

**ACADEMIES AUSTRALASIA
GROUP LIMITED**

(Formerly Garratt's Limited)

ACN 000 003 725

**ANNUAL REPORT
2011**

CHAIRMAN'S REPORT

Dear Shareholder

I am particularly pleased to present this report. Your Company has achieved a commendable result in a very challenging period.

Notwithstanding all the reported difficulties faced by international education in Australia, our flagship education business came in with a substantial increase in profits – almost all from the colleges that we have nurtured and grown over the past 10 years.

Your Company's revenue increased by 39% to \$25.2 million. Consolidated profit before tax from operations grew by 51% to \$3.3 million.

Earnings before interest, tax, depreciation and amortisation (EBITDA) were \$3.9 million – up 50% compared to the previous year's \$2.6 million. The consolidated profit for the financial year after income tax and eliminating non-controlling entity interests amounted to \$2.3 million (2010:\$1.6 million).

In the year under review, we began to pay fully-franked dividends. We doubled the interim dividend from one cent to two cents per share and are pleased to continue the final dividend at the rate of two cents – in spite of the 14% increase in the number of shares from 41.3 million to 47.3 million. The four cents dividend reflects a 51% payout on the pre-tax earnings of 7.9 cents a share (or 74% on the after-tax earnings of 5.4 cents a share).

Education turnover increased by 65% to \$17.8 million, while contribution to profitability rose 74% to \$3.9 million. During the year, we acquired 75% of AMI Education Pty Limited in Melbourne which is a registered Higher Education Institution offering Bachelor and Master Degree courses on behalf of the University of Ballarat as well as a Degree course in its own name, and also Vocational and English language courses. We also acquired 51% of Benchmark Resources Pty Limited T/A Benchmark College, addressing the objective to diversify into the domestic education market. Benchmark College, headquartered in Penrith, NSW, has operations throughout Australia.

It would be noted that while we have used scrip for part payment for our recent acquisitions, earnings per share (after tax) increased by 50% from 3.6 cents to 5.4 cents. At the Annual General Meeting shareholders will be asked to 'renew' the Company's authority to issue up to 15% of the Company's total shares.

We are continuing to explore opportunities to further expand our operations in Australia and overseas.

Although Premier Fasteners' contribution dropped 20% to \$931,000, we are not unhappy with their performance as they have strong competition in a challenging market. Sales increased slightly to \$7.4 million.

I would like to welcome Philip Carroll and Bridget Mary Carroll to the Board and also John Geoffrey Thearle Adnams, Daniel Hing Yuen Wong and Mark Kwong To Lo who sit on the Board of AMI Education. Indeed, on behalf of the Board, may I also welcome all the staff of AMI Education and Benchmark College to the Academies Australasia family.

I would like to thank and congratulate the Group Managing Director, the directors of the group companies, management and staff for an excellent contribution. And, on behalf of the Board, I would like to thank shareholders for their continuing support.



Neville Thomas Cleary
Chairman
13 September 2011

GROUP MANAGING DIRECTOR'S REVIEW

Dear Shareholder

Swimming against the tide, our education team performed exceptionally in a year when the international education market continued to be challenged by several factors. While these challenges have not gone away, we are confident that international education services will continue as a major Australian export. It is, after all, a clean and truly sustainable industry.

The acquisition of controlling interests in AMI Education and Benchmark College takes our annual enrolments to more than 5,000 students. AMI Education provides us an entry into the higher education sector while Benchmark College gives us diversification into the domestic market. Both colleges have a good reputation. In 2009 Benchmark won the NSW State Training Award of Small Training Provider of the year.

New pathways to Australian courses are being put in place for students studying at Academies Australasia College, our college in Singapore. The recent appointment of Dr Lemmy Kay Chee Teo as Executive Director, Principal, is part of the exercise to further strengthen our operations in a country that is determined to become a centre for international education.

Premier Fasteners has again done well in a difficult market in which, Ivan Mikkelsen and his team continue to hold their own. Recent changes in the sector offer the possibility of Premier improving its share of the cold formed fasteners market.

I would like to thank my fellow directors and colleagues in all the group companies, as well as all our customers, students, teachers and business associates for their confidence and support during the year under review.



Christopher Elmore Campbell
Group Managing Director
13 September 2011

CORPORATE GOVERNANCE STATEMENT

At the date of this report, the Board comprised five directors, namely, Neville Thomas Cleary (Chairman, Independent & Non-Executive), Christopher Elmore Campbell (Group Managing Director, Executive), Chiang Meng Heng (Non-Executive), Dr John Lewis Schlederer (Independent & Non-Executive) and Philip Carroll (Executive). In addition, there are two Alternate Directors: Gabriela Del Carmen Rodriguez Naranjo and Bridget Mary Carroll.

Neville Thomas Cleary, Christopher Elmore Campbell, Chiang Meng Heng and Dr John Schlederer were members of the Board throughout the year.

Philip Carroll joined the Board on 10 June 2011. Bridget Mary Carroll was appointed his Alternate Director from 10 June 2011.

Gabriela Del Carmen Rodriguez Naranjo was appointed by Neville Thomas Cleary as his Alternate Director from 10 May 2011.

The Board is committed to the highest standards of corporate governance and endorses the Australian Stock Exchange ('ASX') Corporate Governance Council's Corporate Governance Principles and Recommendations (Second Edition) ('Recommendations'). However, given the small size and composition of the Board, the small size of the Company, its activities, and its cost structures, it is neither reasonable nor practicable to comply with certain Recommendations or to increase the size of the Board at this time.

In this corporate governance statement, where the Company has not complied fully with any of the eight principles stated in the Recommendations, this is identified and explained.

Principle 1 – Lay solid foundations for management and oversight

Roles and Responsibilities of Board and Management

The Board is responsible for the overall corporate governance of the Company including setting its strategic direction and performance objectives, increasing shareholder wealth, meeting ethical and regulatory obligations and managing business risk.

Key responsibilities include:

- appointing and removing the Group Managing Director;
- final approval and monitoring of corporate strategies and performance objectives;
- monitoring senior management's performance and implementation of the Board approved strategies;
- reviewing and ratifying systems of risk management and internal compliance and control;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestments;
- approving and monitoring financial and other reporting; and
- other matters required to be dealt with by the Board from time to time.

All Company senior executives are subject to annual performance review. This involves an evaluation of their expected contribution, their progress and what was achieved. All senior executives were reviewed during the year ended 30 June 2011.

The Board ensures that the terms of the approved performance incentives scheme are complied with.

To assist in the execution of its responsibilities, the Board has established an Audit and Risk Committee and a Remuneration Committee.

Responsibility for the day-to-day operation and administration of the Company is delegated by the Board to the Group Managing Director and members of the senior management team.

Principle 2 – Structure the Board to add value

Board Composition

The skills, experience, expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The names of the independent directors of the Company are:

Neville Thomas Cleary (Chairman)
Dr John Lewis Schlederer

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 5% of Company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the director's income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the consolidated group other than income derived as a director of the group.

The Board regularly assesses whether each non-executive director is independent. In making the assessment of a director's independence, materiality is assessed on a case by case basis having regard to the individual circumstances of the director.

All directors – whether independent or not - should bring an independent judgement to bear on Board decisions. All directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the company.

Chiang Meng Heng, Christopher Elmore Campbell and Philip Carroll, each have relevant interests of 5% or more in the Company shares. In addition, Philip Carroll is the Managing Director of a subsidiary of the Company. Chiang Meng Heng, Christopher Elmore Campbell and Philip Carroll are not independent. Nevertheless, the Board believes that Chiang Meng Heng, Christopher Elmore Campbell and Philip Carroll can, and do, make judgements in the best interests of the Company. The Board does not meet the Recommendations that there be a majority of independent directors.

Nominations Committee

Except where a director is elected by shareholders, the Board determines the appointment of new directors. There is no Nominations Committee as such. However, when considering the appointment of a new director, the Board would consider the same issues as a Nominations Committee would. The principles and guidelines are described below.

Procedure for Selection and Appointment of New Directors

The structure of the Board is determined having regard to the following criteria:

- The Chairman should be a non-executive director.
- A majority of the Board should be non-executive directors.
- The roles of Chairman and Group Managing Director should not be exercised by the same individual.
- The Board should comprise of directors with an appropriate range of qualifications and expertise.

The following principles and guidelines are adhered to in the selection and appointment of new directors:

- The Board is required to have a broad range of skills, experience, diversity and commercial expertise to ensure that it is able to discharge its mandate effectively. Therefore, when an individual is nominated for consideration as a director, their selection will depend upon an evaluation of what skills, experience and commercial expertise they would bring to the Board and how these skills would complement or enhance the Board's effectiveness.
- The composition of the Board needs to be conducive to making decisions expediently and in the best interests of the Company as a whole (rather than of individual shareholders or interest groups). Therefore, the size of the Board is limited so as to encourage efficient decision-making.
- Individuals being considered for non-executive roles will be required to provide the Company with details of their other commitments and an indication of the time involved. Candidates must be able to satisfy the Board that they will have sufficient time to meet what is expected of them.
- The Constitution of the Company provides that the Board may at any time appoint any person to be a director. That person shall hold office until the end of the next following general meeting and shall be eligible for election at that meeting.
- The Constitution of the Company provides that at every general meeting one-third of the directors or, if their number is not a multiple of three, then the number nearest to one-third, shall retire from office and be eligible for re-election.

Performance Evaluation

The Board conducts an evaluation of its performance, policies and practices annually. The review includes an examination of the effectiveness and composition of the Board, including the required mix of skills, experience, diversity and other qualities which the non-executive directors should bring to the Board for it to function competently and efficiently; a review of the Company's strategic direction and objectives, and an assessment of the corporate governance practices. The Board also conducts an annual review of the Group Managing Director and key executives.

Principle 3 – Promote ethical and responsible decision making

Code of Conduct

The Company has established a Code of Conduct to guide the directors and key executives as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Company and its directors, managers, employees and consultants are expected to act with high standards of honesty, integrity, fairness and equity, striving at all times to enhance the reputation and performance of the consolidated group as a whole.

The Company's Code of Conduct is on the Company's website (www.academies.edu.au).

Diversity Policy

The Company is committed to diversity and inclusiveness, and to providing an environment in which employees have equal access to opportunities, are treated with fairness and respect, and are not judged by unlawful or irrelevant reference to their attributes. This commitment enables the Company to attract and retain people with the best skills and abilities.

A copy of the Company's Diversity Policy is on the Company's website (www.academies.edu.au)

The Company does not favour or discriminate against females. As at 30 June 2011, 29% of the Board members (inclusive of alternates), 43% of senior management and 51% of Group employees (excluding academic staff), were female.

Employees have a wide range of qualifications and experience and come from more than 20 countries.

Share Trading Policy

A copy of the Company's policy on the trading of the Company's securities by key management personnel was announced to the Australian Stock Exchange on 27 December 2010. A copy of that policy is on the Company's website (www.academies.edu.au).

The policy also addresses the subject of 'Insider Trading' – i.e. trading while in possession of price sensitive information. Employees must not trade in the Company's securities while in possession of price sensitive information. This prohibition applies to all employees at all times.

Principle 4 – Safeguard integrity in financial reporting

Audit and Risk Committee

The names and qualifications of the directors appointed to the Audit and Risk Committee and their attendance at meetings of the committee are included in the directors' report.

During the year the Audit and Risk Committee comprised of Neville Thomas Cleary, Chiang Meng Heng and Dr John Lewis Schlederer. The Committee was chaired by Neville Thomas Cleary up to 20 August 2010 and then by Dr John Lewis Schlederer from 21 August 2010.

Christopher Elmore Campbell (as Group Managing Director), the Group Finance Manager and the external auditor also attend Audit and Risk Committee meetings.

The Audit and Risk Committee's Charter is available on the Company's website (www.academies.edu.au).

Principle 5 – Make timely and balanced disclosure

Continuous Disclosure

The Company has adopted a policy to ensure that it complies with its continuous disclosure obligations under the ASX Listing Rules which state that:

Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.

Employees must immediately notify the Group Managing Director if they become aware of any information that should be considered for release to the market. The information is reviewed and, if considered material, the appropriate disclosure is made to the ASX.

The Company will not release any information to any other party until acknowledgement has been received from the ASX that the information has been released to the market.

A copy of the Company's Continuous Disclosure policy is on the Company's website (www.academies.edu.au).

Principle 6 – Respect the rights of shareholders

The Company recognises that shareholders must receive high quality relevant information in a timely manner in order to be able to properly and effectively exercise their rights.

The Company aims to ensure that shareholders are informed of all major developments affecting the Company. Information is communicated to shareholders on a regular basis through continuous reporting and half yearly and annual reports. The Board ensures that these reports include all relevant information about the operations of the Company, changes in the state of affairs of the Company and details of future developments.

All documents that are released publicly (i.e. ASX Announcements and Annual Reports) are made available on the Company's web site (www.academies.edu.au).

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The Board also requests that the external auditor attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7 – Recognise and manage risk

The Board has established policies for the oversight and management of material business risks. The Audit and Risk Committee assists the Board in carrying out this function.

The following material business risks that have the potential to adversely impact the Company's operations are addressed:

- a. Financial risk: market price risk, liquidity risk, credit risk and corporate and bank guarantees.
- b. Business risk: A range of policies and procedures dealing with specific business risks, including:
 - Delegation of Authority;
 - Capital investment;
 - Business conduct; and

- Litigation reporting.
- c. Operational risk:
 - Health, safety and environment;
 - Asset protection and operational security; and
 - Insurance.

Procedures exist to monitor risk, with ultimate reporting to the Board, through either the Audit and Risk Committee for financial and business risk or the Group Managing Director for operational risk.

The Board acknowledges that the policies are designed to provide reasonable but not absolute protection against errors and irregularities and that they are intended to identify control issues that require the attention of the Board or Audit and Risk Committee.

Management has reported that the material business risks are being managed effectively.

The Company has a number of financial control processes to ensure that the information that is presented to senior management and the Board is both accurate and timely. The control processes include, among other things:

- annual audit and half year review by the external auditor;
- management review of the balance sheet and internal control environment;
- monthly review of financial performance compared to budget and forecast; and
- analysis of financial performance and significant balance sheet items to comparative periods.

The Board reviews the implementation of the risk management and internal compliance and control system on an annual basis. The Group currently does not have an internal audit function. As the Group grows, consideration will be given to establishing an internal audit operation – either staffed in-house or on contract with an external firm.

For the annual and half-year accounts released publicly, the Board has received assurance from the Group Managing Director and the Group Finance Manager that, in their opinion:

- the financial records of the Group have been properly maintained;
- the financial statements and notes required by accounting standards for external reporting:
 - give a true and fair view of the financial position and performance of the Company and the consolidated Group; and
 - comply with the accounting standards and applicable ASIC Class orders; and
 - the above representations are based on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8 – Remunerate fairly and responsibly

Remuneration Policies

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Group Managing Director, senior executives and directors themselves. This role also includes responsibility for share option schemes, incentive performance packages, superannuation entitlements, any remuneration by gender, retirement and termination entitlements, fringe benefit policies and professional indemnity and liability insurance policies. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives.

The directors and senior executives are all on fixed remuneration. The Company has a performance incentive scheme structured around profitability and increase in the value of the Company's shares. Non-Executive Directors are not eligible for this scheme.

Remuneration Committee

The names of the members of the Remuneration Committee and their attendance at meetings of the Committee are detailed in the directors' report.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

A copy of the Company's Remuneration Committee Charter is on the Company's website (www.academies.edu.au).

This Corporate Governance Statement and information about the Company's corporate governance practices and policies (including 'Charters' referred to in this statement) is available on the Company's web site at www.academies.edu.au.

The Company is initiating a review of all its, and its subsidiary companies', corporate governance procedures, especially in light of its recent acquisitions, to streamline procedures and ensure consistency.

103rd ANNUAL REPORT OF THE DIRECTORS

Your directors present this report on Academies Australasia Group Limited (“the Company”) and its controlled entities for the financial year ended 30 June 2011.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Neville Thomas Cleary
Christopher Elmore Campbell
Chiang Meng Heng
Dr John Lewis Schlederer
Philip Carroll
Gabriela Del Carmen Rodriguez Naranjo (Alternate to Neville Thomas Cleary)
Bridget Mary Carroll (Alternate to Philip Carroll)

Neville Thomas Cleary, Christopher Elmore Campbell, Chiang Meng Heng and John Lewis Schlederer have been in office since the start of the financial year to the date of this report.

COMPANY SECRETARY

Mrs Stephanie Noble held the position of company secretary of Academies Australasia Group Limited at the end of the financial year. She was appointed company secretary on 27 November 2006. Mrs. Noble is a CPA Australia and a Fellow of the Association of Chartered Certified Accountants and holds an Honours Degree in Accounting.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated group during the course of the financial year was the provision of training and education services. It also manufactures, imports and sells fasteners. No change in those principal activities occurred during the year.

CONSOLIDATED RESULT

The consolidated profit of the consolidated group for the financial year after providing for income tax and eliminating non-controlling entity interests amounted to \$2,325,918 (2010:\$1,609,407).

REVIEW OF OPERATIONS

A review of the operations of the consolidated group during the financial year and the results of those operations are as follows:

Education

The contribution from the education business (before tax) increased by 74.0% to \$3,938,809 (2010: \$2,263,775) during the financial year, while revenue increased by 64.6% to \$17,761,084.

Fasteners

The contribution from the fasteners business (before tax) decreased by 20.1% to \$931,007 (2010: \$1,165,558) during the financial year, while revenue increased by 0.9% to \$7,399,459.

Keith Franklin Kennett, K. F. Kennett Nominees Pty Ltd and Myong Ho Pak

Proceedings have been determined by the Court of Appeal. The Company was successful in defending the claims and is now taking steps to recover costs.

Dividends Paid or Proposed

An unfranked dividend of two cents per share (\$826,811) was paid on 15 October 2010. An interim fully franked dividend of two cents per share (\$826,811) was paid on 3 March 2011.

The directors have announced the payment of a fully franked final dividend of 2 cents per share (\$944,188), to be paid on 30 September 2011.

FINANCIAL POSITION

The net assets of the consolidated group have increased by \$4,125,275 since 30 June 2010.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the acquisition of 75% interest in AMI Education Pty Limited and 51% interest in Benchmark Resources Pty Limited, there were no significant changes in the state of affairs of the consolidated group during the reporting period. Details of these acquisitions are shown in Note 14.

EVENTS AFTER THE REPORTING PERIOD

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in subsequent financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Reference is made in the Chairman's Report (Page 1) and the Group Managing Director's Review (Page 2) to the consolidated group's future direction. No detailed information in respect of the consolidated group's corporate strategies has been included, as directors believe that the disclosure of such information is likely to result in unreasonable prejudice to the consolidated group.

ENVIRONMENTAL ISSUES

The consolidated group operations are not subject to any significant environmental legislation.

INFORMATION ON DIRECTORS

Neville Thomas Cleary
Qualifications/Experience

- Chairman (Independent & Non-Executive), since 2001.
- Retired as General Manager and Head of Lending, Commonwealth Bank of Australia in 1992 after 43 years service.
- Following retirement from the bank, has held non-Executive Directorships in public listed Companies, Minproc Engineers Limited, Finemore Holdings Limited and Ipoh Limited.
- Also non-Executive Directorships in four non listed companies (non related).

Interest in Shares
Special Responsibilities

- 160,000 shares (0.34%)
- Chairman of the Remuneration Committee. Chairman of the Audit and Risk Committee until 20 August 2010.

Directorships held in other listed entities

- None.

Christopher Elmore Campbell

Qualifications/Experience

- Group Managing Director, since 1996.
- B.Soc.Sci. (Hons). FFin, FAICD, FCIS. Previous positions include senior appointments with the Monetary Authority of Singapore and an international bank in Australia.

Interest in Shares

- 7,149,007 shares (15.14%)

Special Responsibilities

- Group Managing Director and Chief Executive Officer. Member of the Remuneration Committee. Member of the Audit and Risk Committee until 20 August 2010. Director of each of the subsidiary companies in the Academies Australasia Group. Chairman of Academies Australasia Pty Limited, AMI Education Pty Limited and Premier Fasteners Pty Limited

Directorships held in other listed entities

- None.

Chiang Meng Heng

Qualifications/Experience

- Director (Non-Executive), since 2000.
- BBA (Hons). Previous positions include President, Asia Commercial Bank Ltd, Adviser & Department Head, Monetary Authority of Singapore, Managing Director, First Capital Corporation Ltd, Executive Director, Far East Organization and Group Managing Director, Lim Kah Ngam Ltd.

Interest in Shares

- 24,941,886 shares (52.83%)

Special Responsibilities

- Member of the Audit and Risk, and Remuneration Committees. Chairman (Non-executive) and Director of ACA Investment Holdings Pte. Limited and Academies Australasia College Pte. Limited.

Directorships held in other listed entities

- Orchard Parade Holdings Limited, Macquarie International Infrastructure Fund Limited, and Keppel Land Limited (all listed on the Singapore Stock Exchange).

Dr John Lewis Schlederer

Qualifications/Experience

- Director (Independent & Non-Executive), since 2010.
- B.Sc (Hons). PhD. Grad. Diploma. More than 20 years teaching experience, at University of New South Wales and TAFE NSW (Technical and Further Education, New South Wales) and many years in business.

Interest in Shares

- 758,422 (1.61%)

Special Responsibilities

- Member of the Remuneration, and Audit and Risk Committees. Chairman of the Audit and Risk Committee from 21 August 2010.

Directorships held in other listed entities

- None

Philip Carroll

Qualifications/Experience

- Director (Executive), since 10 June 2011.
- M Comm. Previous positions include College Coordinator – Labour Market Programmes, Western Sydney Institute of TAFE.

Interest in Shares

- 4,248,848 (9%)

Special Responsibilities

- Managing Director of Benchmark Resources Pty Limited T/A Benchmark College.

Directorships held in other listed entities

- None.

Gabriela Del Carmen Rodriguez Naranjo

Qualifications/Experience

- Alternate Director to Neville Cleary, since 10 May 2011.

- B. Comp.Sci, B.Sci. Sys. Eng. MAICD. More than 10 years experience in various aspects of international education in Australia and overseas.

Interest in Shares

- None

Special Responsibilities

- Executive Director, General Manager and Chief Operations Officer of Academies Australasia Pty Limited and Director of each of its subsidiaries (excluding ACA Investment Holdings Pte. Limited) and Skilled Placements Pty Limited.

Directorships held in other listed entities

- None.

Bridget Mary Carroll

Qualifications/Experience

- Alternate Director to Philip Carroll, since 10 June 2011.

- B Teach. Previous positions include teaching posts within the Department of Education and Catholic Educational Office, and teaching and coordination roles within Western Sydney Institute of TAFE and South Western Sydney Institute of TAFE.

Interest in Shares

- 4,248,848 (9%)

Special Responsibilities

- Executive Director/ Director of Education, Benchmark Resources Pty Limited T/A Benchmark College.

Directorships held in other listed entities

- None.

REMUNERATION REPORT

Remuneration Policies

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Group Managing Director, senior executives and directors themselves. This role also includes responsibility for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and professional indemnity and liability insurance policies. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. During the year, the members of the Remuneration Committee were Neville Thomas Cleary, Chiang Meng Heng, John Lewis Schlederer and Christopher Elmore Campbell. The remuneration policy of the Company in respect of directors and senior executives is to ensure certainty of exposure of the Company to employees by agreeing a fixed salary for each director and senior executive. All executives receive a base salary, which is based on factors such as length of service and experience and superannuation (as required by law). Executives may sacrifice part of their salary to increase payments towards superannuation.

There are no options over unissued capital. The Company does not have an employee share option plan.

The Company has a performance incentive scheme structured around movements in the value of the Company's shares. This scheme has a three year life from the date of inception for each employee. The financial statements of the group accrue the anticipated costs of the scheme to date of reporting.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The amount approved at the 2009 Annual General Meeting is \$250,000 per annum. Fees for non-executive directors are not linked to the performance of the consolidated group.

Directors and Key Management Remuneration

a. Directors and Key Management

The names of each person holding the position of director of Academies Australasia Group Limited at any time during the financial year were:

Neville Thomas Cleary (Chairman – Independent & Non-Executive).

Christopher Elmore Campbell (Group Managing Director – Executive).

Chiang Meng Heng (Director – Non-Executive).

Dr John Lewis Schlederer (Director – Independent & Non-Executive).
Philip Carroll (Director - Executive).
Gabriela Del Carmen Rodriguez Naranjo (Alternate Director to Neville Thomas Cleary).
Bridget Mary Carroll (Alternate Director to Philip Carroll).

The names of each person holding the position of specified executive, other than executives listed above, at any time during the financial year were :

Ivan James Mikkelsen (Director and General Manager – Premier Fasteners Pty Limited).
Stephanie Ann Noble (Group Finance Manager and Company Secretary Academies Australasia Group Limited).
Kim Soon Ng (Executive Director, External Relations – Academies Australasia College Pte. Limited, until 30 June 2011).
May Chiak Elaine Ng (Executive Director, Operations – Academies Australasia College Pte. Limited).
Dr Lemmy Kay Chee Teo (Executive Director, Principal – Academies Australasia College Pte. Limited, from 15 June 2011).
Mark Kwong To Lo (Executive Director – AMI Education Pty Limited).
Daniel Hing Yuen Wong (Executive Director – AMI Education Pty Limited, until 30 April 2011, then Non-Executive Director).
John Geoffrey Thearle Adnams (Non-Executive Director – AMI Education Pty Limited, from 24 February 2011).

b. Directors and Key Management Remuneration

The remuneration for each director and each of the three specified executives of the consolidated entity receiving the highest remuneration during the year was as follows:

| 2011 | Directors and Key Management | Short-term Employee Benefits | | | Post-employment Benefits | Total |
|------|--|------------------------------|---------|-----------------------|--------------------------|-----------|
| | | Cash, salary and commissions | Bonuses | Non-monetary benefits | Superannuation | |
| | | \$ | \$ | \$ | \$ | \$ |
| | Neville Thomas Cleary | 54,500 | - | - | - | 54,500 |
| | Chiang Meng Heng | 30,000 | - | - | 2,700 | 32,700 |
| | John Lewis Schlederer | - | - | - | 40,225 | 40,225 |
| | Christopher Elmore Campbell | 234,999 | 97,143 | - | 64,999 | 397,141 |
| | Stephanie Ann Noble | 106,666 | 14,571 | - | 8,700 | 129,937 |
| | Gabriela Del Carmen Rodriguez Naranjo | 110,274 | 24,286 | - | 9,025 | 143,585 |
| | Ivan James Mikkelsen | 149,999 | - | 21,383 | 50,000 | 221,382 |
| | Kim Soon Ng (to 30 June 2011) | 93,976 | - | - | 2,358 | 96,334 |
| | May Chiak Elaine Ng | 65,783 | - | - | 6,367 | 72,150 |
| | Dr Lemmy Kay Chee Teo (from 15 June 2011) | 3,666 | - | - | 545 | 4,211 |
| | Mark Kwong To Lo (from 25 February 2011) | 6,923 | - | - | 8,169 | 15,092 |
| | Daniel Hin Yuen Wong (from 25 February 2011) | 14,169 | - | - | 1,067 | 15,236 |
| | John Adnams (from 25 February 2011) | 9,424 | - | - | - | 9,424 |
| | Philip Carroll (from 10 June 2011) | 19,273 | - | - | 2,083 | 21,356 |
| | Bridget Carroll (from 10 June 2011) | 19,251 | - | - | 2,083 | 21,334 |
| | | 918,903 | 136,000 | 21,383 | 198,321 | 1,274,607 |

| 2010 | Directors and Key Management | Short-term Employee Benefits | | | Post-employment Benefits | Total |
|------|---|------------------------------|---------|-----------------------|--------------------------|-----------|
| | | Cash, salary and commissions | Bonuses | Non-monetary benefits | Superannuation | |
| | | \$ | \$ | \$ | \$ | |
| | Neville Thomas Cleary | 50,000 | - | - | - | 50,000 |
| | Chiang Meng Heng | 20,000 | - | - | 1,800 | 21,800 |
| | John Lewis Schlederer (from 21 August 2010) | 12,270 | - | - | 6,554 | 18,824 |
| | Christopher Elmore Campbell | 234,996 | 60,000 | - | 65,000 | 359,996 |
| | Stephanie Ann Noble | 89,998 | 9,000 | - | 8,100 | 107,098 |
| | Gabriela Del Carmen Rodriguez Naranjo | 89,998 | 15,000 | - | 8,100 | 113,098 |
| | Ivan James Mikkelsen | 166,728 | - | 21,384 | 50,000 | 238,112 |
| | Kim Soon Ng (from 1 October 2010) | 72,370 | - | - | 1,628 | 73,998 |
| | May Chiak Elaine Ng (from 1 October 2010) | 50,660 | - | - | 4,726 | 55,386 |
| | | 787,020 | 84,000 | 21,384 | 145,908 | 1,038,312 |

None of the remuneration paid to any key management persons is tied to any specific performance condition.

c. Options issued as part of remuneration for the year ended 30 June 2011

No options were granted as part of remuneration.

d. Employment contracts of executives

The employment conditions of all executives are formalised in written contracts of employment. Generally, the employment contracts stipulate a one-month resignation period. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

The three-year employment contract with Christopher Elmore Campbell expires on 31 December 2011.

Except in certain exceptional circumstances, Mr. Ivan James Mikkelsen's contract may be terminated by either Mr. Mikkelsen or Premier Fasteners Pty Limited giving to the other six months' notice.

Mark Kwong To Lo is on a 2 year employment contract with AMI Education Pty Limited which expires on 24 February 2013.

MEETINGS OF DIRECTORS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by the directors of the Company during the financial year are:

| Director | Directors' Meetings | | Audit and Risk Committee | | Remuneration Committee | |
|-----------------------------|-----------------------|----------|--------------------------|----------|------------------------|----------|
| | <u>A</u> | <u>B</u> | <u>A</u> | <u>B</u> | <u>A</u> | <u>B</u> |
| | Neville Thomas Cleary | 7 | 7* | 2 | 2 | 1 |
| Christopher Elmore Campbell | 7 | 7 | 2 | 2 | 1 | 1 |
| Chiang Meng Heng | 7 | 7 | 2 | 2 | 1 | 1 |
| Dr John Lewis Schlederer | 7 | 7 | 2 | 2 | 1 | 1 |

A - Number of meetings held during the time the director held office during the period

B - Number of meetings attended

*Ms Gabriela Del Carmen Rodriguez Naranjo attended one meeting at which Mr Cleary was absent, as his Alternate Director.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company's Articles of Association provides an indemnity to officers of the Company. The Company is required to pay all costs, losses and expenses that an officer may incur by reason of any contract entered into or act or thing done by them in the discharge of their duties except where they act dishonestly.

The Company has also paid an insurance premium in respect of a directors and officer's liability insurance policy covering the directors and officer's liabilities as officers of the Company. It has also taken out "key man" insurance policies, the premium and nature of the liabilities covered by the policies are not to be disclosed, under the terms of the policies.

OPTIONS

No options have been issued on the Company's shares.

PROCEEDINGS ON BEHALF OF THE COMPANY

Apart from the action by Keith Franklin Kennett, K.F. Kennett Nominees Pty Ltd and Myong Ho Pak referred to earlier, the Company was not a party to any proceedings in a Court of Law during the year.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Risk Committee.
- The nature of services provided does not compromise the general principles relating to audit independence.

The following fees were paid or payable for non-audit services to the external auditors during the year ended 30 June 2011:

- | | |
|---------------------|----------|
| • Taxation services | \$12,600 |
| • Other services | \$67,557 |

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration for the year ended 30 June 2011 has been received and can be found on page 18.

Signed in accordance with a resolution of the Board of Directors.



Neville Cleary
Director



Christopher Campbell
Director

13 September 2011



PILOT PARTNERS
Chartered Accountants

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**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ACADEMIES AUSTRALASIA GROUP LIMITED**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

1. no contraventions of the auditors' independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

PILOT PARTNERS

MICHAEL TRAYNOR

13 September 2011

Level 5
175 Eagle Street
Brisbane, Queensland 4000

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

| | Note | CONSOLIDATED GROUP | | PARENT ENTITY | |
|---|------|--------------------|-------------|------------------|------------|
| | | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ |
| Revenue from continuing operations | 2 | 25,198,078 | 18,155,620 | 3,703,373 | 3,730,732 |
| Depreciation and amortisation expense | | (494,981) | (310,160) | (117,919) | (129,983) |
| Cost of sales | | (3,841,869) | (3,753,018) | - | - |
| Cost of services | | (6,848,172) | (4,640,415) | - | - |
| Employee benefits expense | | (5,214,776) | (3,628,400) | (975,382) | (639,587) |
| Finance costs | 3 | (96,121) | (56,171) | (55,654) | (48,459) |
| Insurance | | (262,373) | (188,568) | (55,330) | (50,913) |
| Lease rental expense – operating leases | 3 | (2,363,283) | (1,660,053) | - | - |
| Legal expenses | | (166,739) | (143,939) | (61,002) | (117,052) |
| Non-executive directors fees | | (127,425) | (90,623) | (127,425) | (90,623) |
| Payroll tax | | (199,867) | (150,367) | (31,374) | (32,112) |
| Other expenses | | (2,245,967) | (1,320,083) | (145,220) | (139,067) |
| Profit before income tax | | 3,336,505 | 2,213,823 | 2,134,067 | 2,482,936 |
| Income tax expense | 4 | (1,080,531) | (715,967) | (937,839) | (715,967) |
| Profit for the year | | 2,255,974 | 1,497,856 | 1,196,228 | 1,766,969 |
| Other comprehensive income: | | | | | |
| Net gain on revaluation of assets | | (8,796) | 627,358 | - | - |
| Exchange differences on translating foreign controlled entities | | (13,953) | 5,953 | - | - |
| Income tax on other comprehensive income | | 2,639 | (188,262) | - | - |
| Other comprehensive income for the year, net of tax | | (20,110) | 445,049 | - | - |
| Total comprehensive income for the year | | 2,235,864 | 1,942,905 | 1,196,228 | 1,766,969 |
| Loss attributable to non-controlling interest | | 69,944 | 111,551 | - | - |
| Profit attributable to owners of the parent entity | | 2,325,918 | 1,609,407 | 1,196,228 | 1,766,969 |
| | | 2,255,974 | 1,497,856 | 1,196,228 | 1,766,969 |
| Total comprehensive income attributable to | | | | | |
| Owners of the parent entity | | 2,305,808 | 2,054,456 | 1,196,228 | 1,766,969 |
| Non-controlling interest | | (69,944) | (111,551) | - | - |
| Basic earnings per share (cents per share) | 7 | 5.4 | 3.6 | | |
| Dividends per share (cents) | 8 | 4.0 | 3.0 | | |

The accompanying notes form part of these financial statements.

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION**

As at 30 June 2011

| | Note | CONSOLIDATED GROUP | | PARENT ENTITY | |
|--------------------------------------|------|--------------------|-------------------|-------------------|-------------------|
| | | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ |
| Current Assets | | | | | |
| Cash and cash equivalents | 9 | 3,572,936 | 2,410,166 | 995,748 | 1,094,296 |
| Trade and other receivables | 10 | 2,223,272 | 2,432,339 | 7,048,327 | 3,743,465 |
| Inventories | 11 | 3,094,041 | 3,018,239 | - | - |
| Other current assets | 12 | 783,917 | 378,096 | 24,287 | 36,418 |
| Total Current Assets | | 9,674,166 | 8,238,840 | 8,068,362 | 4,874,179 |
| Non-Current Assets | | | | | |
| Investments | 13 | 154,951 | - | 4,345,004 | 4,345,004 |
| Plant and equipment | 15 | 3,501,536 | 2,160,695 | 627,096 | 745,015 |
| Deferred tax assets | 16 | 544,866 | 55,380 | 436,777 | 55,380 |
| Intangible assets | 17 | 9,396,459 | 3,287,285 | - | - |
| Total Non-Current Assets | | 13,597,812 | 5,503,360 | 5,408,877 | 5,145,399 |
| Total Assets | | 23,271,978 | 13,742,200 | 13,477,239 | 10,019,578 |
| Current Liabilities | | | | | |
| Trade and other payables | 18 | 3,385,706 | 2,858,515 | 162,935 | 120,602 |
| Current tax liabilities | 4 | 1,325,051 | 411,404 | 900,415 | 411,404 |
| Borrowings | 19 | 724,638 | 188,493 | - | - |
| Provisions | 20 | 1,408,760 | 747,145 | 878,535 | 648,537 |
| Total Current Liabilities | | 6,844,155 | 4,205,557 | 1,941,885 | 1,180,543 |
| Non-Current Liabilities | | | | | |
| Borrowings | 19 | 2,727,502 | 7,439 | - | - |
| Provisions | 20 | 283,035 | 237,193 | 66,000 | 85,073 |
| Total Non-Current Liabilities | | 3,010,537 | 244,632 | 66,000 | 85,073 |
| Total Liabilities | | 9,854,692 | 4,450,189 | 2,007,885 | 1,265,616 |
| Net Assets | | 13,417,286 | 9,292,011 | 11,469,354 | 8,753,962 |
| Equity | | | | | |
| Issued capital | 21 | 17,737,622 | 14,564,836 | 17,737,622 | 14,564,836 |
| Accumulated Losses | | (5,027,860) | (5,700,156) | (6,268,268) | (5,810,874) |
| Asset Revaluation Reserve | | 432,939 | 439,096 | - | - |
| Foreign Currency Translation Reserve | | (8,000) | 5,953 | - | - |
| Non-Controlling Interest | | 282,585 | (17,718) | - | - |
| Total Equity | | 13,417,286 | 9,292,011 | 11,469,354 | 8,753,962 |

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
As at 30 June 2011

| | Ordinary Shares \$ | Retained Profits \$ | Reserves \$ | Non - Controlling Interest \$ | Total \$ |
|--|--------------------------|---------------------------|----------------|--|-------------|
| Consolidated Group | | | | | |
| Balance at 1.7.2009 | 14,219,836 | (6,084,346) | - | - | 8,135,490 |
| Share capital Issue | 345,000 | - | - | - | 345,000 |
| Profit for the period | - | 1,609,407 | - | (111,551) | 1,497,856 |
| Asset Revaluation Reserve | - | - | 439,096 | - | 439,096 |
| Exchange differences on translating foreign operations | - | - | 5,953 | 1,162 | 7,115 |
| Acquisition of subsidiary | - | - | - | 92,671 | 92,671 |
| Dividend paid | - | (1,225,217) | - | - | (1,225,217) |
| Balance at 30.6.2010 | 14,564,836 | (5,700,156) | 445,049 | (17,718) | 9,292,011 |
| Balance at 1.7.2010 | 14,564,836 | (5,700,156) | 445,049 | (17,718) | 9,292,011 |
| Share capital Issue | 3,172,786 | - | - | - | 3,172,786 |
| Profit for the period | - | 2,325,918 | - | (69,944) | 2,255,974 |
| Asset Revaluation Reserve | - | - | (6,157) | - | (6,157) |
| Exchange differences on translating foreign operations | - | - | (13,953) | (2,541) | (16,494) |
| Acquisition of subsidiary | - | - | - | 372,788 | 372,788 |
| Dividend paid | - | (1,653,622) | - | - | (1,653,622) |
| Balance at 30.6.2011 | 17,737,622 | (5,027,860) | 424,939 | 282,585 | 13,417,286 |
| Parent Entity | | | | | |
| Balance at 1.7.2009 | 14,219,836 | (6,352,626) | - | - | 7,867,210 |
| Share capital Issue | 345,000 | - | - | - | 345,000 |
| Profit for the period | - | 1,766,969 | - | - | 1,766,969 |
| Dividend paid | - | (1,225,217) | - | - | (1,225,217) |
| Balance at 30.6.2010 | 14,564,836 | (5,810,874) | - | - | 8,753,962 |
| Balance at 1.7.2010 | 14,564,836 | (5,810,874) | - | - | 8,753,962 |
| Share capital Issue | 3,172,786 | - | - | - | 3,172,786 |
| Profit for the period | - | 1,196,228 | - | - | 1,196,228 |
| Dividend paid | - | (1,653,622) | - | - | (1,653,622) |
| Balance at 30.6.2011 | 17,737,622 | (6,268,268) | - | - | 11,469,354 |

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
CASH FLOW STATEMENT

For the year ended 30 June 2011

| | Note | CONSOLIDATED GROUP | | PARENT ENTITY | |
|---|------|--------------------|--------------|---------------|-------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | \$ | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | | |
| Receipts from customers | | 27,105,071 | 18,654,820 | 3,513,652 | 3,039,368 |
| Payments to suppliers and employees | | (23,078,493) | (16,758,341) | (1,130,344) | (1,202,017) |
| Interest received | | 98,922 | 47,137 | 37,535 | 32,256 |
| Finance costs | | (96,121) | (46,909) | (55,654) | (48,459) |
| Income taxes paid | | (827,586) | (53,590) | (827,586) | (53,590) |
| Net cash provided by (used in) operating activities | 25a | 3,201,793 | 1,843,117 | 1,537,603 | 1,767,558 |
| Cash Flows from Investing Activities | | | | | |
| Proceeds from sale of plant & equipment | | 1,817 | 2,790 | - | - |
| Purchase of plant & equipment | | (289,176) | (203,788) | - | - |
| Net cash on acquisition of subsidiaries | | (2,620,361) | 435,013 | - | - |
| Investment in subsidiary | | (100,199) | (314,440) | - | - |
| Investment in other financial assets | | (154,951) | - | - | - |
| Net cash provided by (used in) investing activities | | (3,162,870) | (80,425) | - | - |
| Cash Flows from Financing Activities | | | | | |
| Dividends paid | | (1,653,622) | (1,225,217) | (1,653,622) | (1,225,217) |
| Proceeds from borrowings | | 2,856,000 | - | 17,471 | (621,514) |
| Repayment of borrowings | | (78,531) | (39,598) | - | - |
| Net cash provided by (used in) financing activities | | 1,123,847 | (1,264,815) | (1,636,151) | (1,846,731) |
| Net increase/ (decrease) in cash held | | 1,162,770 | 497,877 | (98,548) | (79,173) |
| Cash at the beginning of the financial year | | 2,410,166 | 1,912,289 | 1,094,296 | 1,173,469 |
| Cash at the end of the financial year | 9 | 3,572,936 | 2,410,166 | 995,748 | 1,094,296 |

The accompanying notes form part of these financial statements.

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2011

These financial statements were authorised for issue on 13 September 2011 by the directors of the Company.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report includes the consolidated financial statements of Academies Australasia Group Limited and controlled entities, and Academies Australasia Group Limited as an individual parent entity. Academies Australasia Group Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. Principles of Consolidation

A controlled entity is any entity Academies Australasia Group Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 14 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Business Combinations (continued)

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

c) Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
 - (ii) any non-controlling interest; and
 - (iii) the acquisition date fair value of any previously held equity interest;
- over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes of these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Refer to Note 14 for information on the goodwill policy adopted by the Group for acquisitions.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Academies Australasia Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2003.

The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Where the book value of stock items exceeds the net realisable value, a provision for diminution in value is raised.

f. Plant and Equipment

Plant and equipment used in the fasteners business is stated at a revalued amount. All other plant and equipment is stated at cost. The revaluation took place at 30 June 2010.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line or a diminishing value basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Leasehold improvements | 12.5 – 22.5% |
| Plant and equipment | 5 – 40% |
| Leased plant and equipment | 5 – 25% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

h. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

i. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

The group has no derivative instruments at reporting date.

Fair value

The only financial asset or liability carried at fair value is cash and cash equivalents.

Financial Guarantees

Where material, financial guarantees are issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts are written off when they are known to be uncollectible. A provision for doubtful debts is raised where some doubt as to collection exists and is the difference between the total amount owing and the amount expected to be recovered.

k. Foreign Currency Transactions and Balances

Foreign currency transactions are translated into Australian currency (the functional currency) using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the financial year;
- income and expenses are translated at average rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income.

l. Employee Benefits

Provision is made for the company'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.

m. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

o. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

All revenue is stated net of the amount of goods and services tax (GST).

p. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

q. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

r. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. During the current financial year, an adjustment of \$160,000 was made to opening retained profits in respect of a prior period adjustment.

s. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. These changed estimates and judgements are considered significant items of revenue and expenses relevant in explaining the financial performance.

Key Estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Further details on the key estimates used in impairment can be found in Note 17. No impairment has been recognised in respect of goodwill for the year ended 30 June 2011.

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

| | Note | CONSOLIDATED GROUP | | PARENT ENTITY | |
|------------------------------------|------|--------------------|------------|------------------|------------|
| | | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ |
| 2. REVENUE | | | | | |
| Operating activities | | | | | |
| - Sale of goods | | 7,397,461 | 7,333,683 | - | - |
| - Services revenue | 2a | 17,024,740 | 10,393,868 | 3,513,652 | 3,039,338 |
| - Interest received | 2b | 89,015 | 47,137 | 189,721 | 142,751 |
| | | 24,511,216 | 17,774,688 | 3,703,373 | 3,182,089 |
| Non-operating activities | | | | | |
| - Other | | 686,862 | 380,932 | - | 548,643 |
| | | 686,862 | 380,932 | - | 548,643 |
| Total Revenue | | 25,198,078 | 18,155,620 | 3,703,373 | 3,730,732 |
| a. Services revenue from: | | | | | |
| - Wholly-owned controlled entities | | - | - | 3,513,652 | 3,039,338 |
| - Other persons | | 17,024,740 | 10,393,868 | - | - |
| | | 17,024,740 | 10,393,868 | 3,513,652 | 3,039,338 |
| b. Interest revenue from: | | | | | |
| - Wholly-owned controlled entities | | - | - | 152,186 | 110,495 |
| - Other persons | | 89,015 | 47,137 | 37,535 | 32,256 |
| | | 89,015 | 47,137 | 189,721 | 142,751 |
| 3. PROFIT FOR THE YEAR | | | | | |
| Expenses | | | | | |
| Finance costs | | | | | |
| - External | | 96,121 | 56,171 | 55,654 | 48,459 |
| | | 96,121 | 56,171 | 55,654 | 48,459 |
| Bad and doubtful debts | | | | | |
| - Trade receivables | | 40,757 | 27,173 | - | - |
| | | 40,757 | 27,173 | - | - |
| Rental expense on operating leases | | | | | |
| - Minimum lease payments | | 2,361,941 | 1,655,551 | - | - |
| - Contingent rentals | | 1,342 | 4,502 | - | - |
| | | 2,363,283 | 1,660,053 | - | - |
| Superannuation expenses | | | | | |
| | | 343,294 | 228,107 | 118,955 | 81,724 |

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2011

| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|--|--------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 4. INCOME TAX EXPENSE | | | | |
| a. The components of tax expense comprise: | | | | |
| Current tax | (1,486,051) | (464,994) | (1,316,597) | (464,994) |
| Deferred Tax | 405,520 | (250,973) | 378,758 | (250,973) |
| | (1,080,531) | (715,967) | (937,839) | (715,967) |
| b. The prima facie tax on profit from ordinary activities before tax is reconciled to income tax as follows: | | | | |
| Prima facie tax payable on profit from ordinary activities before tax at 30% | 1,000,952 | 712,147 | 640,220 | 792,881 |
| Add/(less): | | | | |
| Tax effect of: | | | | |
| Permanent differences | (51,625) | (47,296) | (51,625) | (47,296) |
| Assumption of tax balances of controlled entities | 131,204 | 51,116 | 349,244 | (29,618) |
| Income tax expense attributable to the entity | 1,080,531 | 715,967 | 937,839 | 715,967 |
| c. Current tax payable for the year reconciles as follows: | | | | |
| Opening provision | 411,404 | - | 411,404 | - |
| Add: Current year provision | 1,486,051 | 464,994 | 1,316,597 | 464,994 |
| Add: Tax balance subsidiary acquired | 255,182 | - | - | - |
| Less: Tax paid | (827,586) | (53,590) | (827,586) | (53,590) |
| Closing provision | 1,325,051 | 411,404 | 900,415 | 411,404 |

5. KEY MANAGEMENT COMPENSATION

- a. Names and positions held of economic and parent entity key management in office at any time during the financial year are:

| Key Management | Position |
|---------------------------------------|--|
| Christopher Elmore Campbell | Group Managing Director. |
| Stephanie Ann Noble | Group Finance Manager and Company Secretary Academies Australasia Group Limited. |
| Ivan James Mikkelsen | Director and General Manager – Premier Fasteners Pty Limited. |
| Gabriela Del Carmen Rodriguez Naranjo | Executive Director, General Manager and Chief Operations Officer of Academies Australasia Pty Limited and Director of each of its subsidiaries (except ACA Investment Holdings Pte. Limited) and Skilled Placements Pty Limited. |
| Kim Soon Ng | Executive Director, External Relations – Academies Australasia College Pte. Limited (until 30 June 2011). |

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2011

5. KEY MANAGEMENT COMPENSATION (continued)

| | |
|-----------------------|---|
| May Chiak Elaine Ng | Executive Director, Operations – Academies Australasia College Pte. Limited. |
| Dr Lemmy Kay Chee Teo | Executive Director, Principal – Academies Australasia College Pte. Limited (from 15 June 2011). |
| Mark Kwong To Lo | Executive Director – AMI Education Pty Limited (from 25 February 2011). |
| Daniel Hing Yuen Wong | Executive Director (until 30 April 2011) and then Non-Executive Director – AMI Education Pty Limited. |
| Philip Carroll | Managing Director – Benchmark Resources Pty Limited. |
| Bridget Mary Carroll | Executive Director/ Director of Education Benchmark Resources Pty Limited. |

b. Key management remuneration has been included in the Remuneration Report section of the Directors' Report.

c. Shareholdings

Number of shares held by key management and parties related to them

| Key Management | Balance 1.7.2010 | Net Change Other (i) | Acquisition of Subsidiary (ii) | Acquisition of Subsidiary (iii) | Balance 30.6.2011 |
|-----------------------------|-----------------------------|-------------------------------------|---|--|------------------------------|
| Christopher Elmore Campbell | 7,137,407 | 11,600 | | | 7,149,007 |
| Kim Soon Ng | 300,000 | | | | 300,000 |
| May Chiak Elaine Ng | 225,000 | | | | 225,000 |
| Mark Kwong To Lo | | | 334,584 | | 334,584 |
| Daniel Hing Yuen Wong | | | 343,872 | | 343,872 |
| Philip Carroll | | | | 4,248,848* | 4,248,848 |
| Bridget Mary Carroll | | | | 4,248,848* | 4,248,848 |

(i) Shares purchased on market via the Australian Stock Exchange.

(ii) Shares issued as part consideration for the acquisition of 75% of AMI Education Pty Limited.

(iii) Shares issued as part consideration for the acquisition of 51% of Benchmark Resources Pty Limited. These are the same 4,248,848 shares held by an entity controlled by Philip Carroll and Bridget Mary Carroll.

Note: John Geoffrey Thearle Adnams, (Non-Executive Director, AMI Education Pty Limited) holds 130,000 shares in Academies Australasia Group Limited, acquired prior to 1 July 2010.

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|--|--------------------|------------|------------------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 6. AUDITOR'S REMUNERATION | | | | |
| Remuneration of the auditor of the parent entity for: | | | | |
| - Auditing and reviewing the financial report | 101,000 | 87,025 | 33,000 | 29,025 |
| - Taxation services | 12,600 | 12,600 | 4,200 | 4,200 |
| - Other services | 67,557 | 16,156 | 2,557 | 4,156 |
| | 181,157 | 115,781 | 39,757 | 37,381 |
| Remuneration of other auditors of subsidiaries for: | | | | |
| - Auditing and reviewing the financial report | 13,789 | - | - | - |
| - Taxation services | - | - | - | - |
| - Other services | 1,750 | - | - | - |
| | 15,539 | - | - | - |
| 7. EARNINGS PER SHARE | | | | |
| Basic and diluted earnings per share (cents per share) | 5.4 | 3.6 | | |
| Weighted average number of ordinary shares used in calculation of basic earnings per share | 42,044,551 | 41,151,521 | | |
| a) There are no instruments on issue which have the potential to cause a dilution of earnings per share. | | | | |
| b) In estimating the fully dilutive earnings per share the potential ordinary shares from the bonus scheme were calculated but found to be non dilutive. As at 30 June 2011 the potential number of ordinary shares which could be issued under the scheme was 3,895,000. The company has an option to either pay staff bonuses in cash or to issue shares to satisfy the liability. | | | | |
| 8. DIVIDENDS | | | | |
| Distributions recognised | | | | |
| Interim franked ordinary dividend of 2.0 cents per share (2010:1.0 cent unfranked) | | | | |
| | 826,811 | 413,406 | 826,811 | 413,406 |
| 2010 final unfranked ordinary dividend of 2.0 cents per share paid in 2011 (2009 2.0 cents paid in 2010) | | | | |
| | 826,811 | 811,811 | 826,811 | 811,811 |
| | 1,653,622 | 1,225,217 | 1,653,622 | 1,225,217 |
| a. Dividends proposed or declared but not recognised in the financial statements: | | | | |
| Proposed franked ordinary dividend of 2.0 cents per share (2010:2.0 cents unfranked) | 944,188 | 826,812 | 944,188 | 826,812 |
| b. Balance of franking account at year end adjusted for franking credits arising from: | | | | |
| — payment of provision for income tax | 527,550 | 54,311 | 527,550 | 54,311 |

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|--------------------------|--------------------|------------|----------------|------------|
| | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ |
| Cash at bank and on hand | 3,572,936 | 2,410,166 | 995,748 | 1,094,296 |

10. TRADE AND OTHER RECEIVABLES

| CURRENT | | | | |
|---|------------------|-----------|------------------|-----------|
| Trade receivables | 2,112,416 | 1,972,275 | - | - |
| Other receivables | 110,856 | 460,064 | - | - |
| Amounts receivable from wholly-owned subsidiaries (b) | - | - | 7,048,327 | 3,743,465 |
| | 2,223,272 | 2,432,339 | 7,048,327 | 3,743,465 |

a. The ageing analysis of trade receivables is as follows:

| | | | | |
|------------------------------|------------------|-----------|---|---|
| 0 -30 days | 838,698 | 762,411 | - | - |
| 31- 60 days – not impaired * | 599,173 | 572,218 | - | - |
| 61- 90 days – not impaired * | 244,089 | 219,492 | - | - |
| +91 days – not impaired * | 430,456 | 418,154 | - | - |
| | 2,112,416 | 1,972,275 | - | - |

* These are debtors that are past due for which no collateral is held and for which no provision for doubtful debts has been made as there has not been a significant change in credit quality and the directors believe that the amounts are still recoverable.

b. The amounts receivable from wholly-owned subsidiaries are unsecured, interest free and have no fixed repayment date.

c. The consolidated group has an exposure to credit risk in Singapore and Australia given the consolidated group's operations in those countries. An amount of \$115,601 has been included in Trade and Other Receivables in respect of the business operations in Singapore. All other receivables of the consolidated group are Australian geographic exposures.

11. INVENTORIES

| CURRENT | | | | |
|--------------------------|------------------|-----------|---|---|
| At cost | | | | |
| Raw materials and stores | 416,964 | 428,031 | - | - |
| Finished goods | 2,677,077 | 2,590,208 | - | - |
| | 3,094,041 | 3,018,239 | - | - |

12. OTHER ASSETS

| CURRENT | | | | |
|--------------------------------|----------------|---------|---------------|--------|
| Prepayments and accrued income | 761,340 | 376,722 | 23,693 | 35,824 |
| Security Deposits | 22,577 | 1,374 | 594 | 594 |
| | 783,917 | 378,096 | 24,287 | 36,418 |

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|---|--------------------|------|------------------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 13. INVESTMENTS | | | | |
| NON-CURRENT | | | | |
| Shares in Listed Corporations | 154,951 | - | - | - |
| Shares in controlled entities Unlisted | | | | |
| Academies Australasia Pty Limited (at cost) Principal activity is training and education services | - | - | 1,345,000 | 1,345,000 |
| Premier Fasteners Pty Limited (at cost) Principal activity is manufacture, import and sale of Fasteners | - | - | 3,000,002 | 3,000,002 |
| Skilled Placements Pty Limited (at cost) (formerly Multimedia Investments Pty Limited) | - | - | 2 | 2 |
| Investment at cost | 154,951 | - | 4,345,004 | 4,345,004 |

14. CONTROLLED ENTITIES

| | Country of Incorporation | Percentage Owned (%) | |
|--|-----------------------------|----------------------|------|
| | | 2011 | 2010 |
| Parent Entity - Academies Australasia Group Limited | | | |
| Ultimate Parent Entity - Academies Australasia Group Limited | | | |
| Academies Australasia Pty Limited | Australia | 100 | 100 |
| Premier Fasteners Pty Limited | Australia | 100 | 100 |
| Skilled Placements Pty Limited (formerly Multimedia Investments Pty Limited) | Australia | 100 | 100 |
| Parent Entity - Academies Australasia Pty Limited | | | |
| Ultimate Parent Entity - Academies Australasia Group Limited | | | |
| Academies Australasia (Management) Pty Limited | Australia | 100 | 100 |
| Academy of English Pty Limited | Australia | 100 | 100 |
| Academies Australasia Institute Pty Limited (formerly Academy of Social Sciences Pty Limited) | Australia | 100 | 100 |
| Australian Institute of Professional Studies Pty Limited | Australia | 100 | 100 |
| Australian International High School Pty Limited | Australia | 100 | 100 |
| Australian College of Technology Pty Limited | Australia | 100 | 100 |
| Australian Trades Institute Pty Limited | Australia | 100 | 100 |
| Clarendon Business College Pty Limited | Australia | 100 | 100 |
| Supreme Business College Pty Limited | Australia | 100 | 100 |
| ACA Investment Holdings Pte. Limited | Singapore | 100 | 100 |

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

| 14. CONTROLLED ENTITIES (continued) | Country of Incorporation | Percentage Owned (%) | |
|--|--------------------------|----------------------|------|
| | | 2011 | 2010 |
| Academies Australasia College Pte. Limited | Singapore | 75 | 75 |
| AKG Investment Holdings Pty Limited | Australia | 100 | - |
| AMI Education Pty Limited | Australia | 75 | - |
| AKG2 Investment Holdings Pty Limited | Australia | 100 | - |
| Benchmark Resources Pty Limited | Australia | 51 | - |

Percentage of voting power is in proportion to ownership

Acquisition of Controlled Entities

AMI Education Pty Limited

The Group incorporated AKG Investment Holdings Pty Limited on 28 January 2011 with 100% of the share capital owned by Academies Australasia Pty Limited.

On 24 February 2011 AKG Investment Holdings Pty Limited acquired 51% of the issued capital of AMI Education Pty Limited, that purchase was satisfied by the issue of 1,101,600 ordinary shares in Academies Australasia Group Limited and the payment of \$183,600 in cash.

On 28 April 2011, a further 24% of AMI Education Pty Limited was acquired. The purchase of the additional 24% was satisfied by the issue of 518,400 shares in Academies Australasia Group Limited and the payment of \$86,400 in cash.

| | Note | 24 February 2011 Fair value \$000 | 28 April 2011 Fair value \$000 |
|--|------|---|--------------------------------------|
| Purchase consideration: | | | |
| — Ordinary shares | 21 | 550,800 | 285,120 |
| — Cash | | 183,600 | 86,400 |
| | | <hr/> | <hr/> |
| | | 734,400 | 371,520 |
| Less: Proportionate share of acquired assets and liabilities: | | | |
| Cash | | 638,676 | |
| Receivables | | 179,362 | |
| Inventory | | 1,712 | |
| Property, plant and equipment | | 1,251,190 | |
| Payables | | (1,709,052) | |
| Identifiable assets acquired and liabilities assumed | | <hr/> | |
| | | 361,888 | |
| Share of net assets acquired (51%) | | (184,563) | |
| Share of net assets acquired (24%) | | | (86,853) |
| Share of increase in net assets between acquisition dates (24%) | | | |
| | | | <hr/> |
| | | | 381,428 |
| Goodwill | | 549,837 | 193,124 |
| Total Goodwill | 17 | | <hr/> |
| | | | 742,961 |

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2011

14. CONTROLLED ENTITIES (continued)

Benchmark Resources Pty Limited

The Group incorporated AKG2 Investment Holdings Pty Limited on 6 May 2011 with 100% of the share capital owned by Academies Australasia Pty Limited.

On 10 June 2011 AKG2 Investment Holdings Pty Limited acquired 51% of Benchmark Resources Pty Limited, the purchase was satisfied by the issue of 4,248,848 ordinary shares in Academies Australasia Group Limited and the payment of \$3,162,692 in cash.

| | Note | Fair value \$000 | \$000 |
|--|------|---------------------|------------------|
| Purchase consideration: | | | |
| — Ordinary shares | 21 | | 2,336,866 |
| — Cash | | | 3,162,692 |
| | | | <u>5,499,558</u> |
| Less: Proportionate share of acquired assets and liabilities: | | | |
| Cash | | 173,654 | |
| Receivables | | 660,173 | |
| Property, plant and equipment | | 322,608 | |
| Payables | | (710,910) | |
| Identifiable assets acquired and liabilities assumed | | <u>445,525</u> | |
| Share of net assets acquired (51%) | | | <u>(227,218)</u> |
| Goodwill | 17 | | <u>5,272,340</u> |

| | AMI Education Pty Limited \$ | Benchmark Resources Pty Limited \$ |
|--|---------------------------------|--|
| The following are included in the statement of comprehensive income for 30 June 2011: | | |
| Costs associated with acquisition | 30,156 | 71,389 |
| Revenue | 2,218,833 | 194,191 |
| Profit/ (Loss) after income tax post acquisition | 317,169 | (45,901) |
| Had the acquisitions occurred at the beginning of the financial year, the statement of comprehensive income would have included: | | |
| Revenue | 5,657,576 | 7,122,063 |
| Profit/ (Loss) after income tax | (625,450) | 2,629,786 |
| Attributable to | | |
| - Owners of the parent entity | (469,088) | 1,341,191 |
| - Non-controlling interest | (156,362) | 1,288,595 |

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|------------------------------------|--------------------|-----------|------------------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 15. PLANT AND EQUIPMENT | | | | |
| Plant and equipment | | | | |
| At cost | 2,873,693 | 966,073 | 52,137 | 52,137 |
| At valuation | 868,782 | 877,578 | - | - |
| Accumulated depreciation | (1,874,828) | (576,302) | (52,137) | (52,137) |
| | 1,867,647 | 1,267,349 | - | - |
| Leasehold improvements | | | | |
| At cost | 2,421,340 | 1,325,929 | 1,157,733 | 1,157,733 |
| Accumulated amortisation | (795,289) | (448,259) | (530,637) | (412,718) |
| | 1,626,051 | 877,670 | 627,096 | 745,015 |
| Leased plant and equipment | | | | |
| Capitalised leased assets | 44,182 | 44,182 | - | - |
| Accumulated depreciation | (36,344) | (28,506) | - | - |
| | 7,838 | 15,676 | - | - |
| Total plant & equipment | 3,501,536 | 2,160,695 | 627,096 | 745,015 |

- a. Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

| | Plant and equipment \$ | Leasehold improvements \$ | Leased plant and equipment \$ | Total \$ |
|--|---------------------------|------------------------------|----------------------------------|------------------|
| 2011 | | | | |
| Consolidated Group: | | | | |
| Balance at the beginning of the year | 1,267,349 | 877,670 | 15,676 | 2,160,695 |
| Additions | 895,899 | 967,076 | - | 1,862,975 |
| Disposals | (12,600) | - | - | (12,600) |
| Depreciation expense | (278,695) | (208,448) | (7,838) | (494,981) |
| Net foreign currency difference arising on translation of financial statements of foreign operations | (4,306) | (10,247) | - | (14,553) |
| Carrying amount at the end of the year | 1,867,647 | 1,626,051 | 7,838 | 3,501,536 |

| | | | | |
|--|---|------------------|---|------------------|
| Parent entity: | | | | |
| Balance at the beginning of the year | - | 745,015 | - | 745,015 |
| Depreciation expense | - | (117,919) | - | (117,919) |
| Carrying amount at the end of the year | - | 627,096 | - | 627,096 |

| | | | | |
|--|-----------|-----------|-----------|-----------|
| 2010 | | | | |
| Consolidated Group: | | | | |
| Balance at the beginning of the year | 407,679 | 866,967 | 198,618 | 1,473,264 |
| Revaluation | 627,358 | - | - | 627,358 |
| Transfers | 154,436 | - | (154,436) | - |
| Additions | 233,090 | 140,526 | - | 373,616 |
| Disposals | (3,383) | - | - | (3,383) |
| Depreciation expense | (151,831) | (129,823) | (28,506) | (310,160) |
| Carrying amount at the end of the year | 1,267,349 | 877,670 | 15,676 | 2,160,695 |

| | | | | |
|--|----------|-----------|---|-----------|
| Parent entity: | | | | |
| Balance at the beginning of the year | 12,064 | 862,934 | - | 874,998 |
| Depreciation expense | (12,064) | (117,919) | - | (129,983) |
| Carrying amount at the end of the year | - | 745,015 | - | 745,015 |

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| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|--------------------------------|--------------------|--------|----------------|--------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 16. DEFERRED TAX ASSETS | | | | |
| Future income tax benefit | 544,866 | 55,380 | 436,777 | 55,380 |

The future income tax benefits is made up of the following estimated tax benefits:

Temporary differences:

-deferred tax assets

-deferred tax liabilities

Tax losses:

-operating losses

| | | | | |
|--|------------------|-----------|------------------|-----------|
| | 741,884 | 263,629 | 631,647 | 263,629 |
| | (197,018) | (208,249) | (194,870) | (208,249) |
| | - | - | - | - |
| | 544,866 | 55,380 | 436,777 | 55,380 |

Deferred Tax Assets

| | Opening Balance | Charged to Income | Charged to Equity | Closing Balance |
|-----------------|-----------------|-------------------|-------------------|-----------------|
| | \$ | \$ | \$ | \$ |
| Provisions | 156,051 | 358,315 | - | 514,366 |
| Unearned Income | 55,009 | 86,764 | - | 141,773 |
| Other | 52,569 | 33,176 | - | 85,745 |
| | 263,629 | 478,255 | - | 741,884 |

Deferred Tax Liabilities

| | | | | |
|-----------------------|---------|----------|---------|---------|
| Plant & Equipment | 188,262 | (39,201) | (2,639) | 146,422 |
| Prepayments and Other | 19,987 | 30,609 | - | 50,596 |
| | 208,249 | (8,592) | (2,639) | 197,018 |

| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|--|--------------------|------|---------------|------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1b occur:

Tax losses:

-operating losses

-capital losses

| | | | | |
|--|--------------|-------|--------------|-------|
| | - | - | - | - |
| | 4,991 | 4,991 | 4,991 | 4,991 |
| | 4,991 | 4,991 | 4,991 | 4,991 |

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| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|-------------------------------|--------------------|-----------|---------------|------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 17. INTANGIBLE ASSETS | | | | |
| Goodwill at cost | 9,777,702 | 3,668,528 | - | - |
| Accumulated impairment losses | (381,913) | (381,913) | - | - |
| Net carrying value | 9,395,789 | 3,286,615 | - | - |
| Other at cost | 670 | 670 | - | - |
| | 9,396,459 | 3,287,285 | - | - |

| | Goodwill | Other | Total |
|--|------------------|------------|------------------|
| | \$ | \$ | \$ |
| Consolidated Group: | | | |
| Year ended 30 June 2011 | | | |
| Balance at the beginning of the year | 3,286,615 | 670 | 3,287,285 |
| Acquisition Academies Australasia College Pte. Limited | 93,873 | - | 93,873 |
| Acquisition AMI Education Pty Limited | 742,961 | - | 742,961 |
| Acquisition Benchmark Resources Pty Limited | 5,272,340 | - | 5,272,340 |
| Balance at the end of the year | 9,395,789 | 670 | 9,396,459 |

Impairment Disclosures

Goodwill is allocated to cash-generating units, based on the group's reporting segments.

| | 2011 | 2010 |
|-------------------|------------------|-----------|
| | \$ | \$ |
| Fasteners segment | 1,375,382 | 1,375,382 |
| Education segment | 8,020,407 | 1,911,233 |
| Total | 9,395,789 | 3,286,615 |

The recoverable amount of each cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period. The cash flows are discounted using a rate adjusted for the risk inherent in the business of the segment.

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use management estimates based on historical growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated inflation rates. Discount rates are pre-tax.

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| | Note | CONSOLIDATED GROUP | | PARENT ENTITY | |
|---|-------|--------------------|------------|----------------|------------|
| | | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ |
| 18. TRADE AND OTHER PAYABLES | | | | | |
| CURRENT | | | | | |
| <u>Unsecured Liabilities</u> | | | | | |
| Trade payables | 18a | 2,022,095 | 1,834,363 | - | - |
| Sundry payables and accrued expenses | | 1,363,611 | 1,024,152 | 162,935 | 120,602 |
| | | 3,385,706 | 2,858,515 | 162,935 | 120,602 |
| a. Includes \$1,583,456 (2010: \$902,530) tuition fees paid in advance by college students. | | | | | |
| 19. BORROWINGS | | | | | |
| CURRENT | | | | | |
| <u>Unsecured Liabilities – Non-Interest Bearing</u> | | | | | |
| Loans – Directors | 27,28 | - | 166,918 | - | - |
| | | - | 166,918 | - | - |
| <u>Unsecured Liabilities – Interest Bearing</u> | | | | | |
| Loans – Other | 28 | 120,000 | - | - | - |
| | | 120,000 | - | - | - |
| <u>Secured Liabilities – Interest Bearing</u> | | | | | |
| Bank bills | 19a | 571,200 | - | - | - |
| Lease purchase agreements | 19a | 33,438 | 21,575 | - | - |
| | | 604,638 | 21,575 | - | - |
| TOTAL CURRENT | | 724,638 | 188,493 | - | - |
| NON-CURRENT | | | | | |
| <u>Unsecured Liabilities – Interest Bearing</u> | | | | | |
| Loans – Directors | 27,28 | 209,724 | - | - | - |
| Loans – Other | 28 | 43,669 | - | - | - |
| | | 253,393 | - | - | - |
| <u>Secured Liabilities – Interest Bearing</u> | | | | | |
| Bank bills | 19a | 2,284,800 | - | - | - |
| Bank loans | 19a | 166,814 | - | - | - |
| Lease purchase agreements | 19a | 22,495 | 7,439 | - | - |
| | | 2,474,109 | 7,439 | - | - |
| TOTAL NON CURRENT | | 2,727,502 | 7,439 | - | - |
| a. Total current and non-current secured liabilities: | | | | | |
| Bank bills | 28 | 2,856,000 | - | - | - |
| Bank loans | 28 | 166,814 | - | - | - |
| Lease purchase agreements | 22,28 | 55,933 | 29,014 | - | - |
| | | 3,078,747 | 29,014 | - | - |

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
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NOTES TO THE FINANCIAL STATEMENTS

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| CONSOLIDATED GROUP | | PARENT ENTITY | |
|---------------------------|------|----------------------|------|
| 2011 | 2010 | 2011 | 2010 |
| \$ | \$ | \$ | \$ |

19. BORROWINGS (continued)

b. The carrying amounts of non-current assets pledged as security are:

| | | | | |
|-----------------------------|-------------------|-----------|------------------|-----------|
| Floating charge over assets | 11,990,271 | 5,487,684 | 5,408,877 | 5,145,399 |
| Plant and equipment | 7,838 | 15,676 | - | - |
| | 11,998,109 | 5,503,360 | 5,408,877 | 5,145,399 |

c. The bank bills are secured by a floating charge over the assets of the parent entity and its wholly owned subsidiaries, while the bank loans are to AMI Education Pty Limited and are secured by a floating charge over that company's non-current assets (\$1,265,821).

d. The lease purchase borrowings are additionally secured on the leased asset. The leases are due for repayment in 2012.

20. PROVISIONS

| | Employee entitlements | Lease Incentive | Total |
|--|-----------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Consolidated Group: | | | |
| Balance at the beginning of the year | 670,171 | 314,167 | 984,338 |
| Additional provisions | 1,164,361 | - | 1,164,361 |
| Amounts used | (166,904) | (290,000) | (456,904) |
| Carrying amount at the end of the year | 1,667,628 | 24,167 | 1,691,795 |
| Parent entity: | | | |
| Balance at the beginning of the year | 419,443 | 314,167 | 733,610 |
| Additional provisions | 508,945 | - | 508,945 |
| Amounts used | (8,020) | (290,000) | (298,020) |
| Carrying amount at the end of the year | 920,368 | 24,167 | 944,535 |

| CONSOLIDATED GROUP | | PARENT ENTITY | |
|---------------------------|------|----------------------|------|
| 2011 | 2010 | 2011 | 2010 |
| \$ | \$ | \$ | \$ |

Total Provisions

| | | | | |
|-------------|------------------|---------|----------------|---------|
| Current | 1,408,760 | 747,145 | 878,535 | 648,537 |
| Non-current | 283,035 | 237,193 | 66,000 | 85,073 |
| | 1,691,795 | 984,338 | 944,535 | 733,610 |

a. Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits, has been included in Note 1 to this report.

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
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| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|--|--------------------|------------|-------------------|------------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 21. ISSUED CAPITAL | | | | |
| 47,209,410 ordinary shares fully paid | 17,737,622 | 14,564,836 | 17,737,622 | 14,564,836 |
| Ordinary share capital | | | | |
| Balance at the beginning of the financial year | 14,564,836 | 14,219,836 | 14,564,836 | 14,219,836 |
| 750,000 ordinary shares issued on 1 October 2009 on acquisition of Academies Australasia College Pte. Limited. The shares are held in escrow for 12 months to 30 September 2010. | - | 345,000 | - | 345,000 |
| 1,101,600 ordinary shares issued on 24 February 2011 on acquisition of 51 % AMI Education Pty Limited. The shares are held in escrow for 12 months to 23 February 2012. | 550,800 | - | 550,800 | - |
| 518,400 ordinary shares issued on 28 April 2011 on acquisition of an additional 24% AMI Education Pty Limited. The shares are held in escrow for 12 months to 27 April 2012. | 285,120 | - | 285,120 | - |
| 4,248,848 ordinary shares issued on 10 June 2011 on acquisition of 51% Benchmark Resources Pty Limited. The shares are held in escrow for 12 months to 9 June 2012. | 2,336,866 | - | 2,336,866 | - |
| Balance at the end of the financial year | 17,737,622 | 14,564,836 | 17,737,622 | 14,564,836 |

a. Shares disclosure

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At a shareholders meeting each ordinary share is entitled to one vote when a poll is called. Otherwise, each shareholder has one vote on a show of hands.

The number of shares authorised is equal to the number of shares issued. Shares have no par value.

b. Capital Management.

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There were no changes in the Group's capital management procedures during the year.

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NOTES TO THE FINANCIAL STATEMENTS**

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| | CONSOLIDATED GROUP | | PARENT ENTITY | | |
|---|---------------------------|---------------|----------------------|------------|------------|
| | Note | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ |
| 22. LEASING COMMITMENTS | | | | | |
| Lease purchase commitments | | | | | |
| Payable – minimum lease payments | | | | | |
| Not later than one year | | 37,128 | 23,306 | - | - |
| Later than one year but not later than five years | | 23,661 | 7,593 | - | - |
| Minimum lease payments | | 60,789 | 30,899 | - | - |
| Less future finance charges | | 4,856 | 1,885 | - | - |
| Present value of minimum lease payments | 19a | 55,933 | 29,014 | - | - |

At the end of the lease periods the lessor's charges over the plant and equipment cease, leaving the assets the unencumbered property of the consolidated group.

Operating Lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

| | | | | | |
|---|--|-------------------|-----------|---|---|
| Not later than one year | | 2,992,439 | 2,423,381 | - | - |
| Later than one year but not later than five years | | 6,881,438 | 5,133,347 | - | - |
| Later than five years | | 352,013 | 1,369,881 | - | - |
| | | 10,225,890 | 8,926,609 | - | - |

The consolidated group leases property under operating leases expiring from 1 year to 6 years. Lease payments comprise a base amount plus an incremental rental, based on either movement in the Consumer Price Index or minimum percentage increase criteria.

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

Guarantees

There is a Corporate Guarantee between the following Group Companies as security for the bank facilities.

Academies Australasia Group Limited
Academies Australasia Management Pty Limited
Clarendon Business College Pty Limited
Skilled Placements Pty Limited (formerly Multimedia Investments Pty Limited)
Premier Fasteners Pty Limited
Supreme Business College Pty Limited
Academy of English Pty Limited
Australian College of Technology Pty Limited
Australian International High School Pty Limited
Australian Trades Institute Pty Limited
Australian Institute of Professional Studies Pty Limited
Academies Australasia Institute Pty Limited (formerly Academy of Social Sciences Pty Limited)
Academies Australasia College Pte. Limited

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
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23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

Contingent Assets

Keith Franklin Kennett, K.F Kennett Nominees Pty Ltd and Myong Ho Pak

Proceedings have been determined by the Court of Appeal. The Company was successful in defending the claims and is now taking steps to recover costs.

As with all litigation, the valuation of the Company's claim and likelihood of recovery of costs orders cannot be quantified with sufficient certainty for it to be recognised as an asset. The Company's litigation costs were more than \$500,000, paid over the last six financial years. The recovery of these costs (or some part of them) is, at this stage, not entirely clear, and is subject to further legal action.

24. SEGMENT REPORTING

| | FASTENERS | | EDUCATION | | CONSOLIDATED | |
|--|------------------|-----------|-------------------|------------|--------------------|-------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Primary reporting – Business segments | | | | | | |
| Revenue | | | | | | |
| External sales | 7,397,461 | 7,333,683 | 17,024,740 | 10,393,868 | 24,422,201 | 17,727,551 |
| Other revenue | 1,998 | 1,523 | 736,344 | 394,260 | 738,342 | 395,783 |
| | 7,399,459 | 7,335,206 | 17,761,084 | 10,788,128 | 25,160,543 | 18,123,334 |
| Unallocated revenue | | | | | 37,535 | 32,286 |
| Total revenue | | | | | 25,198,078 | 18,155,620 |
| Segment result | 931,007 | 1,165,558 | 3,938,809 | 2,263,775 | 4,869,816 | 3,429,333 |
| Unallocated expenses net of unallocated revenue | | | | | (1,533,311) | (1,055,510) |
| Profit from ordinary activities before income tax | | | | | 3,336,505 | 2,213,823 |
| Segment assets | 6,812,814 | 6,955,586 | 14,221,384 | 4,855,507 | 21,034,198 | 11,811,093 |
| Unallocated | | | | | 2,238,861 | 1,931,107 |
| Total assets | | | | | 23,271,978 | 13,742,200 |
| Segment liabilities | 445,965 | 891,351 | 7,400,839 | 2,293,224 | 7,846,804 | 3,184,575 |
| Unallocated | | | | | 2,007,887 | 1,105,614 |
| Total liabilities | | | | | 9,854,692 | 4,450,189 |
| Acquisition of non-current segment assets | 63,272 | 57,447 | 2,975,457 | 316,169 | 3,038,729 | 373,616 |
| Depreciation and amortisation of segment assets | 123,810 | 64,892 | 253,251 | 115,285 | 377,061 | 180,177 |

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24. SEGMENT REPORTING (continued)

Business segments

Major products/services of business segments:

| | |
|-----------|---|
| Fasteners | Manufacture, import and sale of fasteners |
| Education | Training and education services |

Geographical information

The consolidated group operates in Australia and Singapore. The revenues and non-current assets of the consolidated group are as follows:

| Geographic Location | Australia | Singapore |
|----------------------------------|--------------|-------------|
| Revenues from External Customers | \$23,335,793 | \$1,862,285 |
| Non-current assets | \$13,068,308 | \$529,504 |

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments.

Segment assets and liabilities include all assets used in and all liabilities generated by the segments. Deferred tax assets and liabilities are not allocated to segments.

| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|--|---------------------------|------|----------------------|------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |

25. CASH FLOW INFORMATION

a. Reconciliation of cash flow from operations with profit after income tax

| | | | | |
|--|------------------|-----------|------------------|-----------|
| Profit after income tax | 2,255,974 | 1,497,856 | 1,196,228 | 1,766,969 |
| Non-cash flows in profit (loss) | | | | |
| Amortisation | 208,448 | 129,823 | 117,919 | 117,919 |
| Depreciation | 286,533 | 180,337 | - | 12,064 |
| Deferred tax on revaluation | 2,639 | (188,262) | 2,639 | (188,262) |
| Loan to controlled entity re-instated | - | - | - | (548,613) |
| Dividend from controlled entity | - | - | - | - |
| Other | (290,000) | (290,000) | (290,000) | (290,000) |
| Net loss on disposal of plant and equipment | 1,987 | 593 | - | - |
| Write-downs to recoverable amounts | 40,757 | 27,173 | - | - |
| Unrealised foreign exchange movement | (6,979) | (6,557) | - | - |
| Changes in assets and liabilities | | | | |
| (Increase)/decrease in trade and other receivables | 874,623 | (232,697) | (152,187) | (110,495) |
| (Increase)/decrease in inventories | (74,090) | (69,639) | - | - |
| (Increase)/decrease in other current assets | (353,929) | (8,133) | 12,131 | (10,267) |
| (Increase)/decrease in deferred tax assets | (408,159) | 439,235 | (381,397) | 439,235 |
| Increase/(decrease) in trade and other payables | (712,182) | (250,817) | 42,333 | 234 |
| Increase/(decrease) in tax payables | 485,480 | 411,404 | 489,011 | 411,404 |
| Increase/(decrease) in provisions | 890,691 | 202,801 | 500,925 | 167,370 |
| Cash flow from operations | 3,201,793 | 1,843,117 | 1,537,603 | 1,767,558 |

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| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|--|--------------------|-----------|---------------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| 25. CASH FLOW INFORMATION (continued) | | | | |
| b. Credit Standby Arrangements with Banks | | | | |
| Credit facility | 5,300,000 | 1,500,000 | - | 1,300,000 |
| Amount utilised | (2,856,000) | - | - | - |
| | 2,444,000 | 1,500,000 | - | 1,300,000 |

The major facilities are summarised as follows:

Bank overdrafts

Bank overdraft facilities are arranged with the general terms, conditions being set and expire on 29 June 2012.

Interest rates are variable and subject to adjustment

Commercial bill facility

\$5,000,000 variable interest rate facility expires on 29 June 2012.

c. Loan Facilities

| | | | | |
|-----------------|---|-----------|---|---|
| Loan facilities | - | 1,400,000 | - | - |
| Amount utilised | - | - | - | - |
| | - | 1,400,000 | - | - |

The consolidated group has not breached any borrowing requirements.

d. Non Cash Finance and Investing Activities

The Group acquired its interests in the share capital of AMI Education Pty Limited and Benchmark Resources Pty Limited partly by issuing shares in the parent entity. Details of the acquisitions are included in Note 14 and details of the shares issued are disclosed in Note 21.

26. EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in subsequent financial years.

The financial report was authorised for issue on 13 September 2011 by the board of directors.

27. RELATED PARTY TRANSACTIONS

Directors' transactions with the Company and the consolidated group

Details of Directors' remuneration are set out in the Remuneration Report section of the Directors' Report. Directors are reimbursed for expenses incurred by them on behalf of the consolidated group.

The Director's loans totalling \$166,918 for Academies Australasia College Pte. Limited were converted to equity in Academies Australasia College Pte. Limited on 14 February 2011.

AMI Education Pty Limited has a total of 424,893 convertible notes of one dollar each on issue. The notes are unsecured and on arms length terms. Mark Kwong To Lo has 103,590 notes and Daniel Hing Yuen Wong has 106,134 notes. Both are directors of AMI Education Pty Limited.

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27. RELATED PARTY TRANSACTIONS (continued)

Directors' transactions with the Company and the consolidated group (continued)

The terms of the convertible notes are:

Maturity: 14 May 2012. Interest rate: 6% per annum. Conversion Price: \$1 per ordinary share in AMI Education Pty Limited.

Interest paid to the directors during the period 25 February 2011 to 30 June 2011 was \$11,684.

Directors' and specified executives' relevant interests in shares

Details of Directors' relevant interests in shares are set out in the Directors' Report.

Other related party transactions

Transactions between the Company and controlled entities include loans, management fees and interest. Details of these transactions and the amounts owing at balance date are included in Notes 2, 3, 5 and 19.

28. FINANCIAL INSTRUMENTS

a. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

i. Treasury Risk Management

Senior management meet on a regular basis to review currency and interest rate exposure and to evaluate treasury management strategies where relevant, in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk

The interest rate risk has been managed by the consolidated group by reducing and in most cases eliminating interest bearing debt. Stand by facilities has been set with a combination of fixed and floating rate possibilities. There is no set policy as to the mix of interest rate exposures.

Foreign currency risk

The consolidated group is exposed to foreign currency risk on its purchase of products and the sale of training and education courses to international students and on the translation of its foreign subsidiaries. The consolidated group had not hedged foreign currency transactions as at 30 June 2011. Senior management continue to evaluate this risk on an ongoing basis.

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

28. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained, where possible.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. In the education business, credit risk is minimised by, generally, collecting tuition fees in advance. In the fastening business credit risk is minimised by managing the debtors portfolio actively and maintaining effective monitoring and collection policies.

Price risk

In respect of the fastener business, the price of wire is constantly monitored. The company does not currently hedge the prices at which it purchases wire.

b. Financial Instruments

i. Interest Rate Risk

The consolidated group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

| | Note | Weighted average interest rate | Floating interest rate | Fixed interest maturing in: | | Non- Interest bearing | Total |
|------------------------------|------|---|------------------------------|-----------------------------|------------------|-----------------------------|------------------|
| | | | \$ | 1 year or less | 1 to 5 years | \$ | \$ |
| 2011 | | | | | | | |
| <i>Financial assets</i> | | | | | | | |
| Cash and cash equivalents | 9 | 2.85% | 3,572,936 | - | - | - | 3,572,936 |
| Trade and other receivables | 10 | - | - | - | - | 2,223,272 | 2,223,272 |
| | | | <u>3,572,936</u> | <u>-</u> | <u>-</u> | <u>2,223,272</u> | <u>5,796,208</u> |
| <i>Financial liabilities</i> | | | | | | | |
| Trade and other payables | 18 | - | - | - | - | 3,385,706 | 3,385,706 |
| Bank bills | 19 | - | - | 571,200 | 2,284,800 | - | 2,856,000 |
| Bank Loans | 19 | 4.05% | - | - | 166,814 | - | 166,814 |
| Loans - Directors | 19 | 6.00% | - | - | 209,724 | - | 209,724 |
| Loans - Others | 19 | 6.00% | - | - | 163,669 | - | 163,669 |
| Lease purchase agreements | 19 | 10.44% | - | 33,438 | 22,495 | - | 55,933 |
| | | | <u>-</u> | <u>604,638</u> | <u>2,847,502</u> | <u>3,385,706</u> | <u>6,837,846</u> |

ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2011

28. FINANCIAL INSTRUMENTS (continued)

| | Note | Weighted average interest rate | Floating interest rate | Fixed interest maturing in: | | Non- Interest bearing | Total |
|------------------------------|------|---|------------------------------|-----------------------------|-----------------|-----------------------------|------------------|
| | | | \$ | 1 year or less | 1 to 5 years | \$ | \$ |
| 2010 | | | | | | | |
| <i>Financial assets</i> | | | | | | | |
| Cash and cash equivalents | 9 | 2.10% | 2,410,166 | - | - | - | 2,410,166 |
| Trade and other receivables | 10 | - | - | - | - | 2,432,339 | 2,432,339 |
| | | | <u>2,410,166</u> | <u>-</u> | <u>-</u> | <u>2,432,339</u> | <u>4,842,505</u> |
| <i>Financial liabilities</i> | | | | | | | |
| Trade and other payables | 18 | - | - | - | - | 2,858,515 | 2,858,515 |
| Loans - Directors | 19 | - | - | - | - | 166,918 | 166,918 |
| Lease purchase agreements | 19 | 9.18% | - | 21,575 | 7,439 | - | 29,014 |
| | | | <u>-</u> | <u>21,575</u> | <u>7,439</u> | <u>3,025,433</u> | <u>3,054,447</u> |

- ii. Net fair values of financial assets and liabilities
The carrying amounts of financial assets and liabilities approximate their net fair value.
- iii. Amounts payable in foreign currencies
The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies calculated at year end exchange rates, are as follows:

| | CONSOLIDATED GROUP | | PARENT ENTITY | |
|------------------------------|--------------------|---------|---------------|------|
| | 2011 | 2010 | 2011 | 2010 |
| | \$ | \$ | \$ | \$ |
| United States Dollars | | | | |
| Amounts payable | <u>109,945</u> | 105,856 | - | - |

29. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Management have considered all standards and interpretations issued but not yet effective and do not believe that any will have a material impact on the financial report. No new standards and interpretations have been adopted early.

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2011

30. COMPANY DETAILS

The registered office of Academies Australasia Group Limited:

Level 6
505 George Street
Sydney NSW 2000

The principal places of business of the companies in the Consolidated Group are:

Academies Australasia

Level 6
505 George Street
Sydney NSW 2000

Premier Fasteners

1 & 3 Ladbroke Street
Milperra
NSW 2214

Academies Australasia

51 Middle Road
Singapore
188959

AMI Education

Level 4
303 Collins Street
Melbourne
Vic 3000

Benchmark

2/148 Henry Street
Penrith
NSW 2750

* * *

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ACADEMIES AUSTRALASIA GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Academies Australasia Group Limited (the company) and Academies Australasia Group Limited and controlled entities (the consolidated group), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated report comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

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

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

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



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given the directors of the Company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

- a. the financial report of Academies Australasia Group Limited and Academies Australasia Group Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's and consolidated group's financial position as at 30 June 2011 and of their financial performance and their cash flows for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report of Academies Australasia Group Limited included in pages 13 to 15 of the directors' report for the year ended 30 June 2011. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Academies Australasia Group Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

PILOT PARTNERS

MICHAEL TRAYNOR

13 September 2011

Level 5
175 Eagle Street
Brisbane, Queensland 4000

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows.

SUBSTANTIAL HOLDERS

Ordinary Shares

The relevant interests of substantial shareholders as at 12 September 2011 were:

| <u>Shareholder</u> | <u>No. of Shares Held</u> | <u>%</u> |
|--|---------------------------|----------|
| Mr Chiang Meng Heng ^a | 24,941,886 | 52.83 |
| Mr Christopher Elmore Campbell ^b | 7,149,007 | 15.14 |
| Jilcy Pty Ltd Jilcy Super Fund A/C | 6,669,007 | 14.13 |
| P&B Carroll Pty Ltd Carroll Family Trust A/C | 4,248,848 | 9.00 |
| Eng Kim Low | 3,779,126 | 8.01 |

^a Includes 3,779,126 shares held by Eng Kim Low

^b Includes 6,669,007 shares held by Jilcy Pty Ltd Jilcy Super Fund A/C and 476,000 shares held by Bankura Pty Ltd Campbell Family Trust A/C

VOTING RIGHTS

Ordinary Shares

At 12 September 2011 there were 266 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in Articles 69 and 70 of the Company's Articles of Association, are:

Article 69

"Subject to these Articles and any rights or restrictions for the time being attached to any class or classes of shares:

- (a) at meetings of members or classes of members each member entitled to attend and vote may attend and vote in person or by proxy, or attorney and (where the member is a body corporate) by representative;*
- (b) on a show of hands, every Member present has 1 vote;*
- (c) on a poll, every Member present has:*
 - (i) 1 vote for each fully paid share;*

Article 70

"Where more than 1 joint holder votes, the vote of the holder, whose name appears first in the register of members shall be accepted to the exclusion of the others."

**ACADEMIES AUSTRALASIA GROUP LIMITED (Formerly Garratt's Limited)
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

20 LARGEST SHAREHOLDERS AS AT 12 SEPTEMBER 2011

| | <u>Registered Name</u> | <u>No. Shares</u> | <u>%</u> |
|----|---|-------------------|----------|
| 1 | Mr Chiang Meng Heng | 21,162,760 | 44.83 |
| 2 | Jilcy Pty Ltd Jilcy Super Fund A/C | 6,669,007 | 14.13 |
| 3 | P&B Carroll Pty Ltd Carroll Family Trust A/C | 4,248,848 | 9.00 |
| 4 | Eng Kim Low | 3,779,126 | 8.01 |
| 5 | Vasek Fasteners Pty Ltd Premier Screw Super A/C | 1,553,529 | 3.29 |
| 6 | Schleederer Nominees Pty Limited | 756,182 | 1.60 |
| 7 | Mrs Gail Leslie Storey | 634,335 | 1.34 |
| 8 | Chio Tee Tan | 600,000 | 1.27 |
| 9 | Ms Anthea Judith Drescher | 531,922 | 1.13 |
| 10 | Citicorp Nominees Pty Limited | 520,000 | 1.10 |
| 11 | Bankura Pty Ltd Campbell Family Trust A/C | 476,000 | 1.01 |
| 12 | Frank Kwong-Shing Wong | 380,000 | 0.80 |
| 13 | Daniel Hing Yuen Wong Jehovah Jireh Family A/C | 343,872 | 0.73 |
| 14 | Mark Kwong To Lo M&M Family A/C | 334,584 | 0.71 |
| 15 | Kim Soon Ng | 300,000 | 0.64 |
| 16 | Bowes & Brown Pty Ltd | 257,261 | 0.54 |
| 17 | Siah Chuan Lim C&L A/C | 247,536 | 0.52 |
| 18 | Thia Dowsey | 225,000 | 0.48 |
| 19 | May Chiak Elaine Ng | 225,000 | 0.48 |
| 20 | When Finance Pty Ltd | 208,000 | 0.44 |
| | | <hr/> | |
| | | 43,452,962 | 92.04 |

HOLDING RANGE (SHAREHOLDERS) AS AT 12 SEPTEMBER 2011

| <u>Range</u> | <u>No. Holders</u> | <u>Total No. Shares</u> | <u>%</u> |
|------------------|--------------------|-------------------------|----------|
| 1 - 1,000 | 61 | 44,744 | 0.09 |
| 1,001 - 5,000 | 96 | 273,720 | 0.58 |
| 5,001 - 10,000 | 32 | 238,448 | 0.51 |
| 10,001 - 100,000 | 50 | 2,198,870 | 4.66 |
| 100,001 + | 27 | 44,453,628 | 94.16 |
| | <hr/> | | |
| | 266 | 47,209,410 | 100.00 |

* * *

OFFICES AND OFFICERS

DIRECTORS

| | |
|---------------------------------------|---|
| Neville Thomas Cleary | Chairman (Independent & Non-Executive) |
| Christopher Elmore Campbell | Group Managing Director |
| Chiang Meng Heng | Director (Non-Executive) |
| Dr John Lewis Schlederer | Director (Independent & Non-Executive) |
| Philip Carroll | Director (Executive) |
| Gabriela Del Carmen Rodriguez Naranjo | Alternate Director to Neville Thomas Cleary |
| Bridget Mary Carroll | Alternate Director to Philip Carroll |

COMPANY SECRETARY Stephanie Ann Noble

REGISTERED OFFICE

Academies Australasia Group Limited
Level 6
505 George Street
Sydney NSW 2000

Telephone: (02) 9224 5555

Facsimile: (02) 9224 5550

SHARE REGISTRAR

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney NSW 2000

Telephone: (02) 8234 5000

Toll Free (Australia only) 1300 850 505

Facsimile: (02) 8234 5050

Web Site: www.academies.edu.au

STOCK EXCHANGE

The Company is listed on the Australian Stock Exchange. The Home Exchange is Sydney.

ASX Code: AKG

ACADEMIES AUSTRALASIA

