

15 August 2019

Market Announcements Platform
Australian Securities Exchange
(Via ASX Online)

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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 2019 (FY19).

The Board is pleased to highlight:

- i. a 34% increase in Earnings before interest, tax, depreciation and amortisation ('EBITDA') after adjustment for significant items compared to FY18, making FY19's performance by far the best in the Company's 111 years of operation;
- ii. that the Company repaid all its bank borrowings in June 2019 and continues to be debt-free; and
- iii. the declaration of a 2.37 cents dividend (fully franked) to take the total dividend for the year to 3.67 cents per share.

EBITDA after adjustment for significant items (\$'000)

	FY19	FY18	<i>FY19 (Market Guidance 22 July 2019)</i>
EBITDA	7,926	7,456	7,633
Gain from sale of shares	-	(1,527)	-
Redundancies	136	540	136
Impairment of receivables	1,241	513	1,241
Other restructure/non-recurring costs	-	(40)	-
EBITDA after adjustment for significant items	9,303 +34%	6,942	9,010 +30%

[Note: a. 'EBITDA' and 'significant item' are not terms prescribed by the Australian Accounting Standards ('AAS'). The directors consider that EBITDA after adjustment for 'significant items' provides a better

understanding of the underlying performance of the business. b. Final numbers show EBITDA after adjustment for significant items as \$9,303,000 – which is \$293,000 higher than the \$9,010,000 expected in the market guidance released on 22 July 2019]

Stephanie Noble
Company Secretary

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

Academies Australasia has been operating for 111 years and listed on the Australian Securities Exchange for 42 years. The group comprises 18 separately licensed colleges operating in New South Wales, Queensland, South Australia, Victoria and Western Australia in Australia, and overseas in Singapore. The group offers a wide range of recognised courses at different levels – Certificate, Diploma, Advanced Diploma and Bachelor Degree. Over the years, Academies Australasia colleges have taught more than 100,000 students from 130 countries.

APPENDIX 4E: PRELIMINARY FINAL REPORT

1. Company details

Name: Academies Australasia Group Limited
ABN: 93 000 003 725

Reporting Period: Financial year ended 30 June 2019 (FY19)
Previous Period: Financial year ended 30 June 2018 (FY18)

2. Results for announcement to the market

(All comparisons to Previous Period)

					\$'000
2.1	Revenue from ordinary activities (see item 4.1)	up	8%	to	66,348
2.2	Profit from ordinary activities before tax (see item 4.5)	up	10%	to	6,706
2.3	Profit from ordinary activities after tax (see item 4.7)	up	8%	to	4,805
2.4	Net profit for the period attributable to owners of the parent entity (see item 4.12)	up	10%	to	4,708
2.5	Earnings before interest, tax, depreciation and amortisation (EBITDA) after adjustment for significant items (see item 3.2)	up	34%	to	9,303

3. Commentary

- 3.1 Previous period numbers in 2.2, 2.3 and 2.4 include a gain of \$1,527,000 from the sale of shares.
- 3.2 Re 2.5, the following table presents EBITDA after adjustment for significant items

	Reporting Period	Previous Period
EBITDA	7,926	7,456
Gain from sale of shares	-	(1,527)
Redundancies	136	540
Impairment of receivables	1,241	513
Other restructure/non-recurring costs	-	(40)
EBITDA after adjustment for significant items	9,303	6,942

[‘EBITDA’ and ‘significant item’ are not terms prescribed by the Australian Accounting Standards (‘AAS’). The directors consider that EBITDA after adjustment for ‘significant items’ provides a better understanding of the underlying performance of the business.]

- 3.3 Revenue from services (see item 4.13) increased by \$4.94 million (8%) to \$66.06 million. The strong \$5.85 million (12%) growth in international revenue, to \$53.65 million, more than compensated for the \$0.91 million (7%) decline to \$12.41 million in domestic revenue. Most of the \$5.85 million increase in international revenue came from Academies Australasia Polytechnic. FY19 saw the commencement of their second Bachelor degree: Bachelor of Business (Leadership and Management).

- 3.4 Operating Cash Flow ('OCF') of \$7,993,000 was more than double the OCF of the Previous Period (\$3,734,000). It should also be noted that OCF for the Reporting Period was after payment of \$3,626,000 for income tax, \$1,274,000 of which related to the sale of shares.
- 3.5 All bank borrowings were repaid in June 2019.
- 3.6 The Company has declared a fully franked dividend of 2.37 cent per share (\$3,024,000).
- 3.7 The Group manages its business as a single cash generating unit. The colleges benefit from each other through the sharing of resources and services.

\$'000

4. Condensed consolidated income statement

	Reporting Period	Previous Period
4.1 Revenue from ordinary activities (<i>see items 4.13 and 4.14</i>)	66,348	61,284
4.2 Realised gain on investment	-	1,527
4.3 Expenses from ordinary activities (<i>see item 4.15</i>)	(59,392)	(56,259)
4.4 Finance costs	(250)	(432)
4.5 Profit from ordinary activities before tax	6,706	6,120
4.6 Income tax expense on ordinary activities	(1,901)	(1,666)
4.7 Profit from ordinary activities after tax	4,805	4,454
4.8 Other comprehensive income		
4.9 Exchange differences on translating foreign controlled entities	39	13
4.10 Total comprehensive income	4,844	4,467
4.11 Profit attributable to non-controlling interest	97	184
4.12 Profit attributable to members of the parent entity	4,708	4,270
4.13 Revenue from services	66,056	61,120
4.14 Other revenue		
- Rental income	143	5
- Dividend received	-	48
- Interest	149	111
4.15 Details of expenses		
- Depreciation, amortisation and loss on disposal of assets	1,119	1,015
- Student acquisition and teaching	29,191	26,522
- Personnel expenses	14,067	14,303
- Premises expenses	9,752	9,396
- Other administration expenses	3,886	3,962
- Restructure and non-recurring costs	1,377	1,061

\$'000

5. Condensed consolidated balance sheet

	Reporting Period	Previous Period
Current assets		
5.1 Cash	14,996	12,968
5.2 Receivables	4,186	7,557
5.3 Other		
- Prepayments	5,953	5,622
- Other	512	472
5.4 Total current assets	25,647	26,619
Non-current assets		
5.5 Receivables	1,772	2,180
5.6 Plant and equipment	6,026	6,717
5.7 Deferred tax assets	3,906	4,014
5.8 Intangibles	32,850	32,973
5.9 Total non-current assets	44,554	45,884
5.10 Total assets	70,201	72,503
Current liabilities		
5.11 Tuition fees in advance (deferred income)	20,660	19,125
5.12 Trade and other payables	4,165	4,661
5.13 Current tax payable	534	2,367
5.14 Short-term borrowings	-	1,069
5.15 Short-term provisions	3,613	2,443
5.16 Total current liabilities	28,972	29,665
Non-current liabilities		
5.17 Long-term borrowings	-	201
5.18 Long-term provisions	3,996	5,779
5.19 Total non-current liabilities	3,996	5,980
5.20 Total liabilities	32,968	35,645
5.21 Net assets	37,233	36,858
Equity		
5.22 Share capital	42,066	43,515
5.23 Retained profits (accumulated losses)	(5,315)	(7,088)
5.24 Foreign currency translation reserve	107	68
5.25 Non-Controlling Interest	375	363
5.26 Total equity	37,233	36,858

\$'000

6. Condensed consolidated cash flow statement

	Reporting Period	Previous Period
Cash flows from operating activities		
6.1 Receipts from customers	70,027	63,327
6.2 Payments to suppliers and employees	(58,307)	(58,339)
6.3 Dividend received	-	48
6.4 Interest received	149	111
6.5 Finance costs	(250)	(432)
6.6 Income taxes paid	(3,626)	(981)
6.7 Net operating cash flows	7,993	3,734
Cash flows from investing activities		
6.8 Proceeds from sale of plant and equipment	2	-
6.9 Purchases of plant and equipment	(280)	(429)
6.10 Proceeds from sale of investment	-	4,581
6.11 Net cash on acquisition of subsidiary	-	819
Net investing cash flows	(278)	4,971
Cash flows from financing activities		
6.12 Buy back shares	(1,449)	-
6.13 Dividends paid	(2,968)	(2,610)
6.14 Proceeds from share issue	-	750
6.15 Repayment of borrowings	(1,270)	(3,497)
6.16 Net financing cash flows	(5,687)	(5,357)
6.17 Net increase in cash held	2,028	3,348
6.18 Net cash at beginning of period	12,968	9,620
6.19 Net cash at end of period	14,996	12,968

6.20 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:

- None

6.21 Reconciliation of cash

\$'000

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.

Cash (*see item 5.1*)

Bank overdraft

6.22 Net cash on hand and at bank (*see item 6.19*)

Reporting Period	Previous Period
14,996	12,968
-	-
14,996	12,968

7. Statement of retained earnings

\$'000

- 7.1 Retained profits (accumulated losses) at the beginning of the financial period
- 7.2 Net profit attributable to members (*see item 4.12*)
- 7.3 Dividend paid
- 7.4 Retained profits (accumulated losses) at end of financial period

Reporting Period	Previous Period - restated
(7,088)	(8,748)
4,708	4,270
(2,935)	(2,610)
(5,315)	(7,088)

8. Dividends

A fully franked dividend of 1.0 cent per share (\$1,276,000) was paid on 19 October 2018.

A fully franked dividend of 1.3 cents per share (\$1,659,000) was paid on 28 February 2019. (Previous Period: \$1,976,000 - 0.5 cent per share plus 1.0 cent once-off special dividend in recognition of the profit made from the sale of shares)

The Company has declared a fully franked dividend of 2.37 cent per share (\$3,024,000).

Dividend dates:

Ex dividend	2 October 2019
Record	3 October 2019
Payment	11 October 2019

There was no conduit foreign income during the Reporting Period.

9. Dividend reinvestment plans

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

10. Net tangible Assets

Net tangible asset backing per ordinary share

^a Based on 127,614,467 shares at 30 June 2019

^b Based on 131,754,079 shares at 30 June 2018

Reporting Period	Previous Period - restated
3.4 cents ^a	2.9 cent ^b

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

Please see items 3.1 to 3.7.

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. Selective reduction of share capital

At an Extraordinary General Meeting held on 1 August 2018, approval was obtained to buy back and cancel 4,139,612 shares at a price of 35 cents per share.

15. Commentary on results**15.1 Earnings per security (EPS)**

Basic EPS

Weighted average number of ordinary shares used in calculation of basic EPS.

Reporting Period	Previous Period
3.67 cents	3.30 cents

128,215,561	129,233,531
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The earnings amount used was \$4,708,000 (2018: \$4,270,000), being profit on ordinary activities after tax attributable to members of the parent entity (*see item 4.12*).

15.2 Returns to shareholders.

Fully franked dividends of 1.0 cents and 1.3 cents were paid in October 2018 and February 2019 respectively (*see item 8*).

The Company has declared a fully franked dividend of 2.37 cent per share (\$3,024,000).

15.3 Significant features of operating performance.
Please see items 3.1 to 3.7.**15.4 The Company has only one operating segment: Education.**

15.5 Ratios.

Profit before tax / revenue

Consolidated profit from ordinary activities before tax (*see item 4.5*) as a percentage of revenue (*see item 4.1*)

Profit after tax / equity interests

Consolidated net profit from ordinary activities after tax attributable to members of the parent entity (*see item 4.12*) as a percentage of equity at the end of the period (*see item 5.26*)

Reporting Period	Previous Period
10.11%	9.99%
12.66%	11.59%

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.

Stephanie Noble
Group Finance Manager

15 August 2019