

19 May 2017

Company Announcements Office
Australian Securities Exchange
Via ASX Online (Page 1 of 24)

**NON-RENOUCEABLE RIGHTS ISSUE AT \$0.12 PER SHARE
TO RAISE UP TO \$6,093,038**

Following is the letter from Academies Australasia Group Limited (ASX:AKG) to shareholders regarding the pro-rata non-renounceable rights offer announced yesterday (18 May 017).

Gabriela Rodriguez
Company Secretary

Academies Australasia has been operating for 109 years and listed on the Australian Securities Exchange for 40 years. The group comprises 18 separately licensed colleges operating in New South Wales, Victoria, South Australia, Western Australia and Queensland in Australia, and in Singapore. The group offers more than 250 qualifications in a wide range of recognised courses at different levels – Certificates, Diplomas, Advanced Diplomas and Bachelor and Master Degrees. Over the years, Academies Australasia colleges have taught tens of thousands of students from 123 countries, including 6 dependencies.

19 May 2017

To all Shareholders

Dear Shareholder

**NON-RENOUNCEABLE RIGHTS ISSUE AT \$0.12 PER SHARE
TO RAISE UP TO \$6,093,038**

I am pleased to invite eligible shareholders to participate in a pro rata two for three non-renounceable rights offer by Academies Australasia Group Limited ('AKG' or 'Company') of up to 50,775,320 new fully paid ordinary shares in the Company (New Shares), at \$0.12 per New Share (Offer Price) to raise up to \$6,093,038 (Rights Issue). The Company announced the Rights Issue to the Australian Securities Exchange (ASX) yesterday (18 May 2017).

The Rights Issue is being conducted under section 708AA of the *Corporations Act 2001* (Cth) (Corporations Act) and does not require a prospectus. Eligible shareholders will be sent a short form offer document relating to the Rights Issue (Offer Document) and a personalised Entitlement and Acceptance Form on or about 26 May 2017.

The proceeds of the Rights Issue will be used, mainly:

- to repay \$1,500,000 of bank debt;
- to repay \$2,275,000 of Directors loans which are overdue plus accrued interest of \$0.136 million on those loans;
- to make the final payment to the vendor of Skills Training Australia; and
- to pay for the acquisition of further shares in RuralBiz Training.

The Board believes that the Rights Issue will recapitalise and reposition AKG to grow and develop its business in an environment where many competitors have been negatively impacted by regulatory changes.

A presentation document which summarises the current status of AKG's business and the impact of the Rights Offer on the Company's profitability and balance sheet is attached to this invitation.

The Directors of the Company have confirmed that they and their associates will take up their full entitlements of 29,696,176 New Shares (\$3,563,541). Mr Andrew Low, a senior investment banking executive based in Hong Kong, has agreed to underwrite up to 18,333,333 New Shares (\$2,200,000) to the extent that these are not taken up by existing shareholders. The minimum number of shares to be issued (even if no further entitlement were to be taken up by any shareholder) would be 48,029,509 Shares which would be equivalent to capital raised of \$5,763,541.

Each shareholder on the Company's register of members who has a registered address in Australia, New Zealand or Singapore* (Eligible Shareholder) at 7.00pm (Sydney time) on 25 May 2017 (Record Date) will be entitled to subscribe for two New Shares in the Company for every three Shares held at the Record Date, at a price of \$0.12 per New Share. The entitlement of Eligible Shareholders to participate in the Rights Issue will be determined on the Record Date.

Entitlements to New Shares under the Rights Issue are non-renounceable, which means that entitlements will not be tradeable on ASX or otherwise transferable. If an Eligible Shareholder does not take up their entitlement by the closing date of the Rights Issue that Eligible Shareholder's entitlement under the Rights Issue will lapse.

The New Shares issued under the Rights Issue will be fully paid and will rank equally with the Company's existing issued ordinary shares. The Company has made an application to the ASX for official quotation of the New Shares.

Key dates for shareholders

The indicative timetable for the Rights Issue is as follows:

Announcement of Rights Issue	18 May 2017
Notice of Entitlement Offer sent to Shareholders	19 May 2017
"Ex" Date – Shares commence trading without the entitlement to participate in the Rights Issue	24 May 2017
Record Date to determine entitlement to New Shares	25 May 2017 (7.00pm)
Expected date of dispatch of Offer Document and Entitlement and Acceptance Form	26 May 2017
Opening Date	26 May 2017
Last day for acceptance and payment in full (Closing Date)	16 June 2017 (5.00pm)
Expected allotment and dispatch of Holding Statements	26 June 2017
First day of trading of New Shares on ASX	26 June 2017

This timetable is indicative only and subject to change. Subject to the ASX Listing Rules and the Corporations Act, the Directors of the Company reserve the right to vary these dates, including the Opening Date and Closing Date without prior notice.

As at the date of this announcement, the Company has 76,162,979 Shares on issue.

The minimum and maximum New Shares to be issued under the Rights Issue are 48,029,509 and 50,775,320 respectively, following which the total shares will be a minimum of 124,192,488 and a maximum of 126,938,299 respectively.

The Rights Issue is not being extended to any shareholder with a registered address outside Australia, New Zealand or Singapore*. The Company has determined that it is not economically viable for it to make offers to shareholders with a registered address outside Australia, New Zealand or Singapore, having regard to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction and the small number and value of New Shares that would be offered in such jurisdictions.

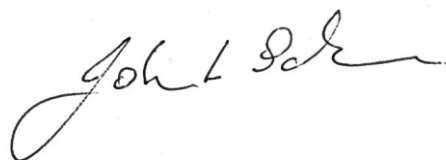
Shareholders eligible to participate in the Rights Issue do not need to take any action at this time. A personalised Entitlement and Acceptance Form will be mailed to each Eligible Shareholder at the address on the members registered of the Company on 26 May 2017. Eligible Shareholders that wish to participate will need to complete the Entitlement and Acceptance Form and return it with payment by the Closing Date.

The Closing Date for acceptance and payment is currently expected to be 5.00pm (Sydney time) on 16 June 2017.

The Directors recommend the Rights Offer to all eligible shareholders.

Enquiries may be directed to companysecretary@academies.edu.au.

[Note: *Shareholders in Singapore are eligible only to the extent permitted by the laws of Singapore and will receive a separate communication as to eligibility.]



Dr John Lewis Schlederer
Chairman

Academies Australasia has been operating for 109 years and listed on the Australian Securities Exchange for 40 years. The group comprises 18 separately licensed colleges operating in New South Wales, Victoria, South Australia, Western Australia and Queensland in Australia, and in Singapore. The group offers more than 250 qualifications in a wide range of recognised courses at different levels – Certificates, Diplomas, Advanced Diplomas and Bachelor and Master Degrees. Over the years, Academies Australasia colleges have taught tens of thousands of students from 123 countries, including 6 dependencies.



Capital Raising Presentation

May 2017

About Academies Australasia

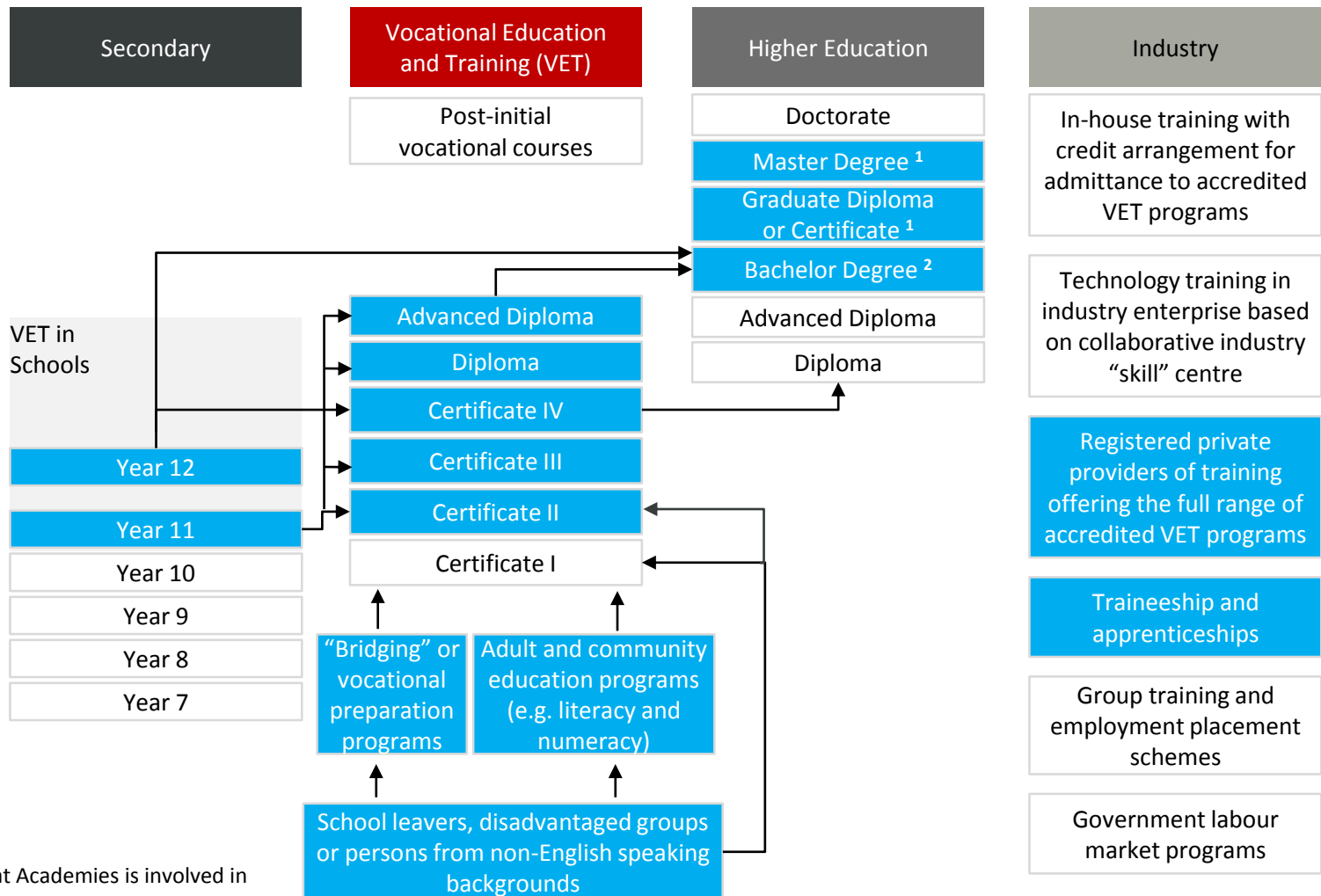
Academies Australasia Group Limited (“AKG”) has been operating for 109 years. It offers domestic and international students a wide range of recognized courses at different levels – Certificate, Diploma, Advanced Diploma and Bachelor* and Master* Degree. There are 18 separately licenced colleges – 17 in Australia and one in Singapore. AKG colleges offer more than 250 qualifications. Fields of study include English Language, Senior High School, Vocational, Singapore Government School Preparatory Programmes, and Higher Education Programmes. AKG has been listed on the Australian Securities Exchange for 40 years.

- ✓ Primary strength in vocational education and training offered to domestic and international students
- ✓ More than 10,000 enrolments (*at April 2017*)
- ✓ 66% of revenue from international students (*YTApril 2017*)
- ✓ Students have come from 123 countries (including 6 dependencies) – more than half the world!

*See Notes 1. and 2. on Slide 3

Coverage and Core Capabilities

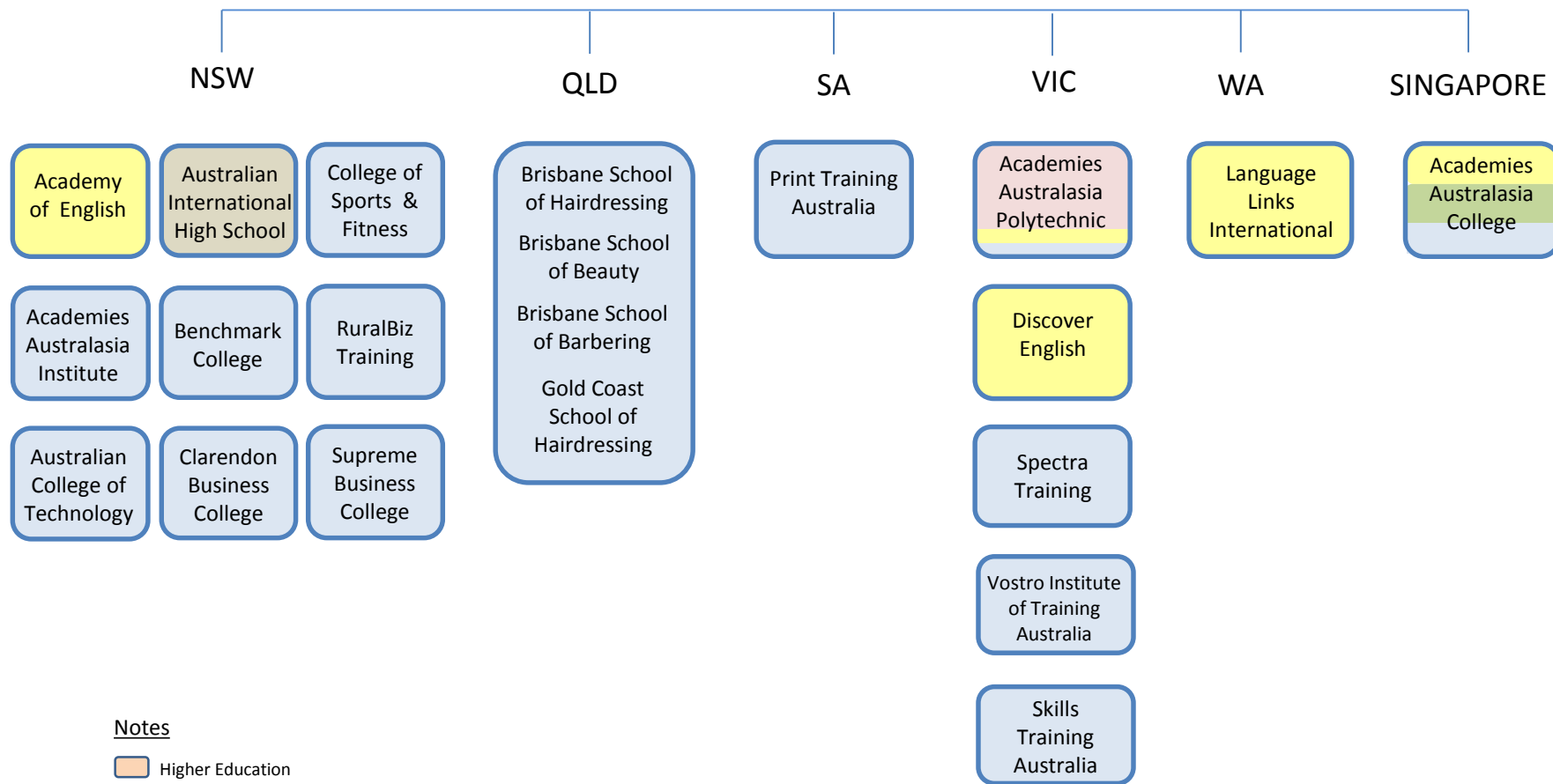
AKG has a significant footprint across the education sector with particular expertise in vocational education and training



Notes: 1. Offered by AAPoly on behalf of Federation University

2. Bachelor Degree in Tourism and Hospitality Management and also other Bachelor Degrees offered on behalf of Federation University

AKG Colleges



Notes

- Higher Education
- Vocational
- Senior High School
- Preparatory
- English

- All wholly owned except for College of Sports & Fitness (51%), RuralBiz Training (51%) and Language Links International (75%)
- QLD schools are trading names of Academies Australasia Hair & Beauty Pty Limited

AKG Colleges: CRICOS

Main Campus	College	Sector	CRICOS
NSW	Academy of English (AOE)	English	Yes
NSW	Australian International High School (AIHS)	Senior High School	Yes
NSW	Academies Australasia Institute (AAI)*	Vocational	Yes
NSW	Australian College of Technology (ACT)	Vocational	Yes
NSW	Clarendon Business College (CBC)	Vocational	Yes
NSW	Supreme Business College (SBC)	Vocational	Yes
NSW	Benchmark College (BMC)*	Vocational	-
NSW	College of Sports & Fitness (CSF)*	Vocational	Yes
NSW	Rural Biz Training (RBT)*	Vocational	-
VIC	Academies Australasia Polytechnic (AAPoly)*	Higher Education, Vocational, English	Yes
VIC	Discover English (DE)	English	Yes
VIC	Skills Training Australia (STA)*	Vocational	Yes
VIC	Spectra Training (SPT)*	Vocational	-
VIC	Vostro Institute of Training (VOS)	Vocational	-
QLD	Academies Australasia Hair & Beauty (AHB)*	Vocational	Yes
SA	Print Training Australia (PTA)*	Vocational	-
WA	Language Links International (LLI)	English	Yes
Singapore	Academies Australasia College (AAC)	English, Preparatory, Vocational	-

Notes: 1. CRICOS = Commonwealth Register of Institutions and Courses for Overseas Students. Generally, CRICOS registration is required before a college may enrol international students

2. Colleges asterisked have state government funding contracts

3. Colleges with CRICOS approval may also teach domestic students

4. CRICOS does not apply to AAC. AAC has international students

Board of Directors

Experienced Board that has a long history serving Academies Australasia

Dr John Lewis Schleder Non-Executive Director Chairman	■ Appointed to the Board in August 2009. Chairman since January 2014. Also Chairman of the Remuneration Committee ■ More than 20 years' teaching experience at University of New South Wales and TAFE NSW and many years in business
Christopher Elmore Campbell Group Managing Director and Chief Executive Officer	■ Appointed in July 1996 ■ More than 18 years' experience in managing educational institutions ■ Previous positions include senior appointments with the Monetary Authority of Singapore and an international bank in Australia. Director, Asia Society Australia (ASA) and Director, Australian Council for Private Education and Training (ACPET)
Chiang Meng Heng Non-Executive Director	■ Appointed in February 2000 ■ Previous positions include Treasurer, Citibank NA, Singapore and Hong Kong; Adviser & Head, Banking Supervision, Monetary Authority of Singapore; President, Asia Commercial Bank Ltd; Managing Director, First Capital Corporation Ltd; Executive Director, Far East Organization and Group Managing Director, Lim Kah Ngam Ltd
Gabriela Del Carmen Rodriguez Naranjo Executive Director	■ Appointed to the Board in October 2013 (Alternate to Neville Cleary from May 2011 to December 2013) ■ Employed at AKG since 2001. More than 16 years' experience managing educational institutions, including experience in acquisitions, marketing, regulatory compliance, curriculum development and lecturing. Director, Council of Private Higher Education
Sartaj Hans Independent Non-Executive Director	■ Appointed to the Board and as Chairman of the Audit and Risk Committee in October 2016 ■ Background in information technology and superannuation at BT Financial Group with many years of experience in managing investments and financial affairs

Reputation and Representation

Good reputation in the education sector

Well represented on industry bodies

Christopher Campbell, Group MD and CEO, is on the Board of ACPET (Australian Council for Private Education and Training). Also on the Board of Asia Society Australia

Gabriela Del Carmen Rodriguez Naranjo is on the Board of COPHE (Council of Private Higher Education)

Melinda Burgess, Director, Strategic Operations and CEO of 3 colleges, is a member of the Victorian State Committee of ACPET

Ingeborg Loon, Director International, is on the Board of IEAA (International Education Association Australia)

Entitlement Offer: Overview

Key terms

Offer structure and pricing	▪ Structure: 2-for-3 pro rata non-renounceable entitlement offering to raise up to \$6,093,038 ("Entitlement Offer") ▪ Pricing: 12 cents per share ▪ Discount: 31% to 18 May 2017 close of 17.5 cents a share
Ranking of new shares	▪ New shares will rank equally with existing ordinary shares on issue
Commitment from AKG Directors (" Directors' Commitment ")	▪ Each of the AKG Directors has committed to take up their (and their associates) full entitlement, totaling 29,696,176 shares (\$3,563,541) <i>(58.49% of the total offer)</i>
Underwriter and underwriting commitment (" Underwriter Commitment ")	▪ Mr Andrew Low, a senior investment banking executive based in Hong Kong, has agreed to underwrite any shortfall up to a further 18,333,333 shares (being a maximum amount of \$2,200,000) ▪ The underwriting commission for this underwriting will be met through the issue of 5 million Options over unissued shares at an exercise price of: ▪ 15 cents per share (a 25% premium to the rights issue price) if exercised between 1 January 2018 to 30 June 2018; or ▪ 25 cents per share (a 108% premium to the rights issue price) if exercised between 1 July 2018 to 31 December 2018 ▪ The exercise window is from 1 January to 31 December 2018, or at any time after a person, other than a person who already has a relevant interest of 20% or more in AKG's voting securities, acquires a relevant interest of 20% or more in AKG's voting securities ▪ The Underwriter may at any time terminate the underwriting agreement and its obligations if the Directors and their associates do take up their full entitlements or if AKG is in breach of a representation or warranty and that breach has a material adverse effect on AKG
Use of proceeds	▪ \$1.500 million special repayment to ANZ Bank to reduce total term loan and overdraft balance; and ▪ \$2.275 million to repay loans made by Directors to the Company, which are now overdue, plus accrued interest of \$0.136 million on those loans; and ▪ Final payment to the vendor of STA and for acquisition of further shares in RBT, and for working capital
Benefits to AKG Shareholders	▪ Substantially improve AKG's cash-flow and operating flexibility ▪ Provides AKG a "clean slate" and working capital from which to drive business development and growth

Entitlement Offer: Equity Raise Scenarios

Overview of sources and uses of funds based on the following take-up assumptions:

- 1 **0% take-up**, excluding \$3,563,541 Directors' Commitment. Total amount raised \$5,763,541. Underwriting commitment **fully** called
- 2 **50% take-up**, excluding Directors' Commitment. Total amount raised \$6,093,038. Underwriting commitment **partially** called
- 3 **100% take-up** excluding Directors' Commitment. Total amount raised \$6,093,038. Underwriting commitment **not** called

Overview of Entitlement offer

Number of shares outstanding	76,162,979
2-for-3 Entitlement offer (new shares issued)	50,775,320
Entitlement offer price	\$0.12
Target equity raise	\$6,093,038

Sources of Funds	1 0% take-up (excluding Directors' Commitment)	2 50% take-up (excluding Directors' Commitment)	3 100% take-up (excluding Directors' Commitment)
Directors' Commitment	\$3,563,541	\$3,563,541	\$3,563,541
Take-up from other shareholders	-	\$1,264,749	\$2,529,497
Underwriter Commitment	\$2,200,000	\$1,264,748	-
Total equity raise	\$5,763,541	\$6,093,038	\$6,093,038

Entitlement Offer: Proforma Impact on Balance Sheet

The table below summarises the AKG balance sheet as at 30 June 2016 (audited) and 30 April 2017 (unaudited management figures), with certain proforma adjustments to take into account the effect of the Entitlement Offer proceeds

Financials in \$'000	Actuals		Scenario ¹ (50% take-up excl. Director's commitment)		Scenarios ² ³ (50% or 100% take-up excl. Director's commitment)	
	FY16	YTApr17 ¹	Offer impact	Proforma 30Apr17	Offer impact	Proforma 30Apr17
Cash and cash equivalents ²	8,068	8,929	1,253	10,182	1,582	10,511
Trade and other receivables	14,568	12,705		12,705		12,705
Other assets	49,299	51,685	250	51,935	250	51,935
Total Assets	71,935	73,319	1,503	74,822	1,832	75,151
Trade and other payables ³	25,971	27,600	-350	27,250	-350	27,250
Bank term loan and overdraft ⁴	12,199	7,324	-1,500	5,824	-1,500	5,824
Directors' loans ⁴	1,533	2,411	-2,411	-	-2,411	-
Other borrowings ⁴	243	281		281		281
Other liabilities	6,901	8,671		8,671		8,671
Total Liabilities	46,847	46,287	-4,261	42,026	-4,261	42,026
Total Equity	25,088	27,032	5,764	32,796	6,093	33,125
Net debt	5,907	1,087		-4,077		-4,406
Debt	13,975	10,016		6,105		6,105
Debt / EBITDA	-7.09x⁵	3.18x⁶		1.94x⁶		1.94x⁶

Notes: 1. YTApr17 are **unaudited management figures** for the **10 months** from July 2016 to April 2017. No forecast is provided for May and June 2017. It must not be assumed that the performance for May and June 2017 will or will not be along the lines of the performance from July 2016 to April 2017. YTApr17 EBITDA is \$3.872 million (including revaluation of investment) and \$3.145 million (excluding revaluation of investment). 2. \$8.068 million and \$8.929 million in "Cash and cash equivalents": \$6.997 million and \$6.521 million, respectively, are held in the Tuition Protection Scheme accounts. 3. \$25.971 million and \$27.600 million in "Trade and other payables": \$14.708 million and \$19.547 million, respectively, is unearned income (Tuition Fees paid in advance). 4. Together = Debt. 5. FY16 EBITDA (ex revaluation of investment) loss of \$1.972 million. 6. Based on YTApr17 EBITDA (10 months of EBITDA) of \$3.145 million (excludes revaluation of investment).

The level of take up only affects the amount by which cash will increase.

- In all 3 scenarios, AKG will repay:
 - \$2.275 million of loans made by Directors (which are now overdue) plus interest of \$0.136 million on those loans; and
 - \$1.500 million of the debt to ANZ Bank to reduce the total term loan and overdraft balance to \$5.824 million at 30 April 2017
- The repayment of these debts significantly improves AKG debt metrics:
 - In all 3 scenarios, AKG will be in a net cash position; and
 - Debt to YTApr17 EBITDA improves to 1.94x from 3.18x
- This provides AKG a "clean slate" and working capital to drive business development and growth
- All 3 scenarios also provide for final payments to the vendor of STA and acquisition of the shares in RBT not presently owned by

Entitlement Offer: Proforma Impact on P&L

The poor financial performance in FY16 has been turned around quickly. EBITDA (including revaluation of investment) for the 10 months to April 2017 is \$3.872 million (\$3.145 million excluding revaluation of investment). Management is positive about the future: the macroeconomic factors in the education sector are still attractive especially in respect to international student enrolments.

Financials in \$'000	Actuals		YTApr17 ¹
	FY15	FY16	
Revenue	56,755	54,985	46,723
Expenses	-55,395	-56,957	-43,578
EBITDA (ex revaluation of investment)	1,360	-1,972	3,145
Revaluation of investment	606	-1,163	727
EBITDA (incl reval of investment)	1,966	-3,135	3,872
Depreciation	-1,519	-1,882	-1,270
Interest income	81	227	85
Interest expense	-916	-1,089	-611
PBT	-388	-5,879	2,076
Tax benefit / (expense)	561	1,567	623 ³
Net profit/loss	173	-4,312	1,453

Operating metrics

EBITDA (ex revaluation of investment) margin	2.4%	-3.6%	6.7%
PBT margin	-0.7%	-10.7%	4.4%
Net profit/loss margin	0.3%	-7.8%	3.1%

Positive EBITDA of \$3.145 million for 10 months to April 2017 – compared to negative \$1.972 million EBITDA in FY16 (excluding revaluation of investment)

Positive turnaround driven by:

- Corporate reorganisation and restructuring of SPT
- Increase in international student enrolments
- Implementation of cost savings initiatives

Notes: 1. YTApr17 are **unaudited management figures** for the **10 months** from July 2016 to April 2017. No forecast is provided for May and June 2017. It must not be assumed that the performance for May and June 2017 will or will not be along the lines of the performance from July 2016 to April 2017.
2. It must also be noted that the 10 months YTApr17 figures are being compared with full 12 months figure for FY15 and FY16. 3. Estimated at 30%

Rapid Reduction of Bank Debt

Bank term loan and overdraft debt reduced by 62% from June 2015

TL and O/D Debt at 30 June 2015 \$15.284 million

TL and O/D Debt at 30 April 2017

Pre-rights \$7.324 million

Post-rights \$5.824 million

Strategic Direction

- **With the business turned around, scope to consider further growth**
 - Recapitalised balance sheet (post Entitlement Offer) with reduced debt levels and additional working capital will allow management to focus on delivering further growth
- **Capitalising on existing course offerings and to take on more students**
- **Further diversifying AKG course offerings by geography and sector**
- **Exploring collaboration / partnership opportunities with offshore institutions and digital opportunities**
- **Further improving financial disciplines and implementing cost savings initiatives**

Directors and Associates hold 58.49% of Shares

Chiang Meng Heng	30,711,576	40.32%
Direct: 26,122,637. Indirect: 4,588,939		
Christopher Campbell	9,360,970	12.29%
Direct: 4,858. Indirect: 9,356,112		
Dr John Schlederer	4,100,532	5.38%
Indirect		
Gabriela Rodriguez	48,329	0.06%
Direct		
Sartaj Hans	322,857	0.42%
Direct: 269,857. Indirect: 53,000		
Total Director interests	44,544,264	58.49%

Notes

1. Each of the AKG Directors (and their associates) has committed to take up their entitlements in full
2. Total shares at 18 May 2017: 76,162,979

AKG Shareholder Information

Total Shares	76,162,979	
Top 20 holders	66,658,663	87.52%
Directors' interests	44,544,264	58.49%
Total holders	387	

Investment in RedHill Education Limited (ASX: RDH)

AKG holds 2,423,752 shares in RDH which has 30,289,052 shares on issue *(31 December 2016)*

AKG is a substantial shareholder (8.0%)

Christopher Campbell, Group MD and CEO of AKG, has a relevant interest in 540,000 shares in RDH, equal to 1.78% of total shares. He and AKG are associates

Combined interest of 9.78%

Key Risks to the Entitlement Offer

Loss of government funding	- A significant proportion of AKG's and its subsidiaries' revenue is derived from Federal and State Government funding contracts. These Federal and State Government funding contracts outline the terms and conditions under which AKG and its subsidiaries receive funding for the delivery of training to eligible students. - There is a risk these government funding programs may cease or, be reduced or that the terms and conditions for eligibility may be changed or lost by AKG or its subsidiaries as a result of non-compliance. Stringent regulatory, audit and compliance protocols must be met in order to retain government funding and there is no guarantee that AKG and its subsidiaries will continue to meet all of their obligations under relevant Federal and State Government funding contracts notwithstanding their best endeavours to do so. - Should any of the above occur, this could have a material adverse impact on AKG's operations, earnings and financial position.
Regulatory factors	- The provision of education and training in Australia is highly regulated. AKG and its subsidiaries are exposed to risks posed by current and future regulations and legislation that applies to the education and training sector. - Changes in the regulatory environment may have consequences on AKG and its subsidiaries, such as limiting AKG's and its subsidiaries' ability to do business because of a change of laws. While all of AKG's RTOs currently hold relevant registrations to operate, there is no guarantee that these registrations will be retained in the future. If AKG and its subsidiaries are unable to obtain, retain or request registrations, or if the approval of any registrations are delayed or revoked, this may have a material adverse impact on AKG's reputation, earnings and financial position.
Enrolment levels	- The number of students who enrol for courses and programs offered by AKG and its subsidiaries may vary depending on a number of factors, including competitive course providers, costs and name recognition of the provider. - AKG and its subsidiaries are committed and focused on providing up-to-date and relevant education and training courses and undertake significant business development to ensure and develop awareness of AKG's programs, which is critical to the continued growth of AKG's business, revenue and profitability. However, these factors alone do not guarantee any levels of enrolment and a failure to maintain adequate enrolment numbers will impact AKG's growth, revenue and profitability. - Further, there is no guarantee that once enrolled in a course a student will complete their training and should a student only partially complete their training, then AKG and its subsidiaries will only receive revenues for the portion of training delivered and not the whole course.
Competition	The market for education and training services in Australia is very competitive. AKG and its subsidiaries compete with private RTOs and public TAFE institutes. Competition revolves around the range and quality of services and price, as well as the reputation, financial and marketing strengths of the providers of these services. To compete efficiently, AKG and its subsidiaries must meet each of those competitive challenges and respond quickly and effectively to any changes in the competitive landscape. AKG's operations are diversified, with operations in several States and overseas, offering a wide range of courses to both domestic and international students. However, any increase in competition or deterioration in AKG's and its subsidiaries competitive position could have an adverse impact on AKG's financial position.
Demand driven funding model	- All the States and Territories in Australia are at different stages of implementing demand driven funding models - Victoria, South Australia, Western Australia, New South Wales and Queensland have implemented demand driven funding models which allow students in these states to determine which providers receive government funding based on individual preferences - Reversals or delays to the implementation of a demand driven funding model could impact Academies Australasia's earnings and financial position
Industry reputation	- The success of AKG and its subsidiaries is dependent on its reputation and branding. Maintaining a good brand and reputation will assist AKG and its subsidiaries to maintain their market position, their registrations and attract students. Any factors which undermine the strength of AKG and its subsidiaries' reputation and brands, may impact on AKG's competitiveness, growth and profitability. - Allegations of wrongdoing on the part of AKG or any other education and training provider, could attract adverse media coverage or regulatory scrutiny which focuses not only on the individual education and training provider in question but on the education and training sector as a whole.

Key Risks to the Entitlement Offer

Reliance on key personnel	▪ The Company's operational success will substantially depend on the continuing efforts of its senior executives and other key staff who have key expertise in the education and training industry. The loss of services of one or more senior executives may have an adverse effect on the Company's operations. There is a risk that the Company may not be able to attract and retain key staff or be able to find suitable replacements in a timely manner, the loss of which, or any delay in their replacement, could impact the Company's ability to operate its business and achieve its growth strategies
Counterparty risk	▪ The operation of AKG and its subsidiaries require the involvement of a number of third parties, including suppliers, contractors and clients. ▪ AKG and its subsidiaries seek to mitigate this counterparty risk by having a diverse customer and supplier base, so as to reduce the reliance, and any consequential effect on AKG and its subsidiaries' financial performance. In respect of contracts entered into by AKG, there is a risk that counterparties will be unwilling or unable to fulfil their contractual obligations or will exercise a right to terminate the contract. ▪ AKG and its subsidiaries may pursue new acquisitions or joint ventures that could present integration obstacles or costs. AKG and its subsidiaries may not realise any of the benefits it anticipates, and AKG and its subsidiaries may be exposed to additional liabilities of any acquired business, which could materially adversely affect AKG's revenue and operations.
On-going capital requirements	▪ While the proceeds of the Offer are intended to adequately satisfy the Company's current capital requirements, if the Company requires access to further funding at any stage in the future, the Company may be adversely affected in a material way if, for any reason, access to that capital is not available. There can be no assurance that additional funds will be available. If additional funds should be raised by issuing equity securities, this might result in dilution to the then existing shareholders.
Litigation	▪ From time to time, AKG and its subsidiaries may be involved in litigation in relation to issues such as contractual, personal injury, employee and other claims that may arise in the ordinary course of business. ▪ Any claim made against the Company may adversely impact upon the operational and financial performance of the Company, and may also negatively impact on the Company's Share price. ▪ If the Company is involved in legal proceedings, including any party with whom the Company has entered into an agreement with, this process may incur significant management and financial resources, and a positive outcome for AKG cannot be guaranteed. ▪ Further, even if the Company were successful in obtaining a monetary judgment against a third party, the Company may be unable to recover any monies from that party. For example, the relevant third party may have inadequate financial resources to cover any judgment that is awarded in favour of the Company including any award for the payment of the Company's legal costs. There is also reputational risk in the event that a claim is made against the Company.
Liability and insurance risk	▪ AKG's and its subsidiaries' insurance arrangements may not be adequate to protect AKG against liability for losses relating to public liability, property damage, business interruption and other risks that may arise in the course of its operations and which are specific to the businesses operated by AKG and its subsidiaries. ▪ Should AKG and its subsidiaries be unable to maintain adequate insurance to cover these risks, or experience claims for losses in excess of the level of its insurance coverage, AKG's financial performance could be materially affected.

Indicative Timetable

The timetable for the Entitlement Offer is as follows*:

Key Dates for Investors	
Announcement of Entitlement Offer, Appendix 3B, Cleansing Notice and Offer Document	Thursday, 18 May 2017
Notice of Entitlement Offer sent to Shareholders	Friday, 19 May 2017
Trading on Ex basis (date from which securities commence trading without the entitlement to participate in the Entitlement Offer)	Wednesday, 24 May 2017
Record Date for the Entitlement Offer (date for determining the entitlements of eligible shareholders to participate in the Entitlement Offer)	Thursday, 25 May 2017
Entitlement Offer Document Dispatched to Shareholders (expected date of dispatch of offer document, entitlement and acceptance forms)	Friday, 26 May 2017
Opening Date of Entitlement Offer Opens	Friday, 26 May 2017
Last Day to extend the offer closing date (or 3 days before the offer closing date)	Tuesday, 13 June 2017
Closing Date of Entitlement Offer (5.00pm Sydney Time)	Friday, 16 June 2017
Trading on deferred settlement basis commences	Monday, 19 June 2017
ASX Notified of undersubscriptions (no more than 3 business days after closing date)	Tuesday, 20 June 2017
Issue date/Allotment date/Date on which deferred settlement trading ends (no more than 5 days business days after the offer closes)	Friday, 23 June 2017
Expected date of despatch of New Shares holding statements under the Entitlement Offer	Monday, 26 June 2017
Normal Trading begins	Monday, 26 June 2017

**Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares*

Important Information

- This presentation has been prepared by Academies Australasia Group Limited (ACN 000 003 725). This presentation contains information about Academies Australasia and its subsidiaries and is dated 18 May 2017. The information in this presentation does not purport to be complete or to provide all information that an investor should consider when making an investment decision. It should be read in conjunction with Academies Australasia's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange which are available at asx.com.au. Certain announcements are also available at <http://www.academies.edu.au/> (ASX code AKG).
- This presentation includes "forward-looking statements" within the meaning of the securities laws of applicable jurisdiction. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance", or other similar words, and include statements regarding certain plans, unknown risks, uncertainties, and other factors, many of which are outside the control of Academies Australasia, and its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and Academies Australasia assumes no obligation to update such information.
- This presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Academies Australasia shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Academies Australasia is not licensed to provide financial product advice in respect of Academies Australasia shares. Cooling off rights do not apply to the acquisition of Academies Australasia shares. You should make your own decisions regarding the Capital Raising and whether to participate based upon your own inquiries and independent advice.