ACADEMIES AUSTRALASIA

THE POSSIBILITIES ARE INFINITE

ACADEMIES AUSTRALASIA GROUP LIMITED

ANNUAL REPORT 2014

ACN 000 003 725

CHAIRMAN'S REPORT

Dear Shareholder

In last year's report Neville Cleary stressed the need for the party that won the 2013 Federal election to look hard at reviving the international education sector. In the year to June 2014, after five years of shrinking enrolments, the sector grew by 11.5 per cent, or $1.2 billion, to $15.7 billion. This is pleasing to see. But is this the result of a well thought through strategy put together by the Federal government or, as the Executive Director of the International Education Association of Australia recently put it, is it just 'a happy confluence of circumstances?' There is a need for a long term plan, supported by all branches of government, that all participants, especially the non-public sector which is risking its own capital, can work from. Without a clear blueprint for the future, planning our own operations continues to be difficult. Academies Australasia looks forward to the Federal Government's response to the Chaney Report – commissioned in 2011 and submitted 19 months ago.

It has been an eventful year – the biggest achievement being the divestment of our fasteners business following which Academies Australasia is exclusively engaged in education. We sold the business for $7.7 million in cash, of which $3.9 million has been received. The remaining $3.8 million is due to be paid in four equal instalments by December 2014, 2015, 2016 and 2017. The debt is secured.

We made several acquisitions, giving us operations around Australia and expanding our course offerings. In the past 9 months, we acquired control of 7 registered training organisations bringing our total to 17 separately licenced colleges offering more than 230 courses. We now have a healthy balance of domestic and international students – 5 years ago we were 100% international students. While consolidating and bedding down recent acquisitions, we will continue to keep an eye out for other opportunities. That said, as our track record will show, we have been prudent in our valuations. We are in no rush to grow and will be careful to avoid opportunities that are expensive.

On behalf of the Board, I would like to welcome all the directors, management and staff of the companies that have joined the Academies Australasia Group since December last year.

We are pleased with the results for the year under review.

- Profit attributable to owners of the parent entity grew 61% to $5.3 million
- Revenue increased by 21% to $45.8 million
- Contribution from education operations increased by 40% to $8.0 million. Excluding investment revaluation, the increase was 13%

The Board is pleased to declare a significant increase in the final dividend of 0.5 cents per share, to 3.0 cents, taking the dividend for the year to 5.5 cents (fully franked).

We continue to strengthen our operations through the recruitment of senior staff, staff training and improving our policies, procedures and systems. The streamlining and standardisation of operations throughout the group is also an important focus.

Substantial commitments were made in respect to new premises and the upgrading of existing premises. Academies Australasia Polytechnic was relocated from 303 Collins Street to 628 Bourke Street in Melbourne and additional space was taken up in Penrith and in Brisbane.

In October 2013, the end date of the Performance Incentive Plan ('PIP') was brought forward and the PIP closed, for a once-off charge of $344,000 in the period under review. The PIP was structured around profitability and increase in the value of the Company's shares. Following the unexpected increase in the Company's share price after the share placement in August 2013, the Board considered it prudent, reasonable and in the interest of stakeholders, to bring forward the end date. It is the Board's intention to consider an alternative performance incentive programme to attract and hold senior staff.

I am pleased to report that the Group Managing Director has agreed to sign on for a further term of 3 years following the expiry of his current contract on 31 December 2014.

There was a substantial increase in the Company's share capital since the Annual General Meeting on 21 October 2013. At that date, the Company had 52,748,143 shares on issue. Since then, 9,315,341 shares were issued to bring the total shares on issue today to 62,063,484. This 17.7% increase in shares was for the purpose of two acquisitions:

a. 3,409,091 shares being payment for the acquisition of DFL Education (Qld) Pty Limited; and
b. 5,906,250 shares being part payment for the acquisition of Newco CLB Training & Development Pty Limited as trustee for the CLB Unit.

It is pleasing to note that notwithstanding the substantial increase in shares, the earnings per share as well as the share price have increased. The Board continues to look out for investments that complement current businesses and where earnings per share is expected to be accretive and, where appropriate, will consider issuing equity as consideration. The directors have relevant interests in more than 50% of all shares on issue.

Looking forward, I reiterate the importance of there being a clear plan for the international education sector in Australia. The world demand for international education (students enrolled for education outside their country of citizenship) has increased substantially over the past 30 years. This trend is expected to continue. Australia continues to be attractive to international students. We believe that Academies Australasia is well positioned for further growth. In the international space, our operations in Singapore are well regarded and a good base from which to grow further in the region. Our recent acquisitions, especially Spectra Training, are expected to make us a significant player in the domestic arena.

With Neville Cleary's retirement the Board is comprised of 4 members. Consideration is being given to expanding the Board and I expect to be able to make an announcement in this regard shortly.

I would like to thank the Group Managing Director and all the directors, management and staff throughout the group for their contribution in the year under review. My fellow directors and I would like to thank all shareholders, students, customers and business associates for their loyalty and support.

Finally, may I say that it was an honour to be asked by my colleagues on the Board to take on the position of Chairman upon Neville Cleary's retirement. He left the Company in a good position - and big shoes to fill. I will do my best.

Dr John Lewis Schlederer
Chairman
3 September 2014

CORPORATE GOVERNANCE STATEMENT

The Board of Academies Australasia Group Limited ('the Company') is committed to the highest standards of corporate governance and enhancing shareholder value. The following Corporate Governance Statement outlines the framework in which the Board operates to ensure this commitment is upheld.

At the date of this report, the Board comprised the following:

		Appointed
- Dr John Lewis Schlederer	Chairman, Non-Executive, Independent	2010
- Christopher Elmore Campbell	Group Managing Director, Executive	1996
- Chiang Meng Heng	Director, Non-Executive	2000
- Gabriela Del Carmen Rodriguez Naranjo	Director, Executive from 21 October 2013 (Alternate to Neville Thomas Cleary to 31 December 2013)	2013

All were members of the Board throughout the year.

Mr Neville Cleary (Chairman and Non-Executive Director) retired from the Board on 31 December 2013.

The Board endorses the Australian Securities Exchange ('ASX') Corporate Governance Principles and Recommendations, (2nd Edition with 2010 Amendments) ('Recommendations'). This Corporate Governance Statement is prepared in accordance with these Recommendations.

The ASX Corporate Governance Council recently published a new edition of the Principles and Recommendations (being the 3rd Edition), but these changes will only take effect for full year financial reports commencing on or after 1 July 2014. These changes are therefore not applied to this statement.

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.

Key management of the group at any time during the reporting period comprises the Board of the Company and the senior group executives:

- Stephanie Ann Noble - Group Finance Manager and Company Secretary - Academies Australasia Group Limited.
- Edmund Kwan - Executive Director and Chief Executive Officer - Academies Australasia College Pte. Limited.
- Esther Teo - Executive Director and Chief Executive Officer - Academies Australasia Polytechnic Pty Limited and Executive Director and Chief Executive Officer - Vostro Institute of Training Pty Limited (from 3 June 2014).
- Ivan James Mikkelsen - Director and General Manager - Premier Fasteners Pty Limited (until 1 December 2013).

This statement identifies and explains where the Company has not complied fully with any of the eight principles stated in the Recommendations.

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 group executive 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 senior group executives are subject to annual performance review. The Company evaluates their expected contribution, progress, and achievements. All senior group executives were reviewed in respect to performance during the year ended 30 June 2014.

The Board ensured that the terms of the (now closed) performance incentive plan ('PIP') were complied with.

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

The Board delegates responsibility for the day-to-day operation and administration of the Company to the Group Managing Director.

The Board meets at least four times per financial year to review the Company's strategy and progress, with the Audit and Risk Committee meeting at least twice a year and the Remuneration Committee meeting at least once a year.

Principle 2 – Structure the Board to add value

Board Composition

The relevant skills, experience, expertise, and terms of office of each director, who is in office at the date of the annual report, are detailed in the Directors' Report.

The name of the independent director of the Company is:

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 assessing a director’s independence, materiality is assessed on a case by case basis having regard to the individual circumstances of the director.

Chiang Meng Heng and Christopher Elmore Campbell each have relevant interests of 5% or more in the Company’s shares. Chiang Meng Heng and Christopher Elmore Campbell are not independent. Gabriela Del Carmen Rodriguez Naranjo is an Executive Director and is not independent. There is therefore only one independent director and so the Board does not meet the Recommendation that there be a majority of independent directors. However, the Board wishes to state that nothing has come to its attention that would cause it to question whether current procedures and governance are inappropriate for a company of its structure and size. The skills, experience, and performance of the non-independent directors have led the Board to conclude that they do act in the best interests of the Company.

Consistent with the Recommendations, the position of Chairman is held by an independent director and the roles of Chairman and Group Managing Director are exercised by separate individuals, Dr John Lewis Schlederer and Christopher Elmore Campbell respectively.

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.

Nominations Committee

The purpose of a Nominations Committee is to ensure that the Board comprises directors with a range of skills and experience appropriate for achieving its mandate.

Currently, the Board executes all of the same functions a Nominations Committee would. The Board determines the appointment of new directors, except where a director is elected by shareholders. When considering the appointment of a new director, the Board follows the same principles and guidelines a Nominations Committee would. These principles and guidelines are outlined 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, preferably independent.
- A majority of the Board should be non-executive directors, preferably independent.
- 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, they are evaluated on their skills, experience, diversity, and how they 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).
- Individuals being considered for non-executive roles will be required to provide the Board 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 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 a review 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 that the non-executive directors should bring to the Board. The Board also reviews the Company's strategic direction, objectives, and corporate governance practices. The Board reviews the objectives and achievements of the Group Managing Director and senior group executives annually, with the Chairman regularly discussing performance with directors throughout the year.

The Board reviewed its performance and the performance of its committees and individual directors and all senior group executives in respect to the year ended 30 June 2014.

Principle 3 – Promote ethical and responsible decision making

Code of Conduct

The Company has established a Code of Conduct to guide the Board and senior group executives as to the practices necessary to maintain confidence in the Company's integrity, as well as the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Company and its directors, managers, employees, and contractors are expected to act with high standards of honesty, integrity, independent judgement, 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. It aims to provide 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 2014, 43% of senior group executives, including Board members were female. The objective of 30% female composition of Board and senior group executives combined was therefore achieved.

At that date, 63% of group employees (excluding academic staff) were female. The objective is to have an equal balance of male and female employees (excluding academic staff).

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 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 Dr John Lewis Schlederer, Neville Thomas Cleary (to 31 December 2013) and Chiang Meng Heng. The Committee was chaired by Dr John Lewis Schlederer.

The Company complied with all four recommendations until the retirement of Neville Thomas Cleary on 31 December 2013. Presently, it complies with the recommendation that all members be non-executive. It does not comply with the minimum member size of three, the Chairman not being the Chairman of the Board and having a majority of independent directors.

The Group Managing Director, Executive Director, Group Finance Manager and external auditor attend Audit and Risk Committee meetings.

The functions of the Audit and Risk Committee encompass:

- Financial reporting
- Risk management
- Authorities for financial risk management
- External audit
- Internal audit
- Insurance programme
- Legal proceedings

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 disclosures 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 website (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 with 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 due to the small size and cost structure of the group. 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 (Chief Executive Officer) and the Group Finance Manager (Chief Financial Officer) 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 annually reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Group Managing Director, senior group executives and directors themselves. This role also includes responsibility for share option schemes, performance incentive 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 group executives are all on fixed remuneration. The Company PIP was closed on 22 October 2013. Non-executive directors were not eligible to participate in the PIP.

Remuneration Committee

The role of the Remuneration Committee is to assist the Board with the application of its remuneration policies. The structure of this committee is consistent with the Recommendations in that it comprises at least three members and has an independent Chair. However, only one of the three members is an independent director. This is because its members are procured from the Board, where there is only one independent director.

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 website at www.academies.edu.au

106th ANNUAL REPORT OF THE DIRECTORS

Your directors present this report on Academies Australasia Group Limited and its controlled entities for the financial year ended 30 June 2014.

DIRECTORS

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

- Dr John Lewis Schlederer	
- Neville Thomas Cleary	Retired 31 December 2013
- Christopher Elmore Campbell	
- Chiang Meng Heng	
- Gabriela Del Carmen Rodriguez Naranjo	Appointed 21 October 2013 (Alternate to Neville Thomas Cleary until 31 December 2013)

Dr John Lewis Schlederer, Christopher Elmore Campbell, Chiang Meng Heng and Gabriela Del Carmen Rodriguez Naranjo have all been in office since the start of the financial year to the date of this report.

Neville Thomas Cleary was in office from the start of the financial year until 31 December 2013.

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. The fasteners business was sold on 1 December 2013.

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 $5,400,000 (2013: $3,269,000).

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 40% to $7,984,000 (2013: $5,681,000) during the financial year, while revenue increased by 40% to $42,569,000.

Excluding the $2,109,000 from the revaluation of investments, the contribution before tax increased by 13%.

During the year the group acquired control of (See Note 14):

- DFL Education (Qld) Pty Limited T/A Brisbane School of Hairdressing, Gold Coast School of Hairdressing and Brisbane School of Beauty (‘DFL’).
- International College of Capoeira Pty Limited T/A College of Sports & Fitness (‘CSF’).
- Vostro Institute of Training Australia Pty Limited (‘Vostro Institute’).
- Kreate Pty Limited T/A RuralBiz Training.
- Newco CLB Training and Development Pty Limited as trustee for the CLB Unit Trust T/A Spectra Training

Fasteners

The contribution from the fasteners business (before tax) was $359,000 and revenue was $3,215,000. The fasteners business was sold on 1 December 2013

Dividends Paid or Proposed

A fully franked dividend of two and a half cents per share ($1,319,000) was paid on 26 September 2013. An interim fully franked dividend of two and a half cents per share ($1,404,000) was paid on 15 April 2014.

The directors have announced the payment of a fully franked final dividend of three cents per share ($1,861,905), to be paid on 26 September 2014.

FINANCIAL POSITION

The net assets of the consolidated group have increased by $16,302,000 since 30 June 2013.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated group during the reporting period.

EVENTS AFTER THE REPORTING PERIOD

The acquisition of Newco CLB Training & Development Pty Limited as trustee for the CLB Unit Trust T/A Spectra Training was finalised on 23 July 2014 (See Note 14). On 1 July 2014, Spectra Training acquired 100% of Print Training Australia Pty Limited (‘PTA’). With the acquisition of Spectra Training, PTA became a wholly owned subsidiary of the group.

On 16 August 2014, the group acquired 75% of Language Links International Pty Limited, a college in Perth that offers English Language courses.

At an Extraordinary General Meeting held on 1 September 2014, shareholders approved the issue of the 1,500,000 new shares to the vendors of Spectra Training, and also ratified the prior issue of 7,815,341 shares.

There were no other 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 (Pages 1 and 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

Dr John Lewis Schlederer	- Chairman, (Independent & Non-Executive), Director since 2010, Chairman since 1 January 2014.
Qualifications/Experience	- 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	- 987,140 shares (1.59%) as at 2 September 2014
Special Responsibilities	- Chairman of the Remuneration Committee and Audit and Risk Committee. Non-Executive Director of Benchmark Resources Pty Limited T/A Benchmark College.
Directorships held in other listed entities	- None

Christopher Elmore Campbell	- Group Managing Director and Chief Executive Officer, since 1996.
Qualifications/Experience	- B.Soc.Sci. (Hons), FFin, FAICD, FCIS, FSCA. Previous positions include senior appointments with the Monetary Authority of Singapore and an international bank in Australia.
Interest in Shares	- 7,416,767 shares (11.95%) as at 2 September 2014
Special Responsibilities	- Member of the Remuneration Committee. Director of each of the subsidiary companies in the Academies Australasia Group. Director, Asia Society Australia.
Directorships held in other listed entities	- None.

Chiang Meng Heng	- Director (Non-Executive), since 2000.
Qualifications/Experience	- 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 (40.19%) as at 2 September 2014
Special Responsibilities	- Member of the Audit and Risk, and Remuneration Committees. Chairman (Non-executive) and Director of ACA Investment Holdings Pte. Limited, Centre for Australian Education Pte. Limited and Academies Australasia College Pte. Limited.
Directorships held in other listed entities	- Far East Orchard Limited, Macquarie International Infrastructure Fund Limited and Keppel Land Limited (all listed on the Singapore Stock Exchange).

Gabriela Del Carmen Rodriguez Naranjo	- Executive Director, since 21 October 2013. (Alternate to Neville Cleary May 2011 to December 2013).
Qualifications/Experience	- B. Comp.Sci, B.Sci. Sys. Eng, MAICD. More than 10 years experience in various aspects of international education in Australia.
Interest in Shares	- 15,000 shares (0.02%) as at 2 September 2014
Special Responsibilities	- Executive Director, Academies Australasia Group Limited. General Manager and Chief Operations Officer of Academies Australasia Pty Limited and Director of each of its subsidiaries (excluding ACA Investment Holdings Pte. Limited).

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 group executives and directors themselves.
This role also includes responsibility for share option schemes, performance incentive 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 Dr John Lewis Schlederer, Neville Thomas Cleary (to 31 December 2013), Chiang Meng Heng and Christopher Elmore Campbell.
The remuneration policy of the Company in respect of directors and senior group executives is to ensure certainty of exposure of the Company to employees by agreeing a fixed salary for each director and senior group 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 PIP was closed on 22 October 2013.

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 Senior Group Executives

a. Directors and Senior Group Executives

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

- Dr John Lewis Schlederer (Independent & Non-Executive Director, Chairman from 1 January 2014).
- Neville Thomas Cleary (Independent & Non-Executive Director and Chairman to 31 December 2013)
- Christopher Elmore Campbell (Group Managing Director - Executive).
- Chiang Meng Heng (Non-Executive Director).
- Gabriela Del Carmen Rodriguez Naranjo (Alternate Director to Neville Thomas Cleary to 31 December 2013. Executive Director from 21 October 2013).

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

- Stephanie Ann Noble (Group Finance Manager and Company Secretary - Academies Australasia Group Limited. Director Premier Fasteners Pty Limited to 1 December 2013).
- Edmund Kwan (Executive Director and Chief Executive Officer- Academies Australasia College Pte. Limited).
- Esther Teo (Executive Director and Chief Executive Officer - Academies Australasia Polytechnic Pty Limited. Executive director and Chief Executive Officer - Vostro Institute of Training Australia Pty Limited from 3 June 2014).
- Ivan James Mikkelsen (Director and General Manager - Premier Fasteners Pty Limited to 1 December 2013).

b. Directors and Senior Group Executives Remuneration

The remuneration for each director and each of the senior group executives during the year was as follows:

2014 Directors and Senior group executives	**Short-term employee benefits**			**Post- employment benefits**	
	Cash, salary and commissions	**PIP/bonus**	**Non-monetary benefits**	**Superannuation**	**Total**
	$000s	**$000s**	**$000s**	**$000s**	**$000s**
Dr John Lewis Schlederer	21	-	-	33	54
Neville Thomas Cleary (to 31 December 2013)	25	-	-	2	27
Christopher Elmore Campbell	372	71	-	78	521
Chiang Meng Heng	32	-	-	3	35
Gabriela Del Carmen Rodriguez Naranjo	136	172[a]	-	24[a]	332
Stephanie Ann Noble	131	107[b]	-	22[b]	260
Edmund Kwan	78	32	-	10	120
Esther Teo	102	73[c]	-	34[c]	209
Ivan James Mikkelsen (to 1 December 2013)	70	-	-	13	83
	967	455	-	219	1,641

Non-recurring payment arising from the early closure of the PIP
[a] Gabriela Del Carmen Rodriguez Naranjo $133,000
[b] Stephanie Ann Noble $83,000
[c] Esther Teo $56,000

2013 Directors and Senior group executives	**Short-term employee benefits**			**Post- employment benefits**	
	Cash, salary and commissions	**PIP/bonus**	**Non-monetary benefits**	**Superannuation**	**Total**
Dr John Lewis Schlederer	14	-	-	30	44
Neville Thomas Cleary	55	-	-	-	55
Christopher Elmore Campbell	373	143	-	77	593
Chiang Meng Heng	32	-	-	3	35
Gabriela Del Carmen Rodriguez Naranjo	130	46	-	15	191
Stephanie Ann Noble	124	31	-	13	168
Edmund Kwan	71	-	-	7	78
Esther Teo	99	-	-	36	135
Ivan James Mikkelsen	183	-	21	17	221
Jacqualine Apps	120	-	-	11	131
Bridget Carroll (to 4 March 2013)	63	-	-	21	84
Philip Carroll (to 4 March 2013)	39	-	-	22	61
	1,303	220	21	252	1,796

None of the remuneration paid to any director or senior group executive is tied to any specific performance condition.

c. Options issued as part of remuneration for the year ended 30 June 2014

No options were granted as part of remuneration.

d. Employment contracts of senior group executives

The employment conditions of all senior group 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.

Christopher Elmore Campbell has agreed to a further term of 3 years following the expiration of his current contract of employment on 31 December 2014.

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	
	A	B	A	B	A	B
Dr John Lewis Schlederer	7	7	2	2	1	1
Neville Thomas Cleary (retired 31 December 2013)	5	5	1	1	1	1
Christopher Elmore Campbell	7	7	2	2	1	1
Chiang Meng Heng	7	7	2	2	1	1
Gabriela Del Carmen Rodriguez Naranjo	7	7	2	2	-	-

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

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 officers 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

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 2014:

- Taxation services $73,000
- Due diligence and other services $217,000

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration for the year ended 30 June 2014 has been received and can be found on page 19.

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

Dr John Lewis Schlederer	Christopher Elmore Campbell
Director	Director

3 September 2014

PILOT PARTNERS
Chartered Accountants
Level 10, Waterfront Place
1 Eagle St. Brisbane 4000
PO Box 7095 Brisbane 4001
Queensland Australia
P +61 7 3023 1300
F +61 7 3229 1227
pilotpartners.com.au

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 2014 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

PILOT PARTNERS

DANIEL GILL

3 September 2014

Level 10

1 Eagle Street

Brisbane, Queensland 4000

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2014

	Note	2014 $000s	2013 $000s
Revenue from continuing operations	2	**45,784**	37,827
Depreciation and amortisation expense		**(767)**	(715)
Cost of sales		**(1,549)**	(3,587)
Cost of services		**(14,633)**	(12,230)
Employee benefits expense		**(10,569)**	(8,066)
Finance costs	3	**(305)**	(210)
Insurance		**(494)**	(424)
Lease rental expense – operating leases	3	**(4,990)**	(4,084)
Legal expenses		**(113)**	(74)
Non-executive directors fees		**(116)**	(133)
Payroll tax		**(574)**	(438)
Other expenses		**(4,600)**	(3,303)
Profit before income tax		**7,074**	4,563
Income tax expense	4	**(1,674)**	(1,294)
Profit for the year		**5,400**	3,269
Other comprehensive income:			
Exchange differences on translating foreign controlled entities		**(25)**	87
Net (loss)/gain on revaluation of assets		**(719)**	630
Other comprehensive income for the year, net of tax		**(744)**	717
Total comprehensive income for the year		**4,656**	3,986
Profit attributable to:			
Owners of the parent entity		**5,264**	3,269
Non-controlling interests		**136**	-
		5,400	3,269
Total comprehensive income attributable to:			
Owners of the parent entity		**4,520**	3,986
Non-controlling interests		**136**	-
		4,656	3,986
Earnings per share (cents per share)			
Basic	7	**9.8**	6.8
Diluted	7	**8.8**	6.8
Dividends per share (cents)	8	**5.0**	5.0

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	2014 $000s	2013 $000s
Current Assets			
Cash and cash equivalents	9	**7,833**	4,992
Trade and other receivables	10	**8,798**	2,417
Inventories	11	**-**	3,815
Other current assets	12	**1,227**	956
Total Current Assets		**17,858**	12,180
Non-Current Assets			
Trade and other receivables	10	**6,225**	-
Investments	13	**2,618**	903
Plant and equipment	15	**6,637**	3,759
Deferred tax assets	16	**-**	436
Intangible assets	17	**28,770**	10,408
Total Non-Current Assets		**44,250**	15,506
Total Assets		**62,108**	27,686
Current Liabilities			
Trade and other payables	18	**18,852**	6,327
Current tax liabilities	4	**297**	456
Borrowings	19	**1,319**	969
Provisions	20	**1,556**	752
Total Current Liabilities		**22,024**	8,504
Non-Current Liabilities			
Deferred tax liability	16	**85**	-
Borrowings	19	**2,665**	2,402
Provisions	20	**5,740**	1,488
Total Non-Current Liabilities		**8,490**	3,890
Total Liabilities		**30,514**	12,394
Net Assets		**31,594**	15,292
Equity			
Share capital	21a	**25,446**	18,372
Share capital contracted to be issued	21b	**7,087**	-
Accumulated losses		**(1,319)**	(4,226)
Asset revaluation reserve		**-**	1,063
Foreign currency translation reserve		**58**	83
Non-controlling interests		**322**	-
Total Equity		**31,594**	15,292

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2014

	Ordinary Shares	Other Equity	Retained Profits	Reserves	Non - Controlling Interests	Total
	$000s	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Balance at 1.7.2012	17,738	-	(4,414)	429	743	14,496
Profit for the period	-	-	3,269	-	-	3,269
Exchange differences on translating foreign operations	-	-	-	87	-	87
Asset revaluation reserve	-	-	-	630	-	630
Total comprehensive income for the year	-	-	3,269	717	-	3,986
Share issue (PIP)	484	-	-	-	-	484
Share issue (Investment in associate)	114	-	-	-	-	114
Acquisition of non-controlling interests	36	-	(694)	-	(743)	(1,401)
Dividend paid	-	-	(2,387)	-	-	(2,387)
Balance at 30.6.2013	18,372	-	(4,226)	1,146	-	15,292
Balance at 1.7.2013	18,372	-	(4,226)	1,146	-	15,292
Profit for the period	-	-	5,264	-	136	5,400
Exchange differences on translating foreign operations	-	-	-	(25)	-	(25)
Asset revaluation reserve	-	-	344	(1,063)	-	(719)
Total comprehensive income for the year	-	-	5,608	(1,088)	136	4,656
Shares contracted to be issued (Acquisition of subsidiary)	-	7,087	-	-	-	7,087
Share issue (PIP)	(484)	-	-	-	-	(484)
Share issue (Placement)	3,808	-	-		-	3,808
Acquisition of subsidiaries	3,750	-	-	-	186	3,936
Dividend paid	-	-	(2,701)	-	-	(2,701)
Balance at 30.6.2014	25,446	7,087	(1,319)	58	322	31,594

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2014

	Note	2014 $000s	2013 $000s
Cash Flows from Operating Activities			
Receipts from customers		**44,410**	39,849
Payments to suppliers and employees		**(40,166)**	(33,326)
Interest received		**73**	63
Finance costs		**(305)**	(210)
Income taxes paid		**(1,097)**	(950)
Net cash provided by (used in) operating activities	25a	**2,915**	5,426
Cash Flows from Investing Activities			
Proceeds from sale of plant & equipment		**39**	-
Purchase of plant & equipment		**(1,805)**	(262)
Expenditure on re branding		**-**	(62)
Net cash on acquisition/disposal of subsidiaries		**1,701**	585
Investment in subsidiary		**-**	(190)
Acquisition of non-controlling interests		**-**	(1,401)
Investment in associate		**-**	(300)
Investment in other financial assets		**-**	(29)
Net cash provided by (used in) investing activities		**(65)**	(1,659)
Cash Flows from Financing Activities			
Dividends paid		**(2,701)**	(2,387)
Proceeds from borrowings		**1,784**	1,781
Repayment of borrowings		**(1,893)**	(737)
Proceeds from share placement		**3,808**	-
Non recurring payment (PIP)		**(1,007)**	-
Net cash provided by (used in) financing activities		**(9)**	(1,343)
Net increase in cash held		**2,841**	2,424
Cash at the beginning of the financial year		**4,992**	2,568
Cash at the end of the financial year	9	**7,833**	4,992

The accompanying notes form part of these financial statements.

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. Details of the parent entity can be found in Note 30.

Academies Australasia Group Limited is a listed public company, incorporated and domiciled in Australia. The group is a for profit entity for financial reporting purposes under Australian Accounting Standards

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. The financial report is presented in Australian Dollars and rounded to the nearest thousand dollars in accordance with Class Order 98/100.

Accounting Policies

a. Basis of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Academies Australasia Group Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as “non-controlling interests”. The group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 acquisiton 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).

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. 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.

d. Trade and other receivables

Trade and other receivables include amounts due from customers for services performed and goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 10 for further discussion on the determination of impairment losses.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. 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.

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. *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

iv. *Financial Liabilities*

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative instruments

The group has no derivative instruments at reporting date.

Fair value

The only financial asset or liability carried at fair value is investments. Fair value is determined by a number of market and observable factors, including quoted prices, market activity levels, the financial position and performance of the investment and the relative size of the group's shareholding. They are categorised as a Level 1 in the fair value hierarchy of the Accounting Standards (market inputs are used to determine fair value).

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.

Interest borrowing costs

Interest payable costs are recognised as expenses in the period in which they are incurred.

g. 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.

Operating lease rental payments are recognised on a straight line basis over the lease term and contingent rental payments are recognised in the period when incurred.

Assets receivable under lease incentives are recognised when the group has a contractual right to them and they can be reliably estimated. Where applicable, specific categories of assets received under such arrangements are recognised in the appropriate asset heading and accounted for in accordance with the group's applicable accounting policy for that asset.

Lease incentives under operating leases are recognised as a liability and amortised as a reduction in rent on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased asset are consumed.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Plant and equipment

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.

i. 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 statement of comprehensive income.

j. Goodwill

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

- the consideration transferred
- any non-controlling interest; and
- 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 asets (*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 detemined 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.

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.

k. Intangible assets

Intangible assets include course development costs and other intangible assets.

Course development costs are capitalised where they can be related to the development of an identifiable and separable resource and which yields particular streams of future economic benefits. They are only capitalised when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. These capitalised costs are amortised over their useful lives starting from the time the development of a particular resource is complete and available for use.

l. 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 statement of comprehensive income.

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.

m. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Provisions and employee benefits

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

o. Issued capital

Ordinary shares are classified as equity, and are recognised at the fair value of the consideration received by the company. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

The group has entered into a commitment to settle transactions in its own shares and these new shares yet to be issued are recognised in equity, separately from issued capital. Once the shares are issued they are transferred within equity to issued capital. (Note 21)

p. Revenue

Revenue recognition relating to the provision of education 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. The assessment of stage of completion of educational services is also determined by reference to the provision of educational resources and the proportion of their costs incurred to date as well as the tuition day count.

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.

Rental revenue is recognised on a straight line accrual basis over the term of the lease.

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

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. 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. 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.

s. 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.

Foreign 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.

t. Earnings per share

Basic earnings per share are calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of shares both issued and contracted to be issued.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

v. 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 2014.

Key Estimates – Revenue

Stage completion for student revenue is estimated as per revenue policy.

w. Segment reporting

An operating segment is a component of an entity

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are regularly reviewed by the entity's Board to make decisions about resources to be allocated to the segment and assess its performance
- for which discrete financial information is available

The company has determined that it has only one operating segment, education, since the sale of the fasteners business on 1 December 2013.

2. REVENUE

	2014 $000s	2013 $000s
Operating activities		
- Sale of goods	**3,215**	7,495
- Services revenue	**40,094**	29,818
- Interest received	**69**	64
- Rent received	**297**	272
	43,675	37,649
Non-operating activities		
- Other	**2,109**	178
Total Revenue	**45,784**	37,827

3. PROFIT FOR THE YEAR

Expenses

	2014 $000s	2013 $000s
Finance costs - external	**305**	210
Bad and doubtful debts – trade receivables	**-**	75
Rental expense on operating leases		
- Minimum lease payments	**4,794**	4,065
- Contingent rentals	**196**	19
	4,990	4,084
Superannuation expenses	**814**	530

4. INCOME TAX EXPENSE

	2014 $000s	2013 $000s
a. The components of tax expense comprise:		
Current tax	**(921)**	(1,413)
Deferred tax	**(753)**	119
	(1,674)	(1,294)
b. The prima facie tax on profit from ordinary activities before tax is reconciled to income tax as follows:		
Tax payable on profit from ordinary activities before tax at 30%	**2,122**	1,369
Add/(less):		
Tax effect of:		
Permanent differences	**(184)**	32
Assumption of tax balances of controlled entities	**(264)**	(107)
Income tax expense attributable to the entity	**1,674**	1,294

4. INCOME TAX EXPENSE (continued)

c. Current tax payable for the year reconciles as follows:

	2014 $000s	2013 $000s
Opening provision	**456**	(9)
Add: Current year provision	**929**	1.447
Less: Over provision previous year	**(8)**	(32)
Add: Tax balance subsidiary acquired	**17**	-
Less: Tax paid	**(1,097)**	(950)
Closing provision	**297**	456

5. SENIOR GROUP EXECUTIVES COMPENSATION

a. Names and positions of the senior group executives in office at any time during the financial year are:

Senior group executive	Position
Christopher Elmore Campbell	Group Managing Director.
Gabriela Del Carmen Rodriguez Naranjo	Executive Director - Academies Australasia Group Limited from 21 October 2013. General Manager and Chief Operations Officer of Academies Australasia Pty Limited and director of each of its subsidiaries (except ACA Investment Holdings Pte. Limited).
Stephanie Ann Noble	Group Finance Manager and Company Secretary - Academies Australasia Group Limited. Director Premier Fasteners Pty Limited to 1 December 2013.
Edmund Kwan	Executive Director and Chief Executive Officer - Academies Australasia College Pte. Limited.
Esther Teo	Executive Director and Chief Executive Officer - Academies Australasia Polytechnic Pty Limited. Executive Director and Chief Executive Officer - Vostro Institute of Training from 3 June 2014
Ivan James Mikkelsen	Director and General Manager - Premier Fasteners Pty Limited to 1 December 2013.

b. Remuneration for senior group executives has been included in the Remuneration Report section of the Directors' Report.

5. SENIOR GROUP EXECUTIVES COMPENSATION (continued)

c. **Shareholdings**

Number of shares held by senior group executives and parties related to them

Senior group executive	Balance 1.7.2013	Net Change Other (i)	PIP (ii)	Balance 30.6.2014
	000s	000s	000s	000s
Christopher Elmore Campbell	8,137	126	(846)	7,417
Gabriela Del Carmen Rodriguez Naranjo	15	-	-	15

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

(ii) Shares surrendered and cancelled

6. AUDITOR'S REMUNERATION

	2014 $000s	2013 $000s
Remuneration of the auditor of the parent entity for:		
- Auditing and reviewing the financial report	**186**	155
- Taxation services	**73**	24
- Due diligence and other services	**217**	40
	476	219
Remuneration of other auditors of subsidiaries for:		
- Auditing and reviewing the financial report	**15**	14
- Taxation services	**4**	3
- Other services	**-**	3
	19	20

7. EARNINGS PER SHARE

	2014	2013
Basic (cents per share)	**9.8**	6.8
Diluted (cents per share)	**8.8**	6.8
Weighted average number of ordinary shares used in calculation of basic earnings per share	**54,401**	47,867

a. In estimating the fully dilutive earnings per share the ordinary shares contracted to be issued (5,906,250) were included

b. The earnings figure used was $5,264,000, being profit on ordinary activities after tax attributable to owners of the parent entity.

8. DIVIDENDS

	2014 $000s	2013 $000s
Distributions recognised		
Interim fully franked ordinary dividend of 2.5 cents per share (2013: 2.5 cent fully franked)	**1,404**	1,180
2013 final fully franked ordinary dividend of 2.5 cents per share paid in 2014 (2012 2.5 cents franked paid in 2013)	**1,319**	1,207
Interim fully franked ordinary dividend of 2.5 cents per share 2013 returned	**(22)**	-
	2,701	2,387
a. Dividends proposed or declared but not recognised in the financial statements:		
Proposed fully franked ordinary dividend of 3 cents per share (2013: 2.5 cents fully franked)	**1,862**	1,340
b. Balance of franking account at year end adjusted for franking credits arising from:		
— payment of income tax	**3,646**	2.445

9. CASH AND CASH EQUIVALENTS

	2014	2013
Cash at bank and on hand	**7,833**	4,992

Included in the above are tuition fees held in Tuition Protection Service Account in Australia
In 2012 the Education Services for Overseas Student Act 2000 (“ESOS Act”) was amended to provide additional protection for international students studying in Australia. With effect from 1 July 2013, the group is now required to maintain, in Australia, separate bank accounts for prepaid fees received from international students prior to commencement of their course.
As at 30 June 2014, the group held $5,100,000 (2013: $3,801,000) in prepaid fees for students who had not yet commenced studies, with a corresponding amount included in deferred revenue.
These funds are held in separate bank accounts until the student commences their course, at which point the funds may be used to settle normal obligations of the group. At all times, the group must ensure that there are sufficient funds in these separate bank accounts to repay any prepaid tuition fees to all international students who have paid and have not yet commenced their course.

10. TRADE AND OTHER RECEIVABLES

	2014 $000s	2013 $000s
CURRENT		
Trade receivables	**3,157**	2,201
Receivable from the sale of Premier Fasteners	**937**	-
Lease incentives	**304**	-
Other receivables	**4,400**	216
	8,798	2,417
NON-CURRENT		
Receivable from the sale of Premier Fasteners	**2,813**	**-**
Lease incentives	**3,412**	**-**
	6,225	**-**

10. TRADE AND OTHER RECEIVABLES (continued)

	2014 $000s	2013 $000s
TOTAL		
Trade receivables	**3,157**	2,201
Receivable from the sale of Premier Fasteners	**3,750**	-
Lease incentives	**3,716**	-
Other receivables	**4,400**	216
	15,023	2,417

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

	2014 $000s	2013 $000s
0 -30 days	**1,708**	847
31- 60 days – not impaired *	**327**	641
61- 90 days – not impaired *	**214**	198
+91 days – not impaired *	**908**	515
	3,157	2,201

* 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 consolidated group has an exposure to credit risk in Singapore and Australia given the consolidated group's operations in those countries. An amount of $348,000 has been included in trade and other receivables in respect of the business operations in Singapore. All other receivables of the consolidated group are exposures in Australia.

c. The receivable from the sale of Premier Fasteners is over 4 years in accordance with the terms of the contract for the sale.

11. INVENTORIES

	2014 $000s	2013 $000s
CURRENT		
At cost		
Raw materials and stores	**-**	564
Finished goods	**-**	3,251
	-	3,815

12. OTHER ASSETS

	2014 $000s	2013 $000s
CURRENT		
Prepayments and accrued income	**1,062**	954
Security deposits	**165**	2
	1,227	956

13. INVESTMENTS

	2014 $000s	2013 $000s
NON-CURRENT		
Investment in Associate (a)	**-**	394
Shares in Listed Corporations	**2,618**	509
	2,618	903

a. On 1 December 2013, the group acquired an additional 11 % of the issued share capital of International College of Capoeira Pty Limited T/A as College of Sports & Fitness. Academies Australasia Group Limited now owns 51% (See Note 14).

14. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned/Controlled (%) 2014	2013
Parent Entity - Academies Australasia Group Limited			
Ultimate Parent Entity - Academies Australasia Group Limited			
Academies Australasia Pty Limited	Australia	100	100
Premier Fasteners Pty Limited (Sold 1 December 2013)	Australia	-	100
Skilled Placements Pty Limited	Australia	100	100
Parent Entity - Academies Australasia Pty Limited			
Academies Australasia (Management) Pty Limited	Australia	100	100
Academy of English Pty Limited	Australia	100	100
Academies Australasia Institute 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
AMI Education Pty Limited	Australia	100	100
ACA Investment Holdings Pte. Limited	Singapore	100	100
Academies Australasia College Pte. Limited	Singapore	100	100
Centre for Australian Education Pte. Limited (Incorporated 9 December 2013)	Singapore	100	-
AKG Investment Holdings Pty Limited	Australia	100	100
Academies Australasia Polytechnic Pty Limited	Australia	100	100
AKG2 Investment Holdings Pty Limited	Australia	100	100
Benchmark Resources Pty Limited T/A Benchmark College	Australia	100	100
AKG3 Investment Holdings Pty Limited	Australia	100	100
Live. Laugh. Learn. Pty Limited	Australia	100	100
AKG4 Investment Holdings Pty Limited	Australia	100	100
Discover English Pty Limited	Australia	100	100
International College of Capoeira Pty Limited T/A College of Sports & Fitness (Acquired additional 11% 1 December 2013)	Australia	51	40
DFL Education (Qld) Pty Limited T/A Brisbane School of Hairdressing, Gold Coast School of Hairdressing and Brisbane School of Beauty (Acquired 1 December 2013)	Australia	100	-
Vostro Institute of Training Australia Pty Limited (Acquired 1 December 2013)	Australia	100	-
Kreate Pty Limited T/A RuralBiz Training (Acquired 2 June 2014)	Australia	51	-
Newco CLB Training & Development Pty Limited as trustee for the CLB Unit Trust T/A Spectra Training (2 June 2014)	Australia	100	-

Percentage of voting power is in proportion to ownership/control

14. CONTROLLED ENTITIES (continued)

Acquisition of controlled entities

On 1 December 2013, the group acquired:

a) 100% of the issued share capital of DFL, a college operating in Brisbane and the Gold Coast, for a consideration of $4,858,094. The purchase was satisfied by the issue of 3,409,091 fully paid ordinary shares in Academies Australasia Group Limited and the payment of $1,108,094 in cash.
b) A further 11% of the issued share capital of CSF, for $70,000 in cash. The group now owns 51%.
c) 100% of the issued share capital of Vostro Institute, a college in Melbourne. The consideration was $2,000,000 in cash. The acquisition was completed on 30 January 2014.

The numbers below incorporate final adjustments to those reported on 31 December 2013 ($717,000, $121,000 and $592,000 respectively), to reflect adjustments to identifiable assets acquired and liabilities assumed at the date of acquisition.

	Vostro Institute	CSF	DFL
	Fair Value	**Fair Value**	**Fair Value**
	$000s	$000s	$000s
	100%	51%	100%
Purchase consideration			
-Ordinary shares	-	-	3,750
-Ordinary shares – 25 October 2012	-	114	-
-Cash – 25 October 2012	-	300	-
-Cash	2,000	70	1,108
-Group share accumulated profit as associate	-	7	-
	2,000	491	4,858
Less:			
Cash	623	203	195
Receivables	633	298	417
Property, plant and equipment	134	371	653
Intangibles	14	-	13
Payables	(1,639)	(696)	(577)
Identifiable assets acquired and liabilities assumed	(235)	176	701
Group share	(235)	90	701
Goodwill	2,235	401	4,157
Purchase consideration settled in cash	2,000	70	1,108
Cash inflow on acquisition	623	203	195

14. CONTROLLED ENTITIES (continued)

Acquisition of controlled entities (continued)

On 2 June 2014, the group acquired

a) 51% of the issued share capital of RuralBiz Training, a college in Dubbo, NSW for a consideration of $234,835 in cash.
b) 100% control of Spectra Training, a college in Melbourne, operating throughout mainland Australia. The consideration was $15,750,000, to be satisfied by the issue of 5,906,250 new fully paid ordinary shares in Academies Australasia Group Limited and the payment of $8,662,500 in cash, financed by a bank loan. The acquisition was completed on 23 July 2014. On that date the cash component was paid and 4,406,250 shares were issued. The issue of the remaining 1,500,000 shares was approved by shareholders on 1 September 2014.

The acquisitions are part of the group's overall strategy to expand its education operations.

	RuralBiz Training	Spectra Training
	Fair Value	**Fair Value**
	$000s	$000s
	51%	100%
Purchase consideration		
-Ordinary shares (to be issued)	-	7,087
-Cash	235	-
-Cash payable to vendor	-	8,663
	235	15,750
Less:		
Cash	229	37
Receivables	13	4,682
Property, plant and equipment	26	396
Intangibles	-	1,178
Payables	(64)	(2,598)
Identifiable assets acquired and liabilities assumed	204	3,695
Group share	104	3,695
Goodwill	131	12,055
Purchase consideration settled in cash	235	8,663
Cash inflow on acquisition	229	37

14. CONTROLLED ENTITIES (continued)

The consolidated revenue and profit of the group if the acquisitions had taken place on 1 July 2013 has not been disclosed. This is because it is impracticable to determine what the results of these acquisitions might have been prior to the actual date of acquisition in accordance with the accounting policies of the group using available accounting information.

It is impracticable to disclose the profit of these acquisitions since acquisition and include them in the consolidated statement of comprehensive income. This is because they form part of the group's education operation which is managed as a unit. Some costs can be determined only from a group perspective and cannot be allocated specifically to them. Consequently, it is not possible to determine separate results for these acquisitions.

Sale of Controlled entity

On 1 December 2013, the group sold Premier Fasteners Pty Limited for $7,688,937 in cash.

	Fair Value
	$000s
Sale Proceeds	
-Cash	3,939
-Deferred consideration	3,750
	7,689
Less:	
Cash	112
Receivables	1,704
Inventories	3,769
Property, plant and equipment	1,142
Intangibles	1,892
Payables	(930)
Identifiable assets and liabilities sold	7,689
Gain/(loss) on disposal	-

15. PLANT AND EQUIPMENT

	2014 $000s	2013 $000s
Plant and equipment		
At cost	**5,043**	3,180
At valuation	**-**	1,843
Accumulated depreciation	**(2,737)**	(2,322)
	2,306	2,701
Leasehold improvements		
At cost	**5,762**	2,584
Accumulated amortisation	**(1,646)**	(1,550)
	4,116	1,034
Leased plant and equipment		
Capitalised leased assets	**215**	53
Accumulated depreciation	**-**	(29)
	215	24
Total plant & equipment	**6,637**	3,759

2014	Plant and equipment $000s	Leasehold improvements $000s	Leased plant and equipment $000s	Total $000s
Balance at the beginning of the year	**2,701**	**1,034**	**24**	**3,759**
Revaluation	**(719)**	**-**	**-**	**(719)**
Additions	**957**	**2,953**	**215**	**4,125**
Acquisitions	**844**	**736**	**-**	**1,580**
Disposals	**(1,110)**	**(205)**	**(24)**	**(1,339)**
Depreciation expense	**(365)**	**(402)**	**-**	**(767)**
Net foreign currency difference arising on translation of financial statements of foreign operations	**(2)**	**-**	**-**	**(2)**
Carrying amount at the end of the year	**2,306**	**4,116**	**215**	**6,637**

2013	Plant and equipment $000s	Leasehold improvements $000s	Leased plant and equipment $000s	Total $000s
Balance at the beginning of the year	1,882	1,319	32	3,233
Revaluation	974	-	-	974
Additions	223	72	-	295
Disposals	(11)	(18)	-	(29)
Depreciation expense	(367)	(340)	(8)	(715)
Net foreign currency difference arising on translation of financial statements of foreign operations	-	1	-	1
Carrying amount at the end of the year	2,701	1,034	24	3,759

16. DEFERRED TAX ASSETS / LIABILITIES

	2014 $000s	2013 $000s
Future income tax benefit	**(85)**	436

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

	2014 $000s	2013 $000s
Temporary differences:		
-deferred tax assets	**980**	948
-deferred tax liabilities	**(1,206)**	(512)
Tax losses:		
-operating losses	**141**	-
	(85)	436

	Opening Balance $000s	Charged To Income $000s	Acquired $000s	Closing Balance $000s
Deferred Tax Assets				
Provisions	617	(221)	13	409
Unearned income	220	26	76	322
Other	111	126	12	249
	948	(69)	101	980
Deferred Tax Liabilities				
Plant & equipment	388	(117)	-	271
Investments	53	633	-	686
Prepayments and other	71	168	10	249
	512	684	10	1,206

	2014 $000s	2013 $000s
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1r occur:		
Tax losses:		
-operating losses	**407**	407
-capital losses	**-**	5
	-	412

17. INTANGIBLE ASSETS

	2014 $000s	2013 $000s
Goodwill at cost	**27,814**	10,727
Accumulated impairment losses	**(382)**	(382)
Net carrying value	**27,432**	10,345
Course development costs	**1,540**	-
Accumulated amortisation	**(352)**	-
Net carrying value	**1,188**	-
Other at cost	**150**	63
	28,770	10,408

	Goodwill $000s	Course Development Costs $000s	Other $000s	Total $000s
Year ended 30 June 2014				
Balance at the beginning of the year	10,345	-	63	10,408
Sale of Premier Fasteners	(1,892)	-	-	(1,892)
Acquisition of DFL	4,157	-	13	4,170
Acquisition of Vostro Institute	2,235	-	11	2,246
Acquisition of CSF	401	-	-	401
Acquisition of RuralBiz Training	131	-	-	131
Acquisition of Spectra Training	12,055	1,188	71	13,314
Rebranding costs	-	-	(8)	(8)
Balance at the end of the year	**27,432**	**1,188**	**150**	**28,770**
Year ended 30 June 2013				
Balance at the beginning of the year	9,952	-	1	9,953
Foreign exchange adjustment	8	-	-	8
Acquisition of Discover English Pty Limited	385	-	-	385
Rebranding costs	-	-	62	62
Balance at the end of the year	10,345	-	63	10,408

Impairment Disclosures	2014 $000s	2013 $000s
Fasteners segment	**-**	1,892
Education segment	**27,432**	8,453
Total	**27,432**	10,345

17. INTANGIBLE ASSETS (continued)

The recoverable amount of each cash generating unit is determined based on value in use calculations supplemented by the fair values of recent acquisitions. In accordance with paragraph 24 of *AASB 136 Impairment of Assets*, reliance has been placed on a model created in a preceding period. The model includes a sensitivity analysis allowing for a range of growth rates.

The following assumptions were used in the value in use calculations:

	Growth rate	Discount rate	Terminal Multiple
Education segment	5%	10%	2.5

The growth rate is a long-term average growth rate.
The discount rate used reflects entity and market specific factors
To generate impairment, the discount rate would need to be in excess of 20% or growth rates would need to be negative.

18. TRADE AND OTHER PAYABLES

	2014 $000s	2013 $000s
CURRENT		
Unsecured Liabilities		
Trade payables [a]	**4,997**	4,071
Sundry payables and accrued expenses	**5,192**	2,256
	10,189	6,327
Payable to the vendors of Spectra Training [b]	**8,663**	-
	18,852	6,327

a. Trade payables includes $3,521,000 (2013: $2,568,000) tuition fees paid in advance by college students.
b. Paid on 23 July 2014, financed by a bank loan.

19. BORROWINGS

	Note	2014 $000s	2013 $000s
CURRENT			
Secured Liabilities – Interest Bearing			
Bank bills	19a	**1,238**	919
Trade finance loan facility	19a	**-**	46
Lease purchase agreements	19a	**81**	4
		1,319	969
NON-CURRENT			
Secured Liabilities – Interest Bearing			
Bank bills	19a	**2,503**	2,402
Lease purchase agreements	19a	**162**	-
		2,665	2,402

19. BORROWINGS (continued)

	Note	2014 $000s	2013 $000s
a. Total current and non-current secured liabilities:			
Bank bills	28	**3,741**	3,321
Trade finance loan facility	28	**-**	46
Lease purchase agreements	22, 28	**243**	4
		3,984	3,371
b. The carrying amounts of non-current assets pledged as security are:			
Floating charge over assets		**39,147**	11,099
Plant and equipment		**215**	-
		39,362	11,099

c. The bank bills are secured by a floating charge over the assets of the parent entity and its wholly owned subsidiaries (other than those in Note 23).

d. The lease purchase borrowings are additionally secured on the leased asset. The leases are due for repayment in 2017.

20. PROVISIONS

	2014 $000s	2013 $000s
CURRENT		
Employee entitlements	**964**	615
Lease incentives	**592**	-
Other	**-**	137
	1,556	752
NON CURRENT		
Employee entitlements	**807**	1,253
Lease incentives	**4,933**	-
Other	**-**	235
	5,740	1,488
TOTAL		
Employee entitlements	**1,771**	1,868
Lease incentives	**5,525**	-
Other	**-**	372
	7,296	2,240

21. SHARE CAPITAL

	2014 Share number	2014 $000s	2013 Share number	2013 $000s
a. Issued Share Capital				
Ordinary shares fully paid	**56,157,234**	**25,446**	48,254,297	18,372
Ordinary share capital				
Balance at the beginning of the financial year	**48,254,297**	**18,372**	47,209,410	17,738
Placement of ordinary shares on 2 August 2013	**5,340,000**	**3,808**	-	-
Ordinary shares issued on 1 December 2013 on acquisition of DFL	**3,409,091**	**3,750**	-	-
Ordinary shares issued on 9 November 2012 (PIP) and cancellation in September 2013	**(846,154)**	**(484)**	846,154	484
Ordinary shares issued on 25 October 2012 for investment in CSF	**-**	**-**	142,858	114
Ordinary shares issued on 15 February 2013 on acquisition of 25% of Academies Australasia Polytechnic Pty Limited	**-**	**-**	55,875	36
Balance at the end of the financial year	**56,157,234**	**25,446**	48,254,297	18,372

b. Shares contracted to be issued

	2014 Share number	2014 $000s	2013 Share number	2013 $000s
Ordinary shares fully paid to be issued on acquisition of 100% of Spectra Training (See Note 14)	**5,906,250**	**7,087**	-	-

i. 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.

ii. 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.

22. LEASING COMMITMENTS

Lease purchase commitments

	Note	2014 $000s	2013 $000s
Payable – minimum lease payments			
Not later than one year		**93**	4
Later than one year but not later than five years		**172**	-
Minimum lease payments		**265**	4
Less future finance charges		**(22)**	-
Present value of minimum lease payments	19a	**243**	4

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:

	2014 $000s	2013 $000s
Not later than one year	**5,511**	3,825
Later than one year but not later than five years	**13,508**	8,982
Later than five years	**17,690**	1,530
	36,710	14,337

The consolidated group leases property under operating leases expiring from 1 year to 15 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. During the year, the group has acquired a number of new leases. Lease incentives have been recognised in accordance with the group's accounting policies.

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

Guarantees

There is a corporate guarantee between the wholly owned group companies as security for the bank facilities. This guarantee does not include:

Academies Australasia College Pte. Limited
Centre for Australian Education Pte. Limited
DFL Education (Qld) Pty Limited
Kreate Pty Limited

24. SEGMENT REPORTING

	FASTENERS		EDUCATION		CONSOLIDATED	
	2014	2013	2014	2013	2014	2013
	$000s	$000s	$000s	$000s	$000s	$000s
Primary reporting – Business segments						
Revenue						
External sales	**3,215**	7,495	**40,094**	29,818	**43,309**	35,749
Other revenue	**-**	-	**2,475**	514	**2,475**	2,078
	3,215	7,495	**42,569**	30,332	**45,784**	37,827
Unallocated revenue					**-**	-
Total revenue					**45,784**	37,827
Segment result	**359**	738	**7,984**	5,681	**8,343**	6,419
Unallocated expenses net of unallocated revenue					**(1,269)**	(1,856)
Profit from ordinary activities before income tax					**7,074**	4,563
Segment assets	**-**	9,108	**58,026**	17,078	**58,026**	26,186
Unallocated					**4,082**	1,500
Total assets					**62,108**	27,686
Segment liabilities	**-**	1,726	**29,596**	9,437	**29,596**	11,163
Unallocated					**918**	1,231
Total liabilities					**30,514**	12,394
Acquisition of non-current segment assets	**46**	35	**4,079**	331	**4,125**	366
Depreciation and amortisation of segment assets	**55**	138	**595**	459	**650**	597

Business segments

Major products/services of business segments:

Education	Provision of training and education services
Fasteners	Manufacture, import and sale of fasteners (to 1 December 2013)

Geographical information

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

	$000s	$000s
Geographic Location	Australia	Singapore
Revenues from External Customers	40,279	5,505
Non-current assets	27,447	97

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.

25. CASH FLOW INFORMATION

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

	2014 $000s	2013 $000s
Profit after income tax	**5,400**	3,269
Non-cash flows in profit (loss)		
Amortisation	**402**	340
Depreciation	**365**	375
Net (profit)/loss on disposal of plant and equipment	**(9)**	29
Write-downs to recoverable amounts	**(104)**	75
Unrealised gain on investments	**(2,109)**	(178)
Unrealised foreign exchange movement	**(22)**	77
Deferred tax on revaluation	**-**	(272)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**(1,432)**	172
(Increase)/decrease in inventories	**112**	(161)
(Increase)/decrease in other current assets	**(38)**	(87)
(Increase)/decrease in investments	**(27)**	20
(Increase)/decrease in intangibles	**(71)**	-
(Increase)/decrease in deferred tax assets	**754**	152
Increase/(decrease) in trade and other payables	**91**	810
Increase/(decrease) in tax payables	**(176)**	465
Increase/(decrease) in loans	**5**	-
Increase/(decrease) in provisions	**(226)**	340
Cash flow from operations	**2,915**	5,426

b. Borrowing arrangements with banks

Total Facilities

	2014 $000s	2013 $000s
Cash advance facilities available	**15,315**	5,000
Amount utilised	**(3,537)**	(3,321)
	11,778	1,679

The major facilities are summarised as follows:

Bank overdrafts
Bank overdraft facilities are arranged with the general terms and conditions being set and agreed annually. They are due for review on 1 July 2015. Interest rates are variable and subject to adjustment.

Cash Advance Facilities
$6,315,000 of the facilities expire on 30 June 2016 and $9,000,000 of the facilities expire on 14 September 2019.

26. EVENTS AFTER THE BALANCE SHEET DATE

The acquisition of Newco CLB Training & Development Pty Limited as trustee for the CLB Unit Trust T/A Spectra Training was finalised on 23 July 2014 (See Note 14). On 1 July 2014, Spectra Training acquired 100% of Print Training Australia Pty Limited (PTA). With the acquisition of Spectra Training, PTA became a wholly owned subsidiary of the group.

On 16 August 2014, the group acquired 75% of Language Links International Pty Limited, a college in Perth that offers English Language courses.

At an Extraordinary General Meeting held on 1 September 2014, shareholders approved the issue of the 1,500,000 new shares to the vendors of Spectra Training, and also ratified the prior issue of 7,815,341 shares.

There were no other 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 on 3 September 2014 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.
During the year, CSF paid $60,000 to Andre Cerutti and $28,000 to Julio Cerne Chaves, two of the directors of CSF, being the settlement of their outstanding loans to the company.

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 are eliminated on consolidation.

28. FINANCIAL INSTRUMENTS

a. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, investments, 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.

28. FINANCIAL INSTRUMENTS (continued)

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 2014. Senior management continue to evaluate this risk on an ongoing basis.

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

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: 1 year or less	1 to 5 years	Non-Interest bearing	Total
			$000s	$000s	$000s	$000s	$000s
2014							
Financial assets							
Cash and cash equivalents	9	1.02%	7,833	-	-	-	7,833
Trade and other receivables	10		-	-	-	15,023	15,023
			7,833	-	-	15,023	22,856
Financial liabilities							
Trade and other payables	18		-	-	-	18,852	18,852
Bank bills	19	5.67%	-	1,238	2,503	-	3,741
Lease purchase agreements	19	10.90%	-	81	162	-	243
			-	1,319	2,665	18,852	22,836

28. FINANCIAL INSTRUMENTS (continued)

	Note	Weighted average interest rate	Floating interest rate	Fixed interest maturing in: 1 year or less	1 to 5 years	Non-Interest bearing	Total
			$000s	$000s	$000s	$000s	$000s
2013							
Financial assets							
Cash and cash equivalents	9	1.13%	4,992	-	-	-	4,992
Trade and other receivables	10		-	-	-	2,417	2,417
			4,992	-	-	2,417	7,409
Financial liabilities							
Trade and other payables	18		-	-	-	6,327	6,327
Bank bills	19	8.62%	-	919	2,402	-	3,321
Bank Trade refinance	19	4.84%	-	46	-	-	46
Lease purchase agreements	19	8.93%	-	4	-	-	4
			-	969	2,402	6,327	9,698

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:

	2014 $000s	2013 $000s
United States Dollars		
Amounts payable	-	189

iv. In addition the group holds investments recognised at fair value of $2,618,000 (2013: $509,000). The basis for fair value is disclosed in Note 1.

v. Sensitivity Analysis

The following table illustrates sensitivity analysis to the group's exposure to changes in interest rates. The table indicates the estimated impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the interest rate that management considers reasonably possible.

	Profit $	Equity $
2014		
+/- 2% in interest rates	72	72

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.

30. PARENT INFORMATION

The following information has been extracted from the books of the parent and has been prepared in accordance with Australian Accounting Standards

	2014 $000s	2013 $000s
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	**21,309**	6,101
Non-current assets	**4,431**	5,173
Total Assets	**25,740**	11,274
Liabilities		
Current Liabilities	**170**	486
Non-current liabilities	**748**	745
Total Liabilities	**918**	1,231
Equity		
Share capital	**32,534**	18,372
Retained earnings	**(7,713)**	(8,329)
Total Equity	**24,821**	10,043
STATEMENT OF COMPREHENSIVE INCOME		
Total profit	**4,874**	1,669
Total comprehensive income	**4,874**	1,669

31. COMPANY DETAILS

The registered office of Academies Australasia Group Limited is:

Level 6
505 George Street
Sydney NSW 2000

The principal places of business as at 3 September 2014 are:

NEW SOUTH WALES

Academies Australasia Institute
Academy of English
Australian College of Technology
Australian International High School
Clarendon Business College
Supreme Business College
Level 6, 505 George Street
Sydney, NSW 2000

Benchmark College
140 Henry Street, Penrith, NSW 2750

College of Sports & Fitness
12 Wentworth Avenue, Darlinghurst, NSW 2010

RuralBiz Training
46 Wingewarra Street, Dubbo, NSW 2830

QUEENSLAND

Brisbane School of Hairdressing
Brisbane School of Beauty
Queen Adelaide Building
90-112 Queen Street Mall
Brisbane, QLD 4000

Gold Coast School of Hairdressing
Shop G105, Australia Fair Shopping Centre
Southport, QLD 4215

VICTORIA

Academies Australasia Polytechnic
Level 7, 628 Bourke Street
Melbourne,VIC 3000

Discover English
378 Bourke Street, Melbourne, VIC 3000

Spectra Training
100 Dorcas Street, Melbourne, VIC 3205

Vostro Institute
82-96 Hampstead Road, Maidstone, VIC 3012

SOUTH AUSTRALIA

Print Training Australia
Unit 17, 169 Unley Road, Unley, SA 5061

WESTERN AUSTRALIA

Language Links
90 Beaufort Street, Perth, WA 6000

SINGAPORE

Academies Australasia College
51 Middle Road, Singapore 188959

***

ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, set out on pages 20 to 55, are in accordance with the *Corporations Act 2001* and:

   (i) comply with Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Company and consolidated group.

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

   (i) the financial records of the company and the consolidated group for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;

   (ii) the financial statements and notes for the financial year comply with Accounting Standards; and

   (iii) the financial statements and notes for the financial year give a true and fair view, and

3. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. The Company and wholly owned subsidiaries identified in Note 14 but excluding those in Note 23, have entered into a deed of cross guarantee under which the Company and its subsidiaries guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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

Dr John Lewis Schlederer
Director

Christopher Elmore Campbell
Director

3 September 2014

PILOT PARTNERS
Chartered Accountants
Level 10, Waterfront Place
1 Eagle St, Brisbane 4000
PO Box 7095 Brisbane 4001
Queensland Australia
P +61 7 3023 1300
F +61 7 3229 1227
pilotpartners.com.au

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 its controlled entities (the consolidated group), which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation 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 its controlled entities is in accordance with the *Corporations Act 2001*, including:

    i. giving a true and fair view of the consolidated group's financial position as at 30 June 2014 and of its financial performance and its 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 14 to 16 of the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

Pilot Partners

PILOT PARTNERS

DANIEL GILL

3 September 2014

Level 10
1 Eagle Street
Brisbane, Queensland 4000

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

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

SUBSTANTIAL HOLDERS

Ordinary Shares

The relevant interests of substantial shareholders as at 2 September 2014 were:

Shareholder	No. of Shares Held	%
Mr Chiang Meng Heng [a]	24,941,886	40.19
Mr Christopher Elmore Campbell [b]	7,416,767	11.95
Jilcy Pty Ltd Jilcy Super Fund A/C	6,912,767	11.14
Raphael Geminder [c]	4,979,605	8.02
Gary Cobbledick [d]	4,933,041	7.95
Eng Kim Low	3,779,126	6.09
ACN 166 970 565 Pty Ltd	3,409,091	5.49
Pie Funds Management Limited	3,203,174	5.16

[a] Includes 3,779,126 shares held by Eng Kim Low
[b] Includes 6,912,767 shares held by Jilcy Pty Ltd Jilcy Super Fund A/C and 500,000 shares held by Bankura Pty Ltd Campbell Family Trust A/C
[c] 4,006,396 held BB&M Holdings Pty Limited and 973,209 held by Geminder Holdings Pty Limited
[d] 4,006,396 held BB&M Holdings Pty Limited and 926,645 held by Stormont Pty Limited.

VOTING RIGHTS

Ordinary Shares

At 2 September 2014 there were 418 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."

20 LARGEST SHAREHOLDERS AS AT 2 SEPTEMBER 2014

	Registered Name	No. Shares	%
1	Mr Chiang Meng Heng	21,162,760	34.10
2	Jilcy Pty Ltd Jilcy Super Fund A/C	6,912,767	11.41
3	BB&M Holdings Pty Limited	4,006,396	6.46
4	Eng Kim Low	3,779,126	6.09
5	ACN 166 970 565 Pty Ltd	3,409,091	5.49
6	Citicorp Nominees Pty Limited	3,209,566	5.17
7	National Nominees Limited	2,902,743	4.68
8	Catholic Church Insurance Limited	1,607,860	2.59
9	Vasek Fasteners Pty Ltd Premier Screw Super A/C	1,553,529	2.50
10	J&B Schlederer Pty Ltd J&B Schlederer super A/C	987,140	1.59
11	Geminder Holdings Pty Limited	973,209	1.57
12	Stormont Pty Limited	926,645	1.49
13	Mrs Gail Leslie Storey	634,335	1.02
14	Bankura Pty Ltd Campbell Family Trust A/C	476,000	0.77
15	Ms Anthea Judith Drescher	439,922	0.71
16	Frank Kwong-Shing Wong	380,000	0.61
17	JP Morgan Nominees Australia Limited	359,806	0.58
18	Daniel Hing Yuen Wong Jehovah Jireh Family A/C	340,000	0.55
19	Moat Investment Pty ltd < Moat Investment A/C	300,000	0.48
20	Equitas Nominees Pty limited < 3021524 A/C	259,750	0.42
		54,620,645	88.01

HOLDING RANGE (SHAREHOLDERS) AS AT 2 SEPTEMBER 2014

Range	No. Holders	Total No. Shares	%
1 - 1,000	70	49,854	0.08
1,001 - 5,000	146	427,437	0.69
5,001 - 10,000	65	503,545	0.81
10,001 - 100,000	100	3,729,237	6.01
100,001 +	37	57,353,411	92.41
	418	62,063,484	100.00

UNMARKETABLE PARCELS AS AT 2 SEPTEMBER 2014

	Minimum Parcel Size	No. Holders	Units
Minimum $500.00 parcel at $1.375 per unit	360	14	2,303

* * *

OFFICES AND OFFICERS

DIRECTORS	Dr John Lewis Schlederer	Chairman (Independent & Non-Executive)
	Christopher Elmore Campbell	Group Managing Director
	Chiang Meng Heng	Director (Non-Executive)
	Gabriela Del Carmen Rodriguez Naranjo	Director (Executive)

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

Web Site: www.academies.edu.au

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

SECURITIES EXCHANGE

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

ASX Code: AKG