,515	104,112
IELTS examination	154,470	129,111
English language teaching	18,862	14,749
Digital marketing and events	19,849	19,778
Other	2,367	1,730
	334,063	269,480

3. Revenue

Accounting policy

The Group's revenue mainly comprises of:

- Student placement revenue
- IELTS examination revenue
- English language teaching revenue
- Digital marketing revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of a service to a customer.

Under AASB 15, revenue recognition for each of the major revenue streams is as follows:

Revenue stream	Performance obligation	Timing of recognition
Student placement revenue	Institution application service, visa application service and pre-departure service	Point in time recognition when the performance obligations are satisfied after applying the withdrawal rate (i.e. when students withdraw from the courses after the enrolments are confirmed), which will be deferred.
IELTS examination revenue	Provision of English language testing service	Over time from the date the testing commences, until the testing results are issued. Revenue is calculated based on the input method (i.e. resources consumed and cost incurred).
English language teaching revenue	Provision of English language teaching courses	Over time starting from the expiry of the trial period, until the completion of the courses Revenue is calculated based on the output method (i.e. lessons delivered).
Digital marketing revenue	Hosting the advertising content online, lead generation and enquiry processing	Over time starting from the date that the content goes live, until the expiry of the advertising contract Revenue is calculated based on the input method (i.e. resources consumed and cost incurred).

Disaggregation of revenue

The Group derives its revenue from the transfer of services over time and at a point in time in the following major services.

Timing of revenue recognition	30 June 2019 $'000	30 June 2018 $'000
At a point in time		
Student placement revenue	170,252	122,662
Other revenue	3,994	3,580
Over time		
IELTS examination revenue	359,576	306,788
English language teaching revenue	27,521	22,216
Digital marketing and event revenue	36,793	31,909
Total revenue	598,136	487,155

4. Expenses and finance costs

4.1 Expenses

	30 June 2019 $'000	30 June 2018 $'000
Service providers fees	210,924	184,491
Employee benefits expenses	156,639	127,013
Occupancy expenses	25,344	19,733
Marketing expenses	29,725	22,745
Administrative expenses	14,565	12,177
IT and communication expenses	16,726	9,763
Consultancy and professional expenses	11,129	9,058
Travel expenses	9,225	7,357
Foreign exchange loss	3,500	602
Other expenses	5,343	4,920
	483,120	397,859

4.2 Finance costs

	30 June 2019 $'000	30 June 2018 $'000
Interest on borrowings	1,454	1,359
Unwind of discount on financial liabilities	–	719
Other finance costs	585	346
	2,039	2,424

4.3 Included in the employee benefit expenses:

	30 June 2019 $'000	30 June 2018 $'000
Share-based payments	3,142	3,745
Defined contribution plans	9,021	7,294

5. Income taxes

Critical accounting estimates and assumptions

The Group is subject to income taxes in Australia and foreign jurisdictions and as a result the calculation of the Group's tax charge involves a degree of estimation and judgment in respect of certain items. The Group recognises liabilities for potential tax audit issues based on management's assessment of whether additional taxes may be payable. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determination is made.

Accounting policy

IDP Education Limited is the head entity in a tax-consolidated group under Australian taxation law. As a result the Company and Australian entities controlled by the Company are all subject to income tax through membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, the entities controlled by the Group have agreed to pay an amount to or from the head entity equal to the tax liability or asset assumed by the head entity for that period as noted above. Such amounts are reflected in amounts receivable from or payable to the head entity. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent it relates to items recognised directly in equity in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

(i) The initial recognition of assets or liabilities in a transaction that is not a business combination;

(ii) The initial recognition of goodwill; and

(iii) The initial recognition of assets and liabilities in a transaction which at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised to the extent that it is probable that future tax profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Research and development incentive

Research and development (R&D) incentives are accounted for in accordance with *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance*. R&D incentives are assistance to the Group by the Australian Government in the form of a reduction in income tax liability in return for expenditure on eligible R&D as registered with AusIndustry. R&D incentives receivable as compensation for expenses or losses already incurred by the Group with no future related costs are recognised in profit or loss in the period in which they are quantified and become receivable. The amount of R&D incentives received or receivable in respect of eligible R&D as registered with AusIndustry that is in excess of the amount that would have otherwise been deductible in calculating income tax expense are included in other revenue.

5.1 Income tax recognised in profit or loss

	30 June 2019 $'000	30 June 2018 $'000
Current tax		
Current tax expense in respect of the current year	34,657	23,574
Withholding taxes	793	551
Adjustments recognised in the current year in relation to the current tax of prior years	16	(157)
	35,466	23,968
Deferred tax		
In respect of the current year	(6,403)	(1,579)
Total income tax expense recognised in the current year relating to continuing operations	29,063	22,389

The income tax expense for the year can be reconciled to the accounting profit as follows

	30 June 2019 $'000	30 June 2018 $'000
Profit before tax	95,374	73,870
Income tax expense calculated at 30% (2018: 30%)	28,612	22,161
Add tax effect of:		
Non-deductible expenses	550	739
Attributed income	1,026	752
Unused tax losses, tax offsets and timing differences not recognised as deferred tax assets	788	559
Withholding taxes	793	551
Effect on deferred tax balances due to the change in income tax rate	–	21
	31,769	24,783
Less tax effect of:		
Non-assessable income	(970)	(328)
Other deductible items	(163)	(551)
Prior year deferred tax balances recognised	(1,160)	(384)
Effect of tax rate in foreign jurisdictions	(417)	191
Tax losses	(12)	(1,165)
Adjustments recognised in the current year in relation to the current tax of prior years	16	(157)
Income tax recognised in profit or loss	29,063	22,389

5.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	30 June 2019 $'000	30 June 2018 $'000
Deferred tax assets	17,130	6,462
Deferred tax liabilities	(5,725)	(6,196)
	11,405	266

2019

Temporary differences and tax losses

$'000	Opening balance	Effect of initial application of new accounting standards	Recognised in profit or loss	Recognised in other compre-hensive income	Recognised in reserves	Closing balance
Accrued expenses	1,957	-	(197)	-	-	1,760
Deferred capital expenditure	105	-	(9)	-	-	96
Employee benefits	531	-	4,794	-	4,127	9,452
Trade receivable	7	114	218	-	-	339
Derivative financial instruments	105	-	130	345	-	580
Hedge of net investments	837	-	-	233	-	1,070
Unrealised foreign exchange losses	179	-	258	-	-	437
Plant, property and equipment	(730)	-	(296)	-	-	(1,026)
Deferred revenue	(19)	-	(399)	-	-	(418)
Intangible assets	(6,196)	-	554	(83)	-	(5,725)
Prepayments	(39)	-	4	-	-	(35)
Tax losses	1,581	-	117	-	-	1,698
Others	1,948	-	1,229	-	-	3,177
Net deferred tax	266	114	6,403	495	4,127	11,405

2018

Temporary differences and tax losses

$'000	Opening balance	Recognised in profit or loss	Recognised in other compre-hensive income	Closing balance
Accrued expenses	1,319	638	-	1,957
Deferred capital expenditure	151	(46)	-	105
Employee benefits	1,660	(1,129)	-	531
Trade receivable	333	(326)	-	7
Derivative financial instruments	1,068	(559)	(404)	105
Hedge of net investments	295	-	542	837
Unrealised foreign exchange losses	234	(55)	-	179
Plant, property and equipment	(723)	(7)	-	(730)
Deferred revenue	(215)	196	-	(19)
Intangible assets	(6,952)	1,073	(317)	(6,196)
Prepayments	-	(39)	-	(39)
Tax losses	86	1,495	-	1,581
Others	1,610	338	-	1,948
Net deferred tax	(1,134)	1,579	(179)	266

5.3 Unrecognised deferred tax assets

	30 June 2019 $'000	30 June 2018 $'000
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
– temporary differences	369	592
– tax losses	2,937	3,783
	3,306	4,375

The unrecognised tax losses will expire between 5 years and indefinite.

6. Dividends

Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

6.1 Dividends paid

	30 June 2019		30 June 2018	
	cents per share	Total $'000	cents per share	Total $'000
Final dividend paid in respect of prior financial year – 60% franked (2018: 55%) at the Australia corporate tax rate of 30%	6.5	16,539	5.5	13,766
Interim dividend paid in respect of current financial year – 50% franked (2018: 70%) at the Australia corporate tax rate of 30%	12.0	30,533	8.5	21,275
Total		47,072		35,041

The final dividend of 6.5c per share for the financial year ended 30 June 2018 was paid on 27 September 2018.

The interim dividend of 12.0c per share for the financial year ended 30 June 2019 was paid on 29 March 2019.

6.2 Dividends proposed and not recognised at the end of the reporting period

A dividend of 7.5 cents per share franked at 45% was declared on 21 August 2019, payable on 26 September 2019 to shareholders registered on 10 September 2019.

6.3 Franking credits

The balance of the franking account at 30 June 2019 is $8.579m (2018: $8.111m) based on the Australian corporate tax rate of 30% (2018: 30%). The dividend payment on 26 September 2019 will reduce the franking credits available by $3.7m.

7. Earnings per share

Accounting policy

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the reporting period.

Diluted earnings per share

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account:

› the after income tax effect of any interest and other financing costs associated with dilutive potential ordinary shares; and

› the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	30 June 2019 Cents		30 June 2018 Cents	
	Basic	**Diluted**	**Basic**	**Diluted**
Earnings per share	26.26	26.09	20.59	20.14

Earnings used in calculating earnings per share	**30 June 2019 $000**	**30 June 2018 $000**
Earnings used in the calculation of basic and diluted earnings per share	66,627	51,524

	30 June 2019	**30 June 2018**
Weighted average number of shares used as the denominator		
Weighted average number of shares used as denominator in calculating basic EPS	253,751,406	250,294,968
Weighted average of potential dilutive ordinary shares:		
- options	693,562	4,150,000
- performance rights	897,735	1,338,780
Weighted average number of shares used as denominator in calculating diluted EPS	255,342,703	255,783,748

Assets and liabilities

8. Trade and other receivables

Accounting policy

Receivables arise from revenue that has been billed, but not yet settled by the customer.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised as the relevant performance obligations identified in a customer contract are satisfied. Refer to Note 3 for further details of revenue recognition.

Where revenue recognised exceeds billings it results in a contract asset as disclosed in Note 9 below, and where cash amounts are received in advance of revenue recognition it results in a contract liability as disclosed in Note 15.

IDP's credit terms are generally 30 to 60 days from the date of invoice. As such, the carrying amount of receivables approximates their fair value.

	30 June 2019 $'000	30 June 2018 $'000
Trade receivables	64,819	43,442
Credit loss allowance	(1,416)	(599)
	63,403	42,843
Other receivables	5,155	2,224
	68,558	45,067

Credit Loss Allowance

The Group has adopted AASB 9 Financial Instruments from 1 July 2018. The main change arising from the initial adoption of AASB 9 is how IDP calculates the bad debts provision, now termed the credit loss allowance. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Expected credit losses are measured by grouping trade receivables and contract assets based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

A provision allowance is determined based on historic credit loss rates for each group of customers, adjusted for any material expected changes to the customers' future credit risk.

As permitted by AASB 9, comparatives have not been restated. In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

The cumulative effect of initially applying the standard was $0.266m (after tax impact) charged to retained earnings, which was recognised in retained earnings as of 1 July 2018.

Movement in the credit loss allowance

	30 June 2019 $'000	30 June 2018 $'000
Balance at beginning of the year	(599)	(1,335)
Adoption of AASB 9 as of 1 Jul 2018	(380)	-
Impairment losses recognised on receivables	(804)	(333)
Amounts written off during the year	227	1,069
Impairment losses reversed	140	-
Balance at end of the year	(1,416)	(599)

9. Contract assets

	30 June 2019 $'000	30 June 2018 $'000
Student placement services	35,418	8,371
Current	32,564	8,371
Non-current	2,854	-
	35,418	8,371

Amounts relating to contract assets are balances where revenue recognised exceeds billings under the customer contracts. The Group recognised a contract asset for any performance obligations satisfied. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

10. Capitalised development costs

Accounting policy

Capitalised development costs represent internally developed systems not yet put into use. These assets will be transferred to intangible assets or plant, property and equipment as appropriate on the date of completion.

Capitalised development costs arising from the development phase of an internal project are recognised if, and only if, all of the following have been demonstrated:

› the technical feasibility of completing the intangible asset so that it will be available for use;
› the intention to complete the intangible asset and use it;
› the ability to use the intangible asset;
› the intangible asset will generate probable future economic benefits;
› the availability of adequate technical, financial and other resources to complete the development and the intangible asset; and
› the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount recognised is the sum of the expenditure incurred from the date when the project development first meets the recognition criteria listed above. Where above criteria is not met, development expenditure is recognised in profit or loss in the period in which it is incurred.

	30 June 2019 $'000	30 June 2018 $'000
Balance at beginning of the year	5,683	9,890
Additions	8,019	18,130
Transfers to intangible assets	(9,781)	(22,337)
Balance at end of the year	3,921	5,683

11. Property, plant and equipment

Accounting policy

Property, plant and equipment is carried at cost, net of accumulated depreciation and impairment losses, if any. Property, plant and equipment are depreciated using the straight line basis over their estimated useful economic lives. The expected depreciation rate for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation rate*
Leasehold Improvements	Lease term
Plant and equipment	20-33%

Impairment

The carrying values of property, plant and equipment are reviewed annually for indications of impairment to ensure they are not in excess of the recoverable amount for these assets. An impairment loss is recognised to the extent that the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Cost	**Leasehold improvements $'000**	**Plant and equipment $'000**	**Total $'000**
Balance at 1 July 2017	16,409	17,112	33,521
Additions	6,740	3,849	10,589
Disposals	(686)	(1,133)	(1,819)
Balance at 30 June 2018	22,463	19,828	42,291
Additions	**5,309**	**4,859**	**10,168**
Disposals	**(482)**	**(1,627)**	**(2,109)**
Balance at 30 June 2019	**27,290**	**23,060**	**50,350**
Accumulated depreciation			
Balance at 1 July 2017	(8,169)	(11,229)	(19,398)
Depreciation for the year	(2,798)	(2,849)	(5,647)
Disposals	608	1,133	1,741
Balance at 30 June 2018	(10,359)	(12,945)	(23,304)
Depreciation for the year	**(3,962)**	**(3,743)**	**(7,705)**
Disposals	**403**	**1,544**	**1,947**
Balance at 30 June 2019	**(13,918)**	**(15,144)**	**(29,062)**
Net Book Value			
At 30 June 2018	12,104	6,883	18,987
At 30 June 2019	**13,372**	**7,916**	**21,288**

12. Intangible assets

Critical accounting estimates and assumptions

Impairment of goodwill and other intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are allocated to a cash-generating unit (CGU) or group of CGUs and tested for impairment annually to determine whether they have suffered any impairment in accordance with the accounting policy stated below.

A CGU is the smallest identifiable group of assets that generate cash flows largely independent of cash flows of other groups of assets. Goodwill and other indefinite life intangible assets are allocated to CGU or group of CGUs which are no larger than one of the Group's reportable segments.

The recoverable amounts of the CGU or group of CGUs to which the assets have been allocated have been determined based on the value in use calculations. These calculations are performed based on cash flow projections and other supplementary information which, given their forward looking nature, require the adoption of assumptions and estimates.

The key assumptions and estimates utilised in management's assessments relate primarily to:

- Three years cash flow forecasts sourced from internal budgets and management forecasts;
- Terminal value growth rates applied to the period beyond the three year cash flow forecasts; and
- Post-tax discount rates, used to discount the cash flows to present value.

Each of these assumptions and estimates is based on a "best estimate" at the time of performing the valuation. However, increase in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the carrying value of CGU or group of CGUs to exceed their recoverable amount.

Accounting policy

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates and adjusted on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as expenses. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

12. Intangible assets (continued)

Cost	Software $'000	Student placement licence $'000	Brand and trade names $'000	Customer relationships $'000	Website technology and database $'000	Goodwill $'000	Contracts for English language testing $'000	Total $'000
Balance at 1 July 2017	29,836	2,493	14,364	13,465	6,840	37,517	35,200	139,715
Additions	24	–	–	–	–	–	–	24
Transfer from capitalised development costs	22,337	–	–	–	–	–	–	22,337
Disposals	(1)	–	–	–	–	–	–	(1)
Effect of foreign currency exchange differences	–	–	719	715	370	1,313	–	3,117
Balance at 30 June 2018	52,196	2,493	15,083	14,180	7,210	38,830	35,200	165,192
Additions	343	–	–	–	–	–	–	343
Transfer from capitalised development costs	9,781	–	–	–	–	–	–	9,781
Disposals	(8)	–	–	–	–	–	–	(8)
Effect of foreign currency exchange differences	–	–	198	196	102	361	–	857
Balance at 30 June 2019	62,312	2,493	15,281	14,376	7,312	39,191	35,200	176,165
Accumulated amortisation								
Balance at 1 July 2017	(22,876)	(346)	(148)	(371)	(741)	–	–	(24,482)
Amortisation for the year	(2,530)	–	–	–	–	–	–	(2,530)
Amortisation of intangible assets generated from business combinations	–	(2,147)	(70)	(966)	(1,754)	–	–	(4,937)
Disposals	1	–	–	–	–	–	–	1
Effect of foreign currency exchange differences	–	–	–	(48)	(92)	–	–	(140)
Balance at 30 June 2018	(25,405)	(2,493)	(218)	(1,385)	(2,587)	–	–	(32,088)
Amortisation for the year	(7,325)	–	–	–	–	–	–	(7,325)
Amortisation of intangible assets generated from business combinations	–	–	(71)	(969)	(1,849)	–	–	(2,889)
Disposals	7	–	–	–	–	–	–	7
Effect of foreign currency exchange differences	–	–	–	(20)	(39)	–	–	(59)
Balance at 30 June 2019	(32,723)	(2,493)	(289)	(2,374)	(4,475)	–	–	(42,354)
Net Book Value								
At 30 June 2018	26,791	–	14,865	12,795	4,623	38,830	35,200	133,104
At 30 June 2019	29,589	–	14,992	12,002	2,837	39,191	35,200	133,811

Software

Software is amortised over the useful life of 3 to 5 years.

Student placement licence

Student placement licence was a separately identifiable intangible asset arising from a business combination and was recognised at fair value at the acquisition date. Student placement licence was amortised over 15 years. As at 30 June 2018, the Group reassessed the useful life of student placement licence due to the regulation change in China and it was determined to fully amortise the remaining balance based on the reassessment.

Brand and trade names

Brand and trade names are separately identifiable intangible assets arising from business combinations and are recognised at fair value at the acquisition date. The useful life of brand and trade names are assessed based on nature of the specific market and assets. Brand and trade names from the Hotcourses acquisition are considered to have an indefinite useful life and as such are not amortised but are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Brand and trade name from the Promising Education acquisition is amortised over 15 years.

Customer relationships

Customer relationships are separately identifiable intangible assets arising from business combinations and are recognised at fair value at the acquisition date. Customer relationships are amortised between 8 and 19 years.

Website technology and database

Website technology and database is a separately identifiable intangible asset arising from a business combination and is recognised at fair value at the acquisition date. Website technology and database are amortised between 3 and 5 years.

Contracts for English language testing and Goodwill

Contracts for English language testing acquired on 1 September 2006 are recognised at their fair value at date of acquisition. There is no termination date in accordance with its term and management has re-assessed the events and circumstances, which supports an indefinite useful life assessment for Contracts for English language testing. These contracts are considered to have an indefinite useful life and as such are not amortised.

Contracts of English language testing and Goodwill are not amortised but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Contracts of English language testing and Goodwill are allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the Contracts for English language testing and business combination in which the Goodwill arose.

12. Intangible assets (continued)

Impairment testing and key assumptions

A summary by CGU of the carrying amount of goodwill and intangible assets with indefinite useful lives is detailed below:

	30 June 2019		30 June 2018	
CGU/Group of CGUs	Goodwill $'000	Intangible assets with indefinite useful lives $'000	Goodwill $'000	Intangible assets with indefinite useful lives $'000
Asia – IELTS testing	4,476	14,625	4,476	14,625
Australasia – IELTS testing	3,451	11,275	3,451	11,275
Rest of World – IELTS testing	2,847	9,300	2,847	9,300
China – Student placement	2,451	-	2,451	-
UK – Digital marketing	25,966	14,222	25,605	14,024
	39,191	49,422	38,830	49,224

The Group tests whether Goodwill and intangible assets with indefinite useful lives are subject to any impairment annually. The recoverable amount is based on a value in use calculation which uses discounted cash flow projections based on three years internal budgets and management forecasts. Cash flow projections during the budget/forecasts period are based on management's best estimate of volume growth, expenses, inflation and foreign exchange rate throughout the period.

Key assumptions

				Post-tax discount rate %	
CGU/Group of CGUs	Valuation method	Years of cash flow projection	Terminal growth rate	2019	2018
Asia – IELTS testing[1]	Value in use	3	3%	9.6%	9.5%
Australasia – IELTS testing[1]	Value in use	3	0%	9.6%	9.5%
Rest of World – IELTS testing[1]	Value in use	3	3%	9.6%	9.5%
China – Student placement	Value in use	3	2.5%	18%	18%
UK – Digital marketing	Value in use	3	1.9%	9.9%	11.5%

1. In the current year, management used the value in use calculations from the preceding period, updated for the current year pre-tax discount rate to determine each CGU's recoverable amount. Based on the current year assessment the recoverable amounts substantially exceed the current year carrying amounts for each respective CGU. Any reasonable change in the key assumptions from the preceding period would not result in a significant change to the recoverable amounts.

As at 30 June 2019 and 2018, the recoverable amount supports the carrying amount and no impairment has been recognised. No reasonably possible changes in significant assumptions would give rise to an impairment of Intangible assets with indefinite useful lives and Goodwill.

13. Other current assets

	30 June 2019 $'000	30 June 2018 $'000
Prepayments	6,101	7,258
Refundable deposits	9,552	5,464
Other assets	366	350
	16,019	13,072

14. Trade and other payables

	30 June 2019 $'000	30 June 2018 $'000
Current		
Trade payables	68,858	52,993
Other payables	768	713
Employee benefits payable	23,056	16,087
	92,682	69,793
Non-current		
Lease incentive liabilities	537	657
	93,219	70,450

As at 30 June 2019 and 2018, the carrying value of trade and other payables approximated their fair value.

15. Contract liabilities

	30 June 2019 $'000	30 June 2018 $'000
Amounts received in advance of delivery of exams[1]	12,271	13,737
Amounts received in advance of student placement services[2]	5,949	-
Amounts received in advance of events[3]	2,711	2,267
Amounts received in advance of language courses[4]	3,706	4,683
Amounts received in advance of online digital marketing services[5]	9,547	8,862
	34,184	29,549

1. The contract liabilities arise in respect to IELTS fees paid by candidates in advance of the IELTS testing month.
2. The contract liabilities arise as a result of fees paid by students in advance of the student placement services.
3. The contract liabilities arise as a result of exhibition fees paid by participants in advance of the event date.
4. The contract liabilities arise as a result of tuition fees paid by participants in advance of the tuition date.
5. The contract liabilities arise as a result of digital marketing contracts fees paid by customers in advance of service delivery.

The brought-forward contract liabilities from 30 June 2018 ($29.549m) have been fully recognised in the current reporting period revenue. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

16. Provisions

Accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for make good

A make good liability or obligation is provided for to dismantle, remove and restore items of property, plant and equipment in properties leased by the Group. The provision calculation is based on the terms of the lease agreements.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

	30 June 2019 $'000	30 June 2018 $'000
Employee benefits	13,034	10,317
Make good provision	3,860	3,750
	16,894	14,067
Current	10,311	10,032
Non-current	6,583	4,035
	16,894	14,067
Movement in make good provisions are set out below		
Balance at beginning of the year	3,750	3,186
Additional provisions required	8	478
Unwinding of discount and effect of changes in the discount rate	102	86
Balance at end of the year	3,860	3,750

Capital structure and financing

17. Borrowings

	30 June 2019 $'000	30 June 2018 $'000
Current		
Bank loans	–	5,000
Non-current		
Bank loans	60,478	58,928
Total	60,478	63,928

17.1 Reconciliation of liabilities arising from financing activities

	Opening balance $'000	Financing cash flows(i) $'000	Impact of foreign currency translation $'000	Other changes $'000	Closing balance $'000
2019					
Bank loans	63,928	(4,304)	777	77	60,478
2018					
Bank loans	39,108	22,676	2,010	134	63,928

(i) The cash flows from bank loans make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

17.2 Financing arrangement

The Group has access to the following borrowing facilities at the end of the year:

	Currency	30 June 2019 '000	30 June 2018 '000
Cash advance facility A[1]	GBP	30,906	36,000
Facility utilised at end of the year	GBP	(30,906)	(30,906)
Facility not utilised at end of the year	GBP	–	5,094
Cash advance facility B[1]	AUD	25,000	20,000
Facility utilised at end of the year	AUD	–	(5,000)
Facility not utilised at end of the year	AUD	25,000	15,000
Cash advance facility C[1]	AUD	5,000	7,000
Facility utilised at end of the year	AUD	(4,826)	(4,130)
Facility not utilised at end of the year	AUD	174	2,870

1. Cash advance facility A, B and C will expire on 31 December 2021.

18. Cash flow information

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with maturities of three months or less, net of bank overdrafts.

The reconciliation of profit for the year after tax to net cash flows from operating activities is as follows:

	30 June 2019 $'000	30 June 2018 $'000
Net profit after tax	66,311	51,481
Adjustment for:		
Depreciation and amortisation	17,919	13,114
Credit losses	972	482
Share of (gain)/loss of an associate	(19)	258
Net foreign exchange (gain)/loss	3,500	(830)
Interest expenses	2,039	2,424
Share-based payments	3,142	3,745
Unwinding discount of provisions	102	86
Loss on disposal of plant and equipment	163	77
Movement in working capital:		
Trade and other receivables	(24,308)	(4,619)
Contract assets	(8,455)	(8,371)
Derivative financial instruments	1,483	(3,376)
Other assets	(2,931)	(3,168)
Trade and other payables	16,664	25,899
Current and deferred tax assets	(3,165)	(4,516)
Provisions	2,827	3,079
Cash generated from operations	76,244	75,765
Interest paid	(1,539)	(1,231)
Net cash inflow from operating activities	74,705	74,534

Reconciliation of cash and cash equivalents

	30 June 2019 $'000	30 June 2018 $'000
Cash at bank and on hand	56,059	48,809
	56,059	48,809

19. Lease commitments

	30 June 2019 $'000	30 June 2018 $'000
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Not later than one year	15,391	10,571
Later than one year and not later than five years	26,379	21,946
Later than five years	5,181	4,379
Minimum lease payments	46,951	36,896

The Group leases various offices under non-cancellable operating leases expiring within one to ten years. The leases have varying terms, escalation clauses and renewal rights.

20. Issued capital

20.1 Share capital

	Note	30 June 2019 $'000	30 June 2018 $'000
Ordinary shares fully paid		14,321	19,426
Treasury shares	20.2	(1,578)	(9,692)
		12,743	9,734

	Number of shares	$ per share	$'000
Movement in ordinary shares (fully paid)			
Balance at 1 July 2017 (including treasury shares)	250,294,968		23,483
Issue of new shares	–	–	–
Transfer of treasury shares to employees	–	–	(4,057)
Balance at 30 June 2018 (including treasury shares)	250,294,968		19,426
Exercise of options	3,430,000	1.44	4,939
Issue of shares to satisfy future option exercises	720,000	–	–
Transfer of treasury shares to employees	–	–	(10,044)
Balance at 30 June 2019 (including treasury shares)	254,444,968		14,321

20.2 Treasury shares

Movement in treasury shares	Number of shares	$ per share	$'000
Balance at 1 July 2017	841,416	–	4,057
Buy back of treasury shares – FY18	1,201,164	8.07	9,692
Transfer to employees	(887,951)	4.57	(4,057)
Balance at 30 June 2018	1,154,629		9,692
Buy back of treasury shares – FY19	146,795	13.14	1,930
Issue of shares to satisfy future option exercises	720,000	–	–
Transfer to employees	(1,402,084)	7.16	(10,044)
Balance at 30 June 2019	619,340		1,578

During FY19, 1,402,084 treasury shares were transferred to employees under the performance rights plans (Note 22.2). These shares therefore ceased to be held as treasury shares after these dates.

During FY19, IDP Education Employee Share Scheme Trust acquired 146,795 shares (at an average price of $13.14 per share) to be held in the Trust for the benefit of IDP group employees who are participants in the IDP Education Employee Incentive Plan.

As at 30 June 2019, there are 619,340 treasury shares ($1.578m) held in the Trust. These shares will be transferred to eligible employees under the Performance Rights plan once the vesting conditions are met.

21. Financial instruments

21.1 Financial assets and liabilities

	30 June 2019 $'000	30 June 2018 $'000
Financial assets		
Cash and cash equivalents	56,059	48,809
Derivative financial instruments		
Foreign exchange forward/option contracts	1,335	1,572
Trade and other receivables	68,558	45,067
Contract assets	35,418	8,371
Financial liabilities		
Borrowings	60,478	63,928
Fair value through profit or loss		
Contingent consideration	174	870
Derivative financial instruments		
Foreign exchange forward/option contracts	2,028	782
Trade and other payables	93,219	70,450

Accounting policy

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income (OCI) and later reclassified to profit or loss when the hedged item affects profit or loss.

Cash flow hedges

Hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses.

The Group uses forward currency contracts and options as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in profit or loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast transaction occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedge of net investments in foreign operations

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

The Group uses a foreign currency loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. The loan at 30 June 2019 was a borrowing of GBP 30.906m which has been designated as a hedge of the net investment in the subsidiary in UK. This borrowing is being used to hedge the Group's exposure to the GBP foreign exchange risk on this investment. Gains or losses on the retranslation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investment in the subsidiary. There is no ineffectiveness in the year ended 30 June 2019.

21.2 Financial risk management objectives and policies

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk) and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, the use of financial derivatives and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's Corporate Treasury function reports at least quarterly to the Group's Audit and Risk Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

Foreign currency risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. Predominantly these foreign currencies include British Pounds (GBP), Indian Rupee (INR) and Chinese Yuan (CNY).

Foreign currency exchange rate risk arises from:

- GBP payments to the University of Cambridge Local Examinations Syndicate test materials commitment;
- Borrowings denominated in GBP;
- Other foreign currencies income or operational expenses (mainly CNY and INR); and
- GBP, USD, CAD and NZD receivable from student placement revenue and IELTS examination fees.

21. Financial instruments (continued)

21.2 Financial risk managment objectives and policies (continued)

Cash flow hedge

The Company utilises a variety of methods to manage its foreign currency exchange rate risk. The key method is the use of forward exchange contracts and currency option contracts. The Company's hedging policy permits the purchase of forward exchange contracts up to 100% and currency option contracts up to 50% of the currency exposure on the current and following year's forecast cash operating expenses and revenues (net of any forecast cash receipts and payments in the same currency). The main currencies currently covered by the hedging strategy are GBP, CNY and INR.

The Company's current policy is to enter into hedges during the current year covering up to 25% each quarter of the foreign currency exchange rate exposure of the following financial year's forecast cash operating expenses (net of any forecast cash receipts). The balance of the hedge program is completed when the Board approves the Company's budget and cash flow forecasts for the following financial year (which is prior to the commencement of that financial year).

The following table details the significant forward currency contracts and options outstanding at the end of the reporting period.

	Foreign currency		Fair value (AUD)	
	30 June 2019 $'000	30 June 2018 $'000	30 June 2019 $'000	30 June 2018 $'000
Buy GBP				
0 to 3 months	9,250	8,711	211	(22)
3 to 6 months	5,000	4,900	137	115
6 months to 1 year	10,000	10,500	93	368
Over 1 year	6,000	5,000	53	119
Sell INR				
0 to 3 months	283,991	207,029	(419)	(73)
3 to 6 months	335,715	268,328	(409)	(39)
6 months to 1 year	666,678	539,457	(560)	94
Buy CNY				
0 to 3 months	15,700	16,949	95	47
3 to 6 months	15,700	21,146	177	17
6 months to 1 year	31,400	24,926	198	88
Over 1 year	-	15,700	-	7

Foreign currency denominated monetary assets and monetary liabilities

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	30 June 2019		30 June 2018	
AUD equivalent	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
USD	15,649	(259)	12,867	(217)
CNY	2,509	(8,521)	3,216	(2,045)
GBP	29,334	(77,315)	17,632	(74,409)
INR	7,268	(15,929)	6,909	(10,500)
NZD	3,026	(40)	1,464	(27)
VND	2,654	(671)	1,701	(925)
CAD	6,767	(316)	1,777	(146)
Other Currencies	13,979	(7,580)	12,554	(6,480)
Total	81,186	(110,631)	58,120	(94,749)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% movement in the Australian dollar against the significant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and foreign exchange contracts. A positive number below indicates an increase in profit or equity whereas a negative number below indicates a decrease in profit or equity.

		Effect on profit and loss $'000	Effect on equity $'000
USD			
2019	**10%**	**(1,197)**	**(1,197)**
2018	10%	(984)	(984)
CNY			
2019	**10%**	**(468)**	**(1,481)**
2018	10%	(91)	(675)
GBP			
2019	**10%**	**(615)**	**(523)**
2018	10%	130	1,070
INR			
2019	**10%**	**674**	**2,740**
2018	10%	279	1,820
Other currencies			
2019	**10%**	**(1,398)**	**(845)**
2018	10%	(791)	(1,024)

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

At 30 June 2019, the Group was exposed to the variable interest rate loans of $60.7 m (2018: $64.2m).

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit and loss $'000	Effect on equity $'000
2019	**50**	**212**	**212**
2018	50	225	225

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

21. Financial instruments (continued)

21.2 Financial risk management objectives and policies (continued)

Liquidity risk management

The Board of Directors is ultimately responsible for liquidity risk management. The Group has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has a policy which describes the manner in which cash balances will be invested. The investment policy is to ensure sufficient flexibility to capture investment opportunities as they may occur, yet maintain reasonable parameters in the execution of the investment program.

The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. The table has been drawn up based on the net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

	Less than 1 year $'000	1-5 years $'000	More than 5 years $'000	Total $'000	Carrying amount $'000
30 June 2019					
– Trade and other payables	93,219	–	–	93,219	93,219
– Interest-bearing borrowings	946	62,134	–	63,080	60,478
– Financial liabilities at fair value through profit or loss	174	–	–	174	174
– Foreign exchange forward contracts	2,028	–	–	2,028	2,028
	96,367	62,134	–	158,501	155,899
30 June 2018					
– Trade and other payables	70,450	–	–	70,450	70,450
– Interest-bearing borrowings	6,414	59,977	–	66,391	63,928
– Financial liabilities at fair value through profit or loss	870	–	–	870	870
– Foreign exchange forward contracts	782	–	–	782	782
	78,516	59,977	–	138,493	136,030

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with financial institutions that are rated the equivalent of investment grade and above. Credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure for cash and cash equivalents is controlled by counterparty limits that are reviewed and approved by the Audit and Risk Committee annually.

The Group's customer base comprises Australia, UK, US, Canada and New Zealand universities and institutions and IELTS test centres. Credit risk assessments are conducted on new and renegotiated contracts to evaluate each customer's creditworthiness. Management considers the Group's credit risk is low due to the industry characteristic of major customers and the diverse customer base.

Management also considers many factors that influence the credit risk of its customer base including the industry default risk and country in which customers operate in. Management closely monitors the economic and political environment in geographical areas to limit the exposure to particular volatility. The Group's activities are increasingly geographically spread reducing the credit risk associated with one particular market or region.

Carrying value of financial assets represents the Group's maximum exposure to credit risk because the financial assets are not offset by the financial liabilities as they do not meet the net presentation requirements under AASB 132 and the Group does not have agreements in place to enable offset as a result of credit event.

21.3 Fair value of financial instruments

Critical accounting estimates and assumptions

The Group measures fair value of financial instruments at each reporting date. Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets/ financial liabilities	Fair value hierarchy	Fair value as at 30 June 2019 $'000	Fair value as at 30 June 2018 $'000	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Foreign currency forward and options contracts	Level 2	Assets: 1,335 Liabilities: 2,028	Assets: 1,572 Liabilities: 782	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Contingent consideration in business combinations/ investment in associate	Level 3	174	870	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration.	WACC Probability of meeting contingent consideration KPIs	A slight decrease or increase in the discount rate used and/or KPIs probability in isolation would not result in a significant change in the fair value.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values as detailed in Note 21.1.

21. Financial instruments (continued)

21.3 Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurements

Contingent consideration	$'000
As at 1 July 2017	12,012
Settlement	(13,546)
Liabilities arising on business combination	870
Effect of foreign exchange rates and unwinding of discount	1,534
As at 30 June 2018	870
Settlement	(696)
As at 30 June 2019	174

21.4 Capital management

The Group's objective is to maintain an optimal capital structure for the business which ensures sufficient liquidity, provide returns for shareholders, benefits for other stakeholders and to minimise the cost of capital.

As at 30 June 2019, IDP has following facilities:

Great British Pound £30,906,112	Facility A: Acquisition funding 3-year unsecured Cash Advance loan facility for acquisition of UK subsidiaries
Australian Dollar $25,000,000	Facility B: 3-year unsecured Cash advance facility to support both general corporate purposes and working capital requirements of the Group
Australian Dollar $5,000,000	Facility C: Acquisition funding 3-year unsecured Cash Advance loan facility for investment in HCP Ltd

The Company has complied with all bank lending requirements during the year and at the date of this report.

IDP's capital management is characterised by:

- Ongoing cash flow forecast analysis, detailed budgeting processes and consistent cash repatriation of surplus available cash from its overseas operations to ensure net cost of funds is minimised;
- The Group may adjust the level of dividends paid to shareholders, return capital to shareholders or issue new shares in order to maintain or adjust the capital structure;
- Maintain gearing to a level that does not limit IDP growth opportunities; and
- Monitor the gearing ratio of the Group.

As at 30 June 2019, the net leverage ratio was 0.04 (2018: 0.16). The ratio is calculated as Net Debt to Earnings before Interest, tax, depreciation and amortisation (EBITDA) as defined by the loan covenants.

Other notes

22. Share-based payments

Critical accounting estimates and assumptions

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or performance right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 22.3 below.

Accounting policy

Share-based compensation benefits are provided to key management personnel (KMP) and certain employees via long-term incentive (LTI) performance rights and options plan.

The fair value of equity-settled rights and options granted under the plans is recognised as an employee benefit expense over the period during which the employees become unconditionally entitled to the rights and options with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights and options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights and options that are expected to vest which are revised at the end of each reporting period. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

The fair value is measured at grant date and the expense recognised over the life of the plan. The fair value of performance rights and options is independently determined using Monte Carlo Simulation or similar pricing model that takes into account the exercise price, the term of the plan, 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. The expected price volatility is based on the historic volatility (based on the remaining life of the plans), adjusted for any expected changes to future volatility due to publicly available information.

22.1 Performance rights and option plans

The LTI plan is designed to align executives' interest with those of shareholders by incentivising participants to deliver long term shareholders returns. Under the plan, participants are granted performance rights or options that have vesting hurdles. The vesting hurdles must be satisfied at the end of the performance period for the rights to vest.

Details of the current performance rights and options plans are summarised in the table below.

Performance rights/ options awards	No. of performance rights/ Options	Grant date	Grant date fair value	Exercise price	Vesting conditions	Vesting date
CEO incentive award	720,000	17-Aug-15	0.51	1.44	Total shareholder return CAGR	31-Aug-18[1]
FY17 LTI award - tranche 1	184,625	14-Sep-16	3.83	N/A	EPS target CAGR	31-Aug-19
FY17 LTI award - tranche 2	184,622	14-Sep-16	2.56	N/A	Total shareholder return CAGR	31-Aug-19
FY17 IDP plan award	223,357	14-Sep-16	3.83	N/A	EPS target CAGR	31-Aug-19
FY18 LTI award - tranche 1	185,757	15-Sep-17	5.45	N/A	EPS target CAGR	31-Aug-20
FY18 LTI award - tranche 2	185,752	15-Sep-17	4.07	N/A	Total shareholder return hurdle	31-Aug-20
FY18 IDP plan award - tranche 1	134,655	15-Sep-17	5.45	N/A	EPS target CAGR	31-Aug-20
FY18 IDP plan award - tranche 2	134,640	15-Sep-17	4.07	N/A	Total shareholder return hurdle	31-Aug-20
FY19 LTI award - tranche 1	94,105	27-Sep-18	9.67	N/A	EPS target CAGR	31-Aug-21
FY19 LTI award - tranche 2	94,100	27-Sep-18	6.30	N/A	Total shareholder return hurdle	31-Aug-21
FY19 IDP plan award - tranche 1	82,242	27-Sep-18	9.67	N/A	EPS target CAGR	31-Aug-21
FY19 IDP plan award - tranche 2	82,221	27-Sep-18	6.30	N/A	Total shareholder return hurdle	31-Aug-21
FY18 Deferred STI	22,471	27-Sep-18	9.99	N/A	Service condition	1-Jul-19

1. The expiry date of the CEO incentive award options is 17 August 2020.

22. Share-based payments (continued)

22.2 Movements during the year

The table below summarises the movement in the number of performance rights/options in these plans during the year:

2019

	Grant date	Vesting period (years)	Exercise price	Number of options or rights Opening balance	Granted during the year	Exercised during the year	Forfeited during the year	Closing balance	Vested and exerci-sable at balance date
Options plan									
CEO incentive award options[1]	17-Aug-15	3.0	$1.44	4,150,000	–	(3,430,000)	–	720,000	720,000
Total Options				4,150,000	–	(3,430,000)	–	720,000	720,000
Performance right plans									
FY16 performance rights award	19-Oct-15	3.0	$0.00	1,107,635	–	(1,107,635)	–	–	–
FY17 LTI	14-Sep-16	3.0	$0.00	369,247	–	–	–	369,247	–
FY17 IDP plan award	14-Sep-16	3.0	$0.00	223,357	–	–	–	223,357	–
FY17 special incentive award	14-Sep-16	1.6	$0.00	97,087	–	(97,087)	–	–	–
Hotcourses earn out	31-Jan-17	2.0	$0.00	230,499	–	(197,362)	(33,137)	–	–
FY18 LTI	15-Sep-17	3.0	$0.00	371,509	–	–	–	371,509	–
FY18 IDP plan award	15-Sep-17	3.0	$0.00	277,526	–	–	(8,231)	269,295	–
FY19 LTI	27-Sep-18	3.0	$0.00	–	188,205	–	–	188,205	–
FY19 IDP plan award	27-Sep-18	3.0	$0.00	–	166,241	–	(1,778)	164,463	–
FY18 deferred STI	27-Sep-18	1.0	$0.00	–	22,471	–	–	22,471	–
Total Performance Rights				2,676,860	376,917	(1,402,084)	(43,146)	1,608,547	–
Total All Plans				6,826,860	376,917	(4,832,084)	(43,146)	2,328,547	720,000
Weighted average exercise price				0.88	–	1.02	–	0.45	1.44

1. The expiry date of the CEO incentive award options is 17 August 2020.

2018

	Grant date	Vesting period (years)	Exercise price	Number of options or rights					
				Opening balance	Granted during the year	Exercised during the year	Forfeited during the year	Closing balance	Vested and exerci-sable at balance date
Options plan									
CEO incentive award options[1]	17-Aug-15	3.0	$1.44	4,150,000	–	–	–	4,150,000	–
Total Options				4,150,000	–	–	–	4,150,000	–
Performance right plans									
The Prospectus performance award	21-Feb-14	4.5	$0.00	255,972	–	(255,972)	–	–	–
2014 LTI	21-Feb-14	3.5	$0.00	440,232	–	(440,232)	–	–	–
2014 LTI	30-Jan-15	2.6	$0.00	130,725	–	(130,725)	–	–	–
FY16 performance rights award	19-Oct-15	3.0	$0.00	1,107,635	–	–	–	1,107,635	–
FY17 LTI	14-Sep-16	3.0	$0.00	392,450	–	–	(23,203)	369,247	–
FY17 IDP plan award	14-Sep-16	3.0	$0.00	237,865	–	–	(14,508)	223,357	–
FY17 special incentive award	14-Sep-16	1.6	$0.00	97,087	–	–	–	97,087	–
Deferred STI	14-Sep-16	1.0	$0.00	14,491	–	(14,491)	–	–	–
Hotcourses earn out	31-Jan-17	2.0	$0.00	230,499	–	–	–	230,499	–
FY18 LTI	15-Sep-17	3.0	$0.00	–	391,498	–	(19,989)	371,509	–
FY18 IDP plan award	15-Sep-17	3.0	$0.00	–	277,526	–	–	277,526	–
Deferred STI	15-Sep-17	1.0	$0.00	–	46,531	(46,531)	–	–	–
Total Performance Rights				2,906,956	715,555	(887,951)	(57,700)	2,676,860	
Total All Plans				7,056,956	715,555	(887,951)	(57,700)	6,826,860	
Weighted average exercise price				0.85	–	–	–	0.88	

1. The expiry date of the CEO incentive award options is 17 August 2020.

22. Share-based payments (continued)

22.3 Fair value and pricing model

The fair value of performance rights and options granted under the Plan is estimated at the date of grant using a Monte Carlo Simulation Model taking into account the terms and conditions upon with the performance rights/options were granted. The model simulates the total shareholders return of the Company to the vesting date using the Monte Carlo Simulation technique. The simulation repeated numerous times produce a distribution of payoff amounts. The performance rights fair value is taken as the average payoff amount calculated, discounted back to the valuation date.

In valuing the performance rights, a number of assumptions were used as shown in the table below:

	27 September 2018 Performance Rights
Exercise price	-
Share value at grant date	$10.10
Expected volatility	35%
Expected dividend yield	1.47%
Risk free interest rate	2.10%

The expected volatility is a measure of the amount by which the price is expected to fluctuate during a period.

22.4 Total share-based payment expenses for the year

The following expenses were recognised in employees benefit expenses during the year relating to share-based payments described above:

	2019 $'000	2018 $'000
LTI performance rights/options plans	3,142	3,745
	3,142	3,745

23. Related party transactions

Note 25 provides the information about the Group's structure including the details of the subsidiaries.

Transactions with key management personnel

	30 June 2019 $	30 June 2018 $
Short-term employee benefits	4,111,902	3,576,180
Post-employment benefits	157,262	140,935
Other long-term benefits	78,900	52,036
Share-based payments	1,007,097	1,566,849
Total compensation paid to key management personnel	5,355,161	5,336,000

Refer to the Remuneration Report, which forms part of the Directors' Report for further details regarding KMP's remuneration.

24. Remuneration of auditors

The auditor of IDP Education Limited is Deloitte Touche Tohmatsu (Australia). During the year, the following fees were paid or payable for services provided by the auditors of the Group or its related practices.

	30 June 2019 $	30 June 2018 $
Group Auditor, Deloitte Touche Tohmatsu (Australia)		
Audit and review of financial statements	460,500	460,000
Taxation advisory services	-	-
Other consultancy service	25,000	49,750
Member firms of Deloitte Touche Tohmatsu in relation to subsidiaries		
Audit and review of financial statements	382,123	377,988
Taxation advisory services	27,887	12,916
Other advisory services	-	51,791
	895,510	952,445

25. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

			Proportion of voting power controlled by the Group	
Name of subsidiary	Principal activity	Place of incorporation and operation	2019	2018
IELTS Australia Pty Limited	Examinations	Australia	100%	100%
IDP World Pty Ltd	Holding company	Australia	100%	100%
IDP Education Pty (Korea)	Student Placements & Examinations	Korea	100%	100%
IDP Education Services Co. Ltd[1]	Student Placements & Examinations	Thailand	100%	100%
IDP Education Australia (Thailand) Co. Ltd[1]	English Language Teaching	Thailand	100%	100%
IDP Education (Vietnam) Ltd Company	Student Placements & Examinations	Vietnam	100%	100%

1. IDP Education Limited owns 100% ordinary Class A shares, which represents 49% of total shares of IDP Education Australia (Thailand) Co. Ltd and IDP Education Services Co. Ltd. According to the company constitution, ordinary Class A shares holds 100% voting right of the company. Based on these facts and circumstances, management determined that, in substance, the Group controls these entities with no non-controlling interest.

25. Subsidiaries (continued)

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of voting power controlled by the Group 2019	2018
Yayasan Pendidikan Australia[2]	Student Placements & Examinations	Indonesia	100%	100%
PT IDP Consulting Indonesia	Student Placements & Examinations	Indonesia	100%	-
IDP Consulting (Hong Kong) Co. Ltd	Holding company	Hong Kong	100%	100%
IDP Education India Pvt Ltd	Student Placements & Examinations	India	100%	100%
IDP Education Cambodia Ltd	Student Placements, Examinations & English Language Teaching	Cambodia	100%	100%
IDP Education LLC	Client Relations	United States of America	100%	100%
IDP Education UK Limited	Client Relations	United Kingdom	100%	100%
IDP Education (Canada) Ltd	Client Relations & Examinations	Canada	100%	100%
IDP Education (Bangladesh) Pvt Ltd	Student Placements & Examinations	Bangladesh	100%	100%
IDP Education (Egypt) LLC	Student Placements & Examinations	Egypt	100%	100%
IDP Education Consulting (Beijing) Co., Ltd	Student Placements	China	100%	100%
IDP Business Consulting (Shanghai) Co., Ltd	Student Placements	China	100%	100%
Beijing Promising Education Limited	Student Placements	China	100%	100%
IDP Education Services New Zealand Limited	Student Placements & Examinations	New Zealand	100%	100%
IDP Education Turkey LLC	Student Placements & Examinations	Turkey	100%	100%
IDP Education Lanka (Private) Limited	Student Placements & Examinations	Sri Lanka	100%	100%
IDP Education Pakistan (Private) Limited	Student Placements & Examinations	Pakistan	100%	100%
IDP Education Nepal Private Limited	Examinations	Nepal	100%	100%
IDP Education Japan Limited	Examinations	Japan	100%	-
IDP Connect Limited (formerly Hotcourses Ltd)	Digital marketing and online students recruitment	United Kingdom	100%	100%
The Complete University Guide Limited	Digital marketing	United Kingdom	100%	100%
Hotcourses Data Limited	Digital marketing	United Kingdom	100%	100%
West London Business Academy Limited[3]	Dormant	United Kingdom	-	100%
Hotcourses Inc	Client Relations	United States of America	100%	100%
Hotcourses Pty Limited	Client Relations	Australia	100%	100%
Hotcourses India Private Limited	Online services	India	100%	100%
IDP Education Student Services Nepal Private Limited	Student Placements	Nepal	51%	51%
IDP Education India Services LLP	Shared services	India	100%	100%

2. Foundation controlled through IDP Education Limited's capacity to control management of the company.

3. West London Business Academy Limited was dissolved on 24 July 2018.

26. Associate

Accounting policy

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

			Proportion of voting power held by the Group	
Name of associate	**Principal activity**	**Place of incorporation and operation**	**2019**	**2018**
HCP Limited	English language test preparation and online services	China	20%	20%

Summarised financial information in respect of the associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS.

	30 June 2019 $'000	30 June 2018 $'000
Current assets	6,416	3,302
Non-current assets	4,912	6,238
Current liabilities	2,098	388
Non-current liabilities	705	925
Revenue	8,832	2,417
Profit for the year	95	(1,244)
Other comprehensive income for the year	–	–
Total comprehensive income	95	(1,244)

26. Associate (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in HCP Limited recognised in the consolidated financial statements:

	30 June 2019 $'000	30 June 2018 $'000
Net assets of the associate	8,525	8,227
Proportion of the Group's ownership interest in HCP Limited	1,705	1,646
Goodwill	3,055	3,096
Carrying amount of the Group's interest in HCP Limited	4,760	4,742

27. Deed of cross guarantee

The following wholly-owned entities have entered into a Deed of Cross Guarantee.

Company	Financial year entered into agreement
IDP Education Limited	30 June 2017
IELTS Australia Pty Limited*	30 June 2017
IDP World Pty Ltd*	30 June 2017

* These entities are not required to prepare and lodge a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The companies that are members of this deed guarantee the debts of the others and represent the "Closed Group" from the date of entering into the agreement. These are the only members of the Deed of Cross Guarantee and therefore these companies also represent the 'Extended Closed Group'.

27.1 Statement of profit or loss, other comprehensive income and a summary of movements in consolidated retained profits of the Closed Group for Deed of Cross Guarantee purposes

Statement of comprehensive income	30 June 2019 $'000	30 June 2018 $'000
Revenue	308,667	258,235
Dividend income	7,242	5,607
Expenses	(227,680)	(189,373)
Depreciation and amortisation	(9,798)	(4,463)
Finance income	192	148
Finance costs	(2,028)	(2,344)
Share of profit/(loss) of an associate	19	(258)
Profit for the year before income tax expense	76,614	67,552
Income tax expense	(23,852)	(19,589)
Profit for the year of the Closed Group	52,762	47,963
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net investment hedge of foreign operations	(777)	(2,824)
Exchange differences arising on translating the foreign operations	69	(11)
Gain/loss arising on changes in fair value of hedging instruments entered into for cash flow hedges		
Forward foreign exchange contracts	(806)	644
Cumulative gain/loss arising on changes in fair value of hedging instruments reclassified to profit or loss	(343)	701
Income tax related to gains/losses recognised in other comprehensive income	578	138
Items that will not be reclassified subsequently to profit or loss:	-	-
Other comprehensive income for the year, net of income tax	(1,279)	(1,352)
Total comprehensive income for the year of the Closed Group	51,483	46,611

Summary of movements in consolidated retained profits	30 June 2019 $'000	30 June 2018 $'000
Retained profits at 1 July	63,252	50,330
Effects of initial application of new accounting standards	11,287	-
Profit for the year	52,762	47,963
Dividends paid	(47,072)	(35,041)
Retained profits at 30 June of the Closed Group	80,229	63,252

27. Deed of cross guarantee (continued)

27.2 Consolidated statement of financial position of the Closed Group for Deed of Cross Guarantee purposes

	30 June 2019 $'000	30 June 2018 $'000
Current assets		
Cash and cash equivalents	31,957	25,225
Trade and other receivables	56,843	34,540
Contract assets	32,564	8,371
Derivative financial instruments	1,007	1,245
Current tax assets	7,702	2,009
Other current assets	5,439	5,006
Total current assets	135,512	76,396
Non-current assets		
Contract assets	2,854	-
Investments in subsidiaries	63,485	63,245
Investments in an associate	4,761	4,742
Property, plant and equipment	7,897	7,052
Intangible assets	75,404	72,647
Capitalised development costs	2,748	5,506
Deferred tax assets	9,907	2,073
Other non-current assets	446	462
Total non-current assets	167,502	155,727
Total assets	303,014	232,123
Current liabilities		
Trade and other payables	102,736	70,383
Borrowings	-	5,000
Contract liabilities	5,492	5,719
Provisions	8,049	6,452
Financial liabilities at fair value through profit or loss	174	870
Derivative financial instruments	1,663	669
Total current liabilities	118,114	89,093
Non-current liabilities		
Trade and other payables	537	657
Borrowings	60,478	58,928
Derivative financial instruments	365	113
Provisions	3,199	3,498
Total non-current liabilities	64,579	63,196
Total liabilities	182,693	152,289
Net assets	120,321	79,834
Equity		
Issued capital	12,743	9,734
Reserves	27,349	6,848
Retained earnings	80,229	63,252
Total equity	120,321	79,834

28. Parent entity information

IDP Education Limited is the parent entity of the Group. The financial information presented below represents that of the parent and is not comparable to the consolidated results.

Financial information

Financial position	30 June 2019 $'000	30 June 2018 $'000
Current assets	102,485	72,136
Total assets	265,953	224,539
Current liabilities	140,751	136,995
Total liabilities	205,109	200,147
Equity		
Issued capital	12,743	9,734
Retained earnings	21,014	7,898
Reserves	27,087	6,760
Total equity	60,844	24,392

Financial performance	30 June 2019 $'000	30 June 2018 $'000
Profit for the year	48,720	62,058
Other comprehensive income	20,327	1,577
Total comprehensive income	69,047	63,635

During the year, the parent entity received $62.2m dividends income from the subsidiaries (2018: $72.1m).

The parent entity is in a net current liability position of $38.3m (2018: $64.9m) mainly due to $124.3m (2018: $100.1m) intercompany payables to the subsidiaries within the Group. The Directors are of the opinion that the parent entity is a going concern based on the factors below:

- The parent entity has full discretion on the timing of settling intercompany balances; and
- The parent entity is a member of the deed of cross guarantee Closed Group as disclosed in Note 27, in which members of this deed guarantee the debts of the others.

29. Contingent liabilities

The Directors are not aware of any significant contingent liabilities as at 30 June 2019 (2018: nil).

30. Events after the reporting period

Except for the dividends declared as detailed in the Note 6, there were no other significant events since the balance sheet date.

Directors' declaration

In the Directors' opinion:

(a) the consolidated financial statements and notes of IDP Education Limited and its controlled entities (the Group) set out on page 50 to 99 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 27 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 27.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

The declaration is made in accordance with a resolution of the Directors.

Peter Polson
Chairman

Andrew Barkla
Managing Director

Melbourne
21 August 2019

Independent auditor's report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
Australia

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Independent Auditor's Report
to the members of IDP Education Limited

Report on the Audit of the Financial Report

We have audited the financial report of IDP Education Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Assessment of uncertain tax positions
 	
Refer to Note 5 Taxation
 	
The Group operates across a large number of jurisdictions and is subject to investigations and audit activities by revenue authorities on a range of tax matters, estimates and assumptions during the normal course of business, including transfer pricing, indirect taxes and transaction related tax matters. Management exercise significant judgement in the determination of the tax position in relation these.
	Our procedures included, but were not limited to:
	• Understanding the process that management have undertaken to identify and assess uncertain tax positions, including the monitoring and consideration of guidance issued by regulatory authorities,
	• In conjunction with our tax specialists:
	  ○ Assessing the current status of tax assessments and investigations and the process to monitor developments in ongoing disputes by management,
	  ○ Reviewing external tax advice where available, including assessing the independence, competency and objectivity of the advisors, and
	  ○ Reviewing recent rulings and correspondence with local tax authorities, to assess that the tax provisions had been appropriately accounted for or adjusted to reflect the latest external tax developments.
	
	We also assessed the appropriateness of the disclosures in the Notes to the financial statements.

Carrying value of UK Digital Marketing cash generating unit
 	
Refer to Note 12 Intangible assets
 	
The carrying value of UK Digital Marketing cash generating unit (CGU) contains \$26.0 million of goodwill and \$14.2 million of intangible assets with indefinite useful lives, which are required to be assessed for impairment annually or where there is an indicator of impairment.
 	
As disclosed within Note 12 to the financial statements, the directors have assessed the UK Digital marketing cash generating unit for impairment using a 'value in use' discounted cash flow model. The impairment assessment incorporated significant judgments and estimates, including factors such as forecast cash flows and discount rate.
	Our procedures included but were not limited to:
	• Understanding the process that management has undertaken to assess the recoverable amount,
	• Agreeing forecasted cash flows to the latest Board approved budget and assessing the historical accuracy of forecasting,
	• In conjunction with our valuation specialists:
	  ○ evaluating the appropriateness of the models used by management to calculate the value in use of the CGU,
	  ○ challenging key assumptions, including forecast growth rates by comparing them to historical results,
	  ○ evaluating the discount rate used by assessing the cost of capital for the CGU by comparison to the market data,
	  ○ assessing the mathematical accuracy of the value in use model, and
	  ○ assessing managements sensitivity analyses around key assumptions used in the valuation model and the likelihood of such movement in those key assumption arising.
	
	We also assessed the appropriateness of the disclosures in the Notes to the financial statements.

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Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.

Independent auditor's report continued

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Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 48 of the Director's Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of IDP Education Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Genevra Cavallo

Genevra Cavallo
Partner
Chartered Accountants
Melbourne, 21 August 2019

Shareholder Information

The Shareholder information set out below was applicable as at 30 August 2019.

Distribution of Shareholders

Range	Shares	% of issued Capital	No. of holders	%
100,001 and Over	248,101,295	97.51	29	0.89
10,001 to 100,000	2,679,229	1.05	114	3.49
5,001 to 10,000	1,002,910	0.39	134	4.10
1,001 to 5,000	1,949,940	0.77	870	26.62
1 to 1,000	711,594	0.28	2,121	64.90
Total	**254,444,968**	**100.00**	**3,268**	**100.00**

There were 133 holders of less than a marketable parcel of ordinary shares.

Twenty Largest Quoted Equity Security Holders

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

Rank	Name	Shares Held	%
1	EDUCATION AUSTRALIA LIMITED	125,397,484	49.28
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,878,729	20.00
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	31,195,273	12.26
4	CITICORP NOMINEES PTY LIMITED	16,250,050	6.39
5	NATIONAL NOMINEES LIMITED	11,257,303	4.42
6	BNP PARIBAS NOMINEES PTY LTD	6,255,392	2.46
7	PACIFIC CUSTODIANS PTY LIMITED	1,293,775	0.51
8	BRISPOT NOMINEES PTY LTD	1,053,121	0.41
9	DIVERSIFIED UNITED INVESTMENT LIMITED	1,000,000	0.39
10	AMP LIFE LIMITED	695,205	0.27
11	AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED	500,000	0.20
12	CS THIRD NOMINEES PTY LIMITED	488,316	0.19
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	466,227	0.18
14	WARBONT NOMINEES PTY LTD	299,623	0.12
15	CS FOURTH NOMINEES PTY LIMITED	273,916	0.11
16	BAINPRO NOMINEES PTY LIMITED	214,386	0.08
17	ECAPITAL NOMINEES PTY LIMITED	130,919	0.05
18	NETWEALTH INVESTMENTS LIMITED	119,047	0.05
19	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	113,564	0.04
20	INVIA CUSTODIAN PTY LIMITED	77,298	0.03
Total		**249,313,288**	**97.98**

Balance of register	5,131,680	2.02
Grand total	**254,444,968**	**100.00**

Corporate Directory

Directors

Peter Polson
Chairman

Andrew Barkla
Managing Director and Chief Executive Officer

Ariane Barker

Professor David Battersby AM

Chris Leptos AM

Professor Colin Stirling

Greg West

Secretary

Murray Walton

Principal registered office in Australia

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Share Registry

Link Market Service Limited
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727 Collins Street
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Australia

Auditor

Deloitte Touche Tohmatsu
550 Bourke Street
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AUSTRALIA
Ph: +61 3 9671 7000

Stock exchange listing

IDP Education Limited shares are listed on the Australian Securities Exchange (Listing code: IEL)

Website

www.idp.com

ABN

59 117 676 463

idp.com