

13 February 2018

Company Announcements Office
Australian Securities Exchange

Via ASX Online

(Page 1 of 17)

ANNOUNCEMENT

HALF YEAR REPORT

In accordance with ASX Listing Rule 4.2A, attached are the following reports for the half year ended 31 December 2017:

- Appendix 4D – Half Year Report
- Financial Report (includes Directors' Report and Independent Review Report to Members)

This information should be read in conjunction with the Academies Australasia Group Limited Annual Report 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 110 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 127 countries, including 6 dependencies.

Appendix 4D

Half Year Report

Half year information given to ASX under listing rule 4.2A

Introduced 1/1/2003.

ACADEMIES AUSTRALASIA GROUP	
ABN: 93 000 003 725	

1.	Half-year ended ('reporting period')	31-Dec-17
	Half-year ended ('previous corresponding period')	31-Dec-16

2. Results for announcement to the market

\$A'000

	Movements from previous corresponding period			
2.1	Revenues from ordinary activities	up	6.3%	to \$29,739
2.2	Profit from ordinary activities after tax	up	340%	to \$2,003
2.3	Net profit for the period attributable to owners of the parent entity	up	436%	to \$1,925

3. Commentary

- 3.1 Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$3,374,000 (2016: \$1,830,000).
- 3.2 2.1, 2.2, 2.3 and 3.1 include a gain of \$1,527,000 (2016: \$145,000 book gain) from the sale of shares in Redhill Education Limited.
- 3.3 Re-structure and other non-recurring costs were \$829,000 (2016:\$491,000).
- 3.4 EBITDA after adding back re-structure and other non-recurring costs (3.3) and after subtracting the gain on the sale of shares (3.2) was \$2,676,000 - an increase of 23% from 2016 (\$2,176,000).
- 3.5 Bank borrowings at 31 December 2017 were \$1.8 million which is a \$3.6 million or 67% reduction from \$5.4 million at 30 June 2017.

**This Half Year Report is to be read in conjunction with the most recent
Annual Report.**

4. Net tangible Assets

Net tangible asset backing per ordinary share

Reporting period	Previous corresponding
2.7 cents ^a	-9.5 cents ^b

a. Based on 126,754,079 shares at 31 December 2017

b. Based on 76,162,979 shares at 31 December 2016

5 Dividends

A fully franked dividend of 0.5 cents per share (\$634,000) was paid on 8 November 2017.

The directors have announced the payment of a fully franked dividend of 1.5 cents per share (2016: No dividend declared) which includes a 1.0 cent once-off special dividend in recognition of the profit made from the sale of the investment in Redhill Education Limited.

Dividend dates

Ex dividend	21-Feb-18
Record	22-Feb-18
Payment	28-Feb-18

There was no conduit foreign income during the period.

6 Dividend reinvestment plans

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

7 Associates and joint venture entities

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

8 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 incorporated in Singapore.

9. Sale of investment

In November 2017, the Company sold its \$331,000 investment in Redhill Education Limited for \$4,581,000. The Investment had been marked to market previously, with a gain of \$2,723,000 being recognised in prior financial years. Following the sale, the remaining \$1,527,000 was recognised (2016:\$145,000 book gain).

10. Exercise of share options

On 1 January 2018, Andrew Low, Underwriter to the AKG rights issue in June 2017 exercised the 5 million options over unissued shares that he held. The exercise price was 15 cents a share. The payment of \$750,000 was received prior to 1 January 2018.

11. Post Balance date events

On 12 January 2018, the Group acquired 16.54% of the share capital of International College of Capoeira Pty Limited T/A College of Sports and Fitness for \$118,125 (cash). The Group's interest is now 67.54%.

Signed:

Date: 13 February 2018

Stephanie Noble
(Group Finance Manager)

ACADEMIES AUSTRALASIA GROUP LIMITED
ABN 93 000 003 725
AND CONTROLLED ENTITIES

HALF YEAR CONSOLIDATED FINANCIAL REPORT
31 DECEMBER 2017

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ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
DIRECTORS' REPORT
For the half year ended 31 December 2017

Your directors submit the financial report of the economic entity for the half year ended 31 December 2017.

Directors

The names of directors who held office during or since the end of the half year are:

John Lewis Schlederer
Christopher Elmore Campbell
Chiang Meng Heng
Gabriela Del Carmen Rodriguez Naranjo
Sartaj Hans

Review of operations

A summary of the Statement of Financial Performance for the half year ended 31 December 2017 is set out below:

	31.12.2017 \$000s	31.12.2016 \$000s
Total Revenue	<u>29,739</u>	<u>27,970</u>
Operating Profit Before Income Tax	<u>2,568</u>	<u>777</u>
Operating Profit After Income Tax	<u>2,003</u>	<u>455</u>

Revenue from ordinary activities increased by \$1,769,000 to \$29,739,000.

Operating profit before income tax includes \$1,527,000 from the sale of shares in Redhill Education Limited. (2016: \$145,000 book gain).

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$3,374,000 (2016: \$1,830,000).

Rounding of amounts

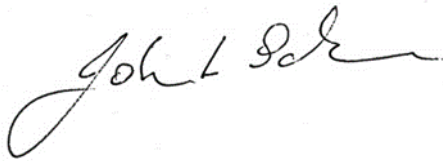
The group has applied the relief available to it in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and accordingly certain amounts in the financial report and the Directors' Report have been rounded to the nearest \$1,000.

ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
DIRECTORS' REPORT
For the half year ended 31 December 2017

Auditor's Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* for the half year ended 31 December 2017 is set out on page 3.

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



John Schlederer
Director



Christopher Campbell
Director

Sydney
13 February 2018

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

ACADEMIES AUSTRALASIA GROUP LIMITED

I declare that to the best of my knowledge and belief, during the half year ended 31 December 2017, there have been:

- i. no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

Pilot Partners
PILOT PARTNERS
Chartered Accountants


CHRIS KING
Partner

Signed on 13 February 2018

Level 10
1 Eagle Street
Brisbane Qld 4000

ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 December 2017

	31.12.2017 \$000s	31.12.2016 \$000s
Revenue	29,739	27,970
Student acquisition and teaching costs	(13,477)	(11,737)
Gross profit	16,262	16,233
Personnel expenses	(7,121)	(7,557)
Premises expenses	(4,619)	(4,524)
Other administration expenses	(1,920)	(1,976)
	2,602	2,176
Restructure and non-recurring costs	(829)	(491)
	1,773	1,685
Gain on investments	1,527	145
Other income	74	-
Profit before interest, depreciation and amortisation	3,374	1,830
Depreciation and amortisation expenses	(589)	(682)
Interest paid	(277)	(418)
Interest received	60	47
Profit before income tax	2,568	777
Income tax	(565)	(322)
Profit for the period	2,003	455
Other comprehensive income		
Exchange differences on translating foreign controlled entities	2	-
Other comprehensive income for the year, net of tax	2	-
Total comprehensive income for the year	2,005	455
Profit attributable to non-controlling interest	78	96
Profit attributable to members of the parent entity	1,925	359
	2,003	455
Total comprehensive income attributable to		
Owners of the parent entity	1,927	359
Non-controlling interest	78	96
	2,005	455
Earnings per share:		
Basic earnings per share (cents per share)	1.52	0.50
Diluted earnings per share (cents per share)	1.51	0.50

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEET
As at 31 December 2017

	31.12.2017 \$000s	30.06.2017 \$000s
Current Assets		
Cash and cash equivalents	13,086	10,488
Trade and other receivables	8,042	10,550
Other current assets	5,537	6,249
Investments	-	3,054
Total Current Assets	26,665	30,341
Non-Current Assets		
Trade and other receivables	2,383	2,586
Plant and equipment	6,819	7,159
Deferred tax assets	3,658	2,953
Intangible assets	32,929	32,966
Total Non-Current Assets	45,789	45,664
Total Assets	72,454	76,005
Current Liabilities		
Tuition fees in advance (Deferred income)	18,720	19,156
Trade and other payables	4,969	7,669
Current tax liabilities	1,773	621
Borrowings	1,313	2,893
Provisions	2,390	2,242
Total Current Liabilities	29,165	32,581
Non-Current Liabilities		
Borrowings	733	2,698
Provisions	6,157	6,448
Total Non-Current Liabilities	6,890	9,146
Total Liabilities	36,055	41,727
NET ASSETS	36,399	34,278
EQUITY		
Share capital	42,677	42,677
Shares to be issued	750	-
Share option reserve	88	88
Retained earnings	(7,457)	(8,748)
Foreign Currency Translation Reserve	57	55
Non-Controlling Interest	284	206
TOTAL EQUITY	36,399	34,278

ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2017

	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Note	Ordinary Shares	Shares to be issued	Share Option Reserve	Retained Profits	Reserves	Non - Controlling Interest	Total
Balance at 1.7.2017	42,677	-	88	(8,748)	55	206	34,278
Profit for the period	-	-	-	1,925		78	2,003
Exchange differences on translating foreign operations	-	-	-	-	2	-	2
Total comprehensive income for the period	-	-	-	1,925	2	78	2,005
Shares to be issued	-	750	-	-	-	-	750
Dividend paid	-	-	-	(634)	-	-	(634)
Balance at 31.12.2017	42,677	750	88	(7,457)	57	284	36,399
Balance at 1.7.2016	36,504	-	-	(11,603)	73	114	25,088
Profit for the period	-	-	-	359	-	96	455
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	359	-	96	455
Share issue	200	-	-	-	-	-	200
Dividend paid	-	-	-	-	-	-	-
Balance at 31.12.2016	36,704	-	-	(11,244)	73	210	25,743

ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
CONSOLIDATED CASHFLOW STATEMENT
For the half year ended 31 December 2017

	Economic Entity	
	31.12.2017	31.12.2016
	\$000s	\$000s
Cash Flows From Operating Activities		
Receipts from customers	31,647	26,914
Payments to suppliers and employees	(30,634)	(25,385)
Interest received	60	47
Finance costs	(277)	(366)
Income taxes paid	(118)	(111)
Net cash provided by operating activities	678	1,099
Cash Flows From Investing Activities		
Proceeds from sale of plant & equipment	-	27
Purchase of non-current assets	(120)	(674)
Proceeds from sale of investment	4,581	-
Dividends received	48	-
Net cash on acquisition/disposal of subsidiary	938	938
Net cash used in investing activities	5,447	291
Cash Flows From Financing Activities		
Proceeds from borrowings	-	775
Proceeds from share options to be exercised	750	-
Dividends paid	(634)	-
Repayment of borrowings	(2,775)	(1,451)
Net cash used in financing activities	(2,659)	(676)
Net increase/(decrease) in cash held	3,466	714
Cash at the beginning of period	9,620	5,658
Cash at the end of the period	13,086	6,372

The accompanying notes form part of these financial statements.

**ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1: BASIS OF PREPARATION

The half year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The group is a for profit entity for financial reporting purposes in Australia.

The half year financial report does not include full disclosures of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Academies Australasia Group Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

These interim financial statements were authorised for issue on 13 February 2018.

(a) Significant Accounting Policies

The accounting policies applied by the consolidated entity in this consolidated half year financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 June 2017.

In the current period, the consolidated entity has adopted all new and revised Standards and Interpretations issued by the Australia Accounting Standards Board that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2017. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the consolidated entity's accounting policies. Investments are held at fair value based on publicly available market prices at the reporting date.

(b) Comparative Figures

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

NOTE 3: DIVIDEND PAID AND DECLARED

A fully franked dividend of 0.5 cents per share (\$634,000) was paid on 8 November 2017.

The Directors have announced the payment of a fully franked dividend of 1.5 cents per share (2016: No dividend declared) which includes 1.0 cent as a once-off special dividend in recognition of the profit made from the sale of the investment in Redhill Education Limited.

NOTE 4: SALE OF INVESTMENT

In November 2017, the Company sold its \$331,000 investment in Redhill Education Limited for \$4,581,000. The Investment had been marked to market previously, with a gain of \$2,723,000 being recognised in prior financial years. Following the sale, the remaining \$1,527,000 was recognised. (2016: \$145,000 book gain).

NOTE 5: EXERCISE OF SHARE OPTIONS

On 1 January 2018, Andrew Low, Underwriter to the AKG rights issue in June 2017 exercised the 5 million options over unissued shares that he held. The exercise price was at 15 cents a share. The payment of \$750,000 was received prior to 1 January 2018.

ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: POST BALANCE DATE EVENTS

On 12 January 2018, the Group acquired 16.54% of the share capital of International College of Capoeira Limited T/A College of sports and Fitness for \$118,125. The Group's interest is now 67.54%.

Apart from the exercise in share options (Note 5), there are no matters or circumstances that have arisen since 31 December 2017 which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

NOTE 7: CONTINGENT LIABILITES

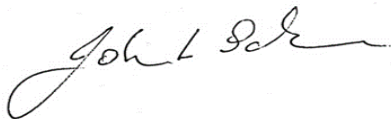
There has been no change in contingent liabilities since the last annual reporting period.

ACADEMIES AUSTRALASIA GROUP LIMITED ABN 93 000 003 725
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors of the company declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 4 to 9, are in accordance with the *Corporations Act 2001*, including
 - a. Complying with accounting standard AASB 134: *Interim Financial Reporting*, and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



John Schlederer
Director



Christopher Campbell
Director

Sydney
13 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

ACADEMIES AUSTRALASIA GROUP LIMITED

REPORT ON THE HALF YEAR FINANCIAL REPORT

We have reviewed the accompanying half year financial report of Academies Australasia Group Limited ("the Company" and its subsidiaries ("the Group")), which comprises the consolidated condensed statement of financial position as at 31 December 2017, the consolidated condensed statement of comprehensive income, consolidated statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies, other explanatory information and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT

The directors of Academies Australasia Group Limited are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENCE

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company would be in the same terms if provided to the directors as at the date of this auditor's review report.

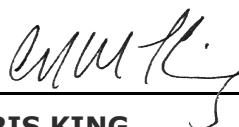
CONCLUSION

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Pilot Partners

PILOT PARTNERS
Chartered Accountants



CHRIS KING
Partner

Signed on 13 of February 2018

Level 10
1 Eagle Street
Brisbane Qld 4000