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PRELIMINARY FINAL RESULTS

In accordance with ASX Listing Rule 4.3A, Academies Australasia Group Limited (ASX:AKG) provides its Preliminary Final Report (Appendix 4E) for the year ended 30 June 2017.

Stephanie Noble
Company Secretary

For further information call Christopher Campbell on +61 2 9224 5555.

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.

Appendix 4E

Preliminary Final Report

Introduced 1/1/2003.

ACADEMIES AUSTRALASIA GROUP LIMITED	
ABN: 93 000 003 725	

1.	Financial year ended ('reporting period')	30-Jun-17
	Financial year ended ('previous corresponding period')	30-Jun-16

2. Results for announcement to the market

\$A'000

Movements from previous corresponding period				
2.1	Revenues from ordinary activities (<i>item 3.1</i>)	up	6%	to \$58,443
2.2	Profit (Loss) from ordinary activities after tax (<i>item 3.7</i>)	up	\$7,353	to \$3,041
2.3	Net profit (loss) for the period attributable to owners of the parent entity (<i>item 3.12</i>)	up	\$7,081	to \$2,855
2.4	Net profit (loss) for the period attributable to/from non- controlling interest (<i>item 3.11</i>)	up	\$272	to \$186

- 2.5 Revenue increased by \$3.23 million (6%) to \$58.44 million.
- 2.6 Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for FY17 were a profit of \$6.44 million (FY16: Loss of \$3.14 million).
- 2.7 Total borrowings during the year decreased by \$8.38 million to \$5.59 million.
- 2.8 Spectra Training recorded a breakeven EBITDA (FY16: Negative EBITDA of \$3.04 million).
- 2.9 The investment in Redhill Education Limited was marked to market at 30 June 2017 (\$1.26 a share), recording a gain of \$0.994 million for the year (FY16: Loss of \$1.16 million).
- 2.10 Net assets increased by \$9.19 million (FY16: Decreased by \$0.47 million).
- 2.11 The Group manages its business as a single cash generating unit. The colleges benefit from each other through the sharing of resources and services.

3. Condensed consolidated income statement

	Reporting period - \$A'000	Previous corresponding period - \$A'000
3.1 Revenues from ordinary activities (<i>see items 3.13 - 3.14</i>)	58,443	55,212
3.2 Unrealised fair value gain (loss) on investment	994	(1,163)
3.3 Expenses from ordinary activities (<i>see item 3.15</i>)	(54,378)	(58,839)
3.4 Finance costs	(753)	(1,089)
3.5 Profit (Loss) from ordinary activities before tax	4,306	(5,879)
3.6 Income tax expense on ordinary activities	(1,265)	1,567
3.7 Profit (Loss) from ordinary activities after tax	3,041	(4,312)
3.8 Other comprehensive income		
3.9 Exchange differences on translating foreign controlled entities	(18)	(20)
3.10 Total comprehensive income	3,023	(4,332)
3.11 Profit attributable to non-controlling interest	186	(86)
3.12 Profit attributable to members of the parent entity	2,855	(4,226)
3.13 Revenue from sales and services		
- Services	58,289	54,985
3.14 Other revenue		
- Rental income	54	-
- Interest	100	227
3.15 Details of expenses		
- Depreciation, amortisation and loss on disposal assets	1,479	1,882
- Student acquisition and teaching	24,233	25,359
- Personnel expenses	14,935	16,813
- Premises expenses	9,323	8,833
- Other admin expenses	4,408	5,952

4 Condensed consolidated balance sheet

	Reporting period - \$A'000	Previous corresponding period - \$A'000
Current assets		
4.1 Cash	10,488	8,068
4.2 Receivables	10,550	8,731
4.3 Other		
- Prepayments	5,712	3,857
- Other	537	706
4.4 Investments	3,054	2,060
4.5 Total current assets	30,341	23,422
Non-current assets		
4.6 Receivables	2,586	3,018
4.7 Plant and equipment	7,159	6,293
4.8 Deferred tax assets	2,953	3,459
4.9 Intangibles	32,966	32,924
4.10 Total non-current assets	45,664	45,694
4.11 Total assets	76,005	69,116
Current liabilities		
4.12 Payables	26,825	23,152
4.13 Current tax payable	621	61
4.14 Short-term borrowings	2,893	13,975
4.15 Short-term provisions	2,242	1,928
4.16 Total current liabilities	32,581	39,116
Non-current liabilities		
4.17 Long-term borrowings	2,698	-
4.19 Long-term provisions	6,448	4,912
4.20 Total non-current liabilities	9,146	4,912
4.21 Total liabilities	41,727	44,028
4.22 Net assets	34,278	25,088
Equity		
4.23 Share capital	42,677	36,504
4.24 Share option reserve	88	-
4.25 Retained profits (accumulated losses)	(8,748)	(11,603)
4.26 Foreign currency translation reserve	55	73
4.27 Non-Controlling Interest	206	114
4.28 Total equity	34,278	25,088

5 Condensed consolidated cash flow statement

	Reporting period - \$A'000	Previous corresponding period - \$A'000
Cash flows from operating activities		
5.1 Receipts from customers	60,200	56,985
5.2 Payments to suppliers and employees	(53,317)	(55,468)
5.3 Interest received	100	227
5.4 Finance costs	(631)	(1,069)
5.5 Income taxes paid	(199)	427
5.6 Net operating cash flows	6,153	1,102
Cash flows from investing activities		
5.7 Proceeds from sale of plant and equipment	35	12
5.8 Purchases of plant and equipment	(965)	(981)
5.9 Net cash on acquisition of subsidiary	(21)	(1,464)
Net investing cash flows	(951)	(2,433)
Cash flows from financing activities		
5.10 Proceeds from borrowings	780	1,573
5.11 Dividends paid	-	(47)
5.12 Proceeds from share issue	3,435	3,971
5.13 Repayment of borrowings	(5,455)	(3,126)
5.14 Net financing cash flows	(1,240)	2,371
5.15 Net increase in cash held	3,962	1,040
5.16 Net cash at beginning of period	5,658	4,618
5.17 Net cash at end of period	9,620	5,658

5.18 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

- Revaluation of investments to market value \$994,000

5.20 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Reporting period - \$A'000	Previous corresponding period - \$A'000
Cash (<i>item 4.1</i>)	10,488	8,068
Bank overdraft (included in Payables (<i>item 4.12</i>))	(868)	(2,410)
5.21 Net cash on hand and at bank (<i>item 5.17</i>)	9,620	5,658

6. Dividends

There were no dividends paid during the period.

The Company has declared a fully franked dividend of 0.5 cents per share (\$633,770).

Dividend dates

Ex dividend	25-Oct-17
Record	26-Oct-17
Payment	8-Nov-17

7. Dividend reinvestment plans

No dividend reinvestment plans were in operation during the reporting period or the previous corresponding period.

8. Statement of retained earnings

	Reporting period - \$A'000	Previous corresponding period - \$A'000
8.1 Retained profits (accumulated losses) at the beginning of the financial period	(11,603)	(7,377)
8.2 Net profit (loss) attributable to members (<i>item 3.12</i>)	2,855	(4,226)
8.3 Dividend paid	-	-
8.4 Retained profits (accumulated losses) at end of financial period	(8,748)	(11,603)

9. Net tangible Assets

Net tangible asset backing per ordinary share

Reporting period	Previous corresponding period
1.0 cent ^a	(10.4) cents ^b

^a Based on 126,754,079 shares at 30 June 2017

^b Based on 75,362,979 shares at 30 June 2016

10. Gain or loss of control over entities

On 30 June 2017, AKG4 Investment Holdings Pty Limited acquired a further 24% of the issued capital of Kreate Pty Limited T/A RuralBiz Training. The purchase was satisfied by the payment of \$112,415 in cash. The Group now owns 75%.

	\$000s Fair Value
Purchase Consideration - cash	112
Net assets	
Cash	126
Receivables	327
Property, plant and equipment	25
Payables	(156)
	322
Share acquired	(77)
Goodwill	35

11. Associates and joint venture entities

No member of the Group held an interest in, or participated in the results of, a joint venture.

12. Other significant information

Refer to items 2.5 to 2.11 above.

13. Foreign entities

The Group owns 100% of ACA Investment Holdings Pte. Limited which owns 100% of Centre for Australian Education Pte. Limited and 100% of Academies Australasia College Pte. Limited. All these entities are incorporated in Singapore.

14. Issue of New Shares

On 23 August 2016, the Company issued 800,000 new fully paid ordinary shares to the vendor of Skills Training Australia. This represented \$200,000 of the final payment due to the vendor.

On 23 June 2017, 50,591,000 new fully paid ordinary shares were issued in a pro-rata non-renounceable rights issue, raising \$5,961,000 net of costs (\$98,000).

15. Commentary on results

15.1 Earnings per security (EPS)

Basic EPS
Diluted EPS (See 'Options' below)

Reporting period	Previous corresponding period
3.7 cents	(6.0) cents
3.7 cents	(6.0) cents

Options

The June 2017 rights issue was underwritten for a fee of 5 million options over unissued shares at the 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.

15.2 Returns to shareholders.

During FY17 no dividend was paid. A fully franked dividend of 0.5 cents per share has been declared (Refer to item 6 above).

15.3 Significant features of operating performance.

Refer to items 2.5 to 2.11 above.

15.4 The Company has only one operating segment: Education.

15.5 Ratios.

Profit before tax / revenue

Consolidated profit from ordinary activities before tax (*item 3.5*) as a percentage of revenue (*item 3.1*)

Reporting period	Previous corresponding period
7.37%	-10.65%
8.33%	-16.84%

Profit after tax / equity interests

Consolidated net profit from ordinary activities after tax attributable to members (*item 3.12*) as a percentage of equity at the end of the period (*item 4.28*)

16. This report is based on accounts which are in the process of being audited.

17. These accounts are not likely to be subject to dispute or qualification.

18. Information on Directors

18.1 Christopher Elmore Campbell has agreed to a further term of 3 years following the expiration of his current contract of employment on 31 December 2017.

18.2 Gabriela Del Carmen Rodriguez Naranjo has been appointed Group Chief Operating Officer with effect from 15 August 2017.

Stephanie Noble
(Group Finance Manager)

Date: 15 August 2017

Notes:

AKG or Company = Academies Australasia Group Limited
FY 16 = Year ended 30 June 2016
FY 17 = Year ended 30 June 2017
Group = AKG and all its subsidiaries