

21 October 2019

Market Announcements Platform
Australian Securities Exchange
(Via ASX Online)

ANNUAL GENERAL MEETING

Academies Australasia Group Limited (ASX: AKG) today sent to shareholders the Notice of the 111th Annual General Meeting, Explanatory Notes, Proxy Form, and a copy of the 2019 Annual Report.

The Annual Report was released to the ASX on 28 August 2019. Typographical errors in that release have been corrected in the printed copies and the electronic version released today.

Gabriela del Carmen Rodriguez Naranjo
Company Secretary

Contact: Christopher Campbell (c.campbell@academies.edu.au)

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, Victoria, South Australia, Western Australia and Queensland in Australia, and in Singapore. The group offers more than 150 qualifications in a wide range of recognised courses at different levels – Certificates, Diplomas, Advanced Diplomas and Bachelor Degrees. Over the years, Academies Australasia colleges have taught more than 100,000 students from 130 countries.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 111th ANNUAL GENERAL MEETING of Academies Australasia Group Limited will be held at Level 31, 1 O'Connell Street, Sydney, NSW, Australia, on Tuesday, 26 November 2019 at 11.30am.

AGENDA

1. **To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2019 and the reports of the directors and the auditor thereon.**

There is no vote on this item.

2. **To consider, and if thought fit, to pass the following as an ordinary resolution:**

‘That the Remuneration Report, which forms part of the report of directors for the year ended 30 June 2019, be adopted.’

- *The Remuneration Report is set out on pages 10 and 11 of the Annual Report.*
- *This resolution is advisory only and does not bind the Company or the directors.*
- *The directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.*
- *If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's directors (other than the Group Managing Director and CEO) must go up for re-election.*
- *The Company notes that more than 25% of the votes that were cast voted against the adoption of the Company's remuneration report at the Company's 2018 annual general meeting. Accordingly, if a similar outcome were to occur at this meeting (ie in relation to the Remuneration Report),*

then a spill resolution will be required to be considered by shareholders (as to which, please see the contingency resolution at Resolution 3).

(Please refer to the explanatory note.)

- 3. To re-elect as a director of the Company Mr Sartaj Hans who retires by rotation in accordance with Articles 83(a) and 83(b) of the Company's Constitution. Being eligible, Mr Hans offers himself for re-election.**

(Please refer to the explanatory note.)

CONTINGENT BUSINESS - SPILL RESOLUTION

The following resolution will only be put to the meeting if 25% or more of the votes that are eligible to be cast on Resolution 1 are voted against the adoption of the Remuneration Report.

- 4. To consider, and if thought fit, to pass the following resolution as an ordinary resolution:**

- a) 'That a meeting ('spill meeting') of the Company be held within 90 days of this meeting at which Dr John Lewis Schlederer, Mr Chiang Meng Heng, Ms Gabriela del Carmen Rodriguez Naranjo and Mr Sartaj Hans, being the directors of the Company (other than the Group Managing Director and CEO) when the resolution to make the 2019 Directors' Report was passed, cease to hold office immediately before the end of the spill meeting; and**
- b) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting.'**

(Please refer to the explanatory note.)

By Order of the Board
Gabriela del Carmen Rodriguez Naranjo
Company Secretary

21 October 2019

Notes: Only registered holders (or their appointed proxy) of ordinary shares are entitled to address the Meeting and vote at the Meeting. Shareholders who are unable to attend and vote are entitled to appoint a proxy to attend and vote in their stead. That person need not be a member of the Company but should be a natural person at least 18 years of age. A shareholder who is entitled to cast two or more votes may appoint two proxies. Where two proxies are appointed, each proxy must be on a separate proxy form and be appointed to represent a proportion of the member's voting rights. Proxy forms executed by companies must be in accordance with the Corporations Act. Proxy forms must be lodged at the Registered Office of the Company (Level 6, 505 George Street, Sydney NSW 2000, Australia) or sent by facsimile to the Registered Office of the Company (+61 2 9224 5550) or sent by email to companysecretary@academies.edu.au, before 11.30am on Sunday, 24 November 2019. (Proxy form enclosed).

111th ANNUAL GENERAL MEETING: EXPLANATORY NOTES TO AGENDA ITEMS 2, 3 and 4 (RESOLUTIONS 1, 2 and, if required, 3)

ORDINARY BUSINESS

AGENDA ITEM 2: TO ADOPT THE REMUNERATION REPORT

1. Introduction

- 1.1 The Remuneration Report is on pages 10 and 11 of the Annual Report. It sets out the Company's remuneration arrangements for directors, including the Group Managing Director and CEO, and senior executives.
- 1.2 The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the Remuneration Report at the meeting. Shareholders will be asked to vote on the adoption of the Remuneration Report. The resolution is advisory only and does not bind the Company or its directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the *Corporations Act 2001* (Cth) ('Corporations Act'), if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's directors (other than the Group Managing Director and CEO) must be put up for re-election.
- 1.3 The Company notes that more than 25% of the votes that were cast voted against the adoption of the Company's remuneration report at the Company's 2018 annual general meeting. Accordingly, if a similar outcome were to occur at this meeting (ie in relation to Remuneration Report), then a spill resolution will be required to be considered by shareholders (as to which, please see the contingency resolution at Resolution 3).
- 1.4 Voting on the Remuneration Report will be determined by a poll at the meeting rather than a show of hands.

2. Recommendation:

Your Directors recommend that you vote FOR the adoption of the Remuneration Report.

3. Voting Exclusion Statement

- 3.1 Any undirected proxies held by the Chairman of the meeting, other directors or other key management personnel or any of their closely related parties will not be voted on the Remuneration Report.
- 3.2 The key management personnel of the Company are the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2019. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.
- 3.3 A vote will not be disregarded if:
- it is cast by a person as a proxy for a shareholder who is entitled to vote, in accordance with the directions on the proxy form; or
 - it is cast by the person chairing the meeting as a proxy for a shareholder who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Any shareholder entitled to vote who is thinking of appointing a person who is not entitled to vote as their proxy, should be aware that unless the proxy contains specific instructions on the manner in which they want their vote to be cast on this resolution, that person will be prohibited from exercising votes on behalf of the shareholder giving the proxy in relation to this resolution.

AGENDA ITEM 3: TO RE-ELECT MR SARTAJ HANS AS A DIRECTOR

1. Introduction
- 1.1 Mr Sartaj Hans, Non-executive Director, retires by rotation in accordance with Articles 83(a) and 83(b) of the Company's Constitution. He is eligible for re-election and offers himself for re-election.
- 1.2 Mr Hans joined the Board on 19 October 2016 and was appointed Chairman of the Audit and Risk Committee from that date. He holds a B.E. (Hons) (Electronics).
- 1.3 He has experience in information technology and superannuation at BT Financial Group, the wealth management arm of Westpac, and played a pivotal role in the development of Goulburn Health Hub, a medical facilities project in Goulburn. He has many years of experience in managing investments and financial affairs in private family companies.

1.4 Mr Hans has an interest in 788,929 shares (0.62%) in the Company.

2. **Recommendation:**

Your Directors, other than Mr Hans, recommend that you vote FOR the re-election of Mr Hans.

CONTINGENT BUSINESS

AGENDA ITEM 4: SPILL RESOLUTION

1. **Introduction**

1.1 Under the Corporations Act, if 25% or more of eligible votes are cast against the adoption of the remuneration report at two consecutive annual general meetings, the shareholders at the second annual general meeting are required to vote on a resolution (a 'spill resolution') that another shareholder meeting ('spill meeting') be held within 90 days at which the directors (other than the Group Managing Director and CEO) when the resolution to make the director's report was passed cease to hold office, but they may stand for re-election.

1.2 At the Company's 2018 annual general meeting, more than 25% of the eligible votes were cast against the adoption of the Remuneration Report. Having said this, and while the directors of the Company were obliged to consider the merits of any objections to the 2018 Remuneration Report when preparing the 2019 Remuneration Report, no such objections or explanations from the dissenting shareholders has been forthcoming. Accordingly, the directors believe that rather than being a vote against any particular aspect of the Company's remuneration policies, the votes were cast against the 2018 Remuneration Report as a more general protest vote.

2. **Spill resolution**

2.1 As noted above, if 25% or more of the eligible votes cast at this annual general meeting are against the adoption of the Remuneration Report, the spill resolution must be considered and voted on by the shareholders at this annual general meeting. If less than 25% of the eligible votes cast are against the adoption of the Remuneration Report, the spill resolution will not be put to the meeting.

- 2.2 If the spill resolution is put the meeting and more than 50% of eligible votes are cast in favour of the resolution, the Company will hold the spill meeting within 90 days of the date of this annual general meeting. In such circumstances, Dr John Lewis Schlederer, Mr Chiang Meng Heng, Ms Gabriela del Carmen Rodriguez Naranjo and Mr Sartaj Hans will cease to hold office immediately before the end of that spill meeting but will be eligible to stand for re-election.
- 2.3 As no shareholder who voted against the adoption of the Company's 2018 Remuneration Report has provided any explanation for their decision to do so, the Company believes that such a vote was simply a general protest vote rather than a vote reflecting any legitimately held concerns in relation to the Company's remuneration policies. If such an explanation were forthcoming, the directors would have taken any such concern into account in preparing the Company's 2019 Remuneration Report. Nonetheless, the directors of the Company believe that the Company's remuneration policies are fair and reasonable having regard to the Company's financial and operating performance as well as its genuine need to attract and retain the industry's best executive talent.

3. **Recommendation:**

If a spill resolution is required to be put before the meeting, your directors recommend that you vote AGAINST it.

ANNUAL GENERAL MEETING: PROXY FORM

Proxy forms must be lodged at the Registered Office of the Company (Level 6, 505 George Street, Sydney NSW 2000, Australia) or sent by facsimile to the Registered Office of the Company (+61 2 9224 5550) or sent by email to companysecretary@academies.edu.au, before 11.30am (Sydney time) on Sunday, 24 November 2019.

Furthermore, and in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth) and ASX Settlement Operating Rule 5.6.1, the Directors have determined that you are eligible to attend and vote at the meeting if you are registered as a shareholder of the Company at 7.00pm (Sydney time) on Sunday, 24 November 2019.

A. Registered Holder Details

Name: _____

Address: _____

Number of Ordinary Shares held: _____

B. Appointment of Proxy

I/We being the Registered Holder stated above and being entitled to attend and vote, hereby appoint:

☐

The Chairman of the Meeting
(Please tick or mark with a cross in the box, if selecting this option)
OR

(Name)

(Leave this box blank if you have selected the Chairman of the Meeting to vote on your behalf)

or, in their absence, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of the Company, to be held at 11.30am on Tuesday, 26 November 2019 or at any adjournment of that Meeting.

C. Voting Directions

Should you decide to direct your proxy how to vote, please tick or mark with a cross in the appropriate box against each item below. If you do not, your proxy may vote as they think fit or abstain.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy, you can direct the Chairman of the Meeting to vote for or against or abstain from voting on each resolution by marking the appropriate box(es). Please note that the Chairman of the Meeting intends to vote undirected proxies in accordance with the recommendations of the Board. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Resolutions

1. *Adoption of the Remuneration Report.*
(Agenda Item 2) [**Board recommendation: FOR**]
2. *Re-election of Mr Sartaj Hans.*
(Agenda Item 3) [**Board recommendation: FOR**]

For	Against	Abstain
☐	☐	☐
☐	☐	☐

Contingency Business

[This resolution will be considered if the condition described in Agenda Item 4 applies]

3. *Spill Resolution.*
[**Board recommendation: AGAINST**]

☐	☐	☐
--------------------------	--------------------------	--------------------------

D. Signature(s)

This section **MUST** be signed to enable your directions to be implemented. You **MUST** add your name too.

Where the holding is in **one name**, the holder must sign. Where the holding is in **more than one name** all the holders must sign.

To sign under a **Power of Attorney**, you must have already lodged the Power of Attorney with the Company. If you have not previously lodged the Power of Attorney for notation, please attach a certified photocopy of the Power of Attorney to this form when you submit it.

For corporations, a Director must sign jointly with another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company does not have a Company Secretary, a Sole Director can also sign alone. Please indicate the office held by signing in the appropriate space and crossing out the office that is not applicable.

Individual or Joint Shareholder(s)

Individual / Shareholder 1 (Name and Signature)

Shareholder 2 (Name and Signature)

Shareholder 3 (Name and Signature)

Corporate Shareholders

Director (Name and Signature)

Director/Company Secretary (Name and Signature)

Sole Director and Sole Company Secretary
(Name and Signature)

Signed this _____ day of _____ 2019



ACADEMIESAUSTRALASIA

THE POSSIBILITIES ARE INFINITE

ACADEMIES AUSTRALASIA GROUP LIMITED
ANNUAL REPORT 2019
ACN 000 003 725

ACADEMIES AUSTRALASIA GROUP LIMITED

ANNUAL REPORT 2019

CONTENTS	Page
Report of the Chairman and the Group Managing Director and CEO	2
Directors' Report	5
Information on the Directors and Company Secretaries	8
Information on Senior Executives	10
Remuneration Report - Audited	10
Corporate Governance Statement	12
Auditor's Independence Declaration	13
Consolidated Financial Statements	
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes	18
Directors' Declaration	49
Independent Auditor's Report	50
Additional Information for Listed Public Companies	56
Corporate Information	58
Glossary	59

REPORT OF THE CHAIRMAN AND THE GROUP MANAGING DIRECTOR AND CEO

Dear Shareholder

We are very pleased to present your Company's results for FY19. Indeed, we are particularly delighted to report:

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

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

	FY19	FY18	
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	+34%

[Note: '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.]

FY19 improvements on FY18

- Revenue from ordinary activities	Up 8% to \$66.35 million
- Profit from ordinary activities before tax	Up 10% to \$6.71 million
- Profit from ordinary activities after tax	Up 8% to \$4.81 million
- EBITDA	Up 6% to \$7.93 million
- EBITDA after adjustment for significant items	Up 34% to \$9.30 million
- Net assets	Up 1% to \$37.23 million
- Net cash at 30 June	Up 16% to \$15.00 million
- Net operating cash flows	Up 114% to \$7.99 million

Operations and Outlook

In FY18, we reported a \$5.75 million (30%) decline in revenue from our domestic business (compared to FY17). We were not optimistic about business from this sector. We were not wrong. FY19 showed a further drop – of \$0.91 million (7%) to \$12.41 million.

The recently re-elected Federal Government has made positive statements about the need for more attention to be given to VET training for domestic students. We agree; for too long, university has been promoted as the better destination. However, one cannot assume that if VET studies are going to be promoted, there will be a level playing field – with subsidies or incentives for government, but not independent, education institutions. Let's see.

We are still positive about the strength of the international education market. For FY19, this sector's contribution to Australian exports was a record \$37.7 billion, a 15.5% growth from FY18. Our numbers saw a \$5.85 million (12%) growth from FY18, to \$53.65 million. Yes, there are comments about risks and expected decline in student numbers from the People's Republic of China ('China'). But there's a positive feature too: The on-going trade war between the United States of America and China has adversely affected the external value of the Australian Dollar. That should be positive for our export business. We see the sector as continuing to be strong, though not necessarily with the double-digit growth of the past 4 years.

There is another relevant point to note. For several years we have raised the need for a long-term road map outlining national targets, to facilitate better coordination amongst all the participants in the international education sector and address many issues that have nagged this sector for a long time. International education is, after all, Australia's second largest export sector, after minerals. Continuing short-termism is imprudent and unwise. Our experience with the speed of government action, however, warns us not to hold our breath.

Bank Borrowings

In June we repaid the last of our bank borrowings and continue to be debt-free. It was no easy task, considering that at its height 4 years ago, our bank borrowings were \$15.5 million.

Dividend

The fully-franked final dividend of 2.37 cents per share will be paid on 11 October 2019. That will take the total dividends for FY19 to a fully-franked 3.67 cents per share - a 59% increase on FY18's 2.5 cents, also fully-franked.

In our last report, we said that it is the Board's intention to, generally, adopt a dividend payout ratio of 75%. This intention has not changed. The 100% payout ratio in respect to FY19 performance should be considered in the context of your Company's strong cash position and the objective to maximise shareholders' access to franking credits.

Shares

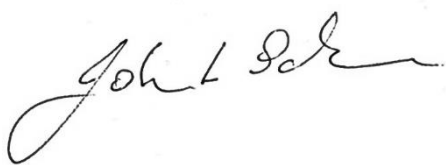
On 22 August 2018, your Company bought-back and cancelled 4,139,612 shares, bringing the total outstanding shares on issue to 127,614,467.

Priorities for FY20

We will be looking to continue to grow our international operations – teaching international students in Australia as well as overseas – which now accounts for 81% of our revenue from services. Secondly, we will be continuing with further improving financial discipline and implementing cost savings measures.

Acknowledgement

The Board acknowledges the commitment and contribution of all members of management and staff who produced the second year of record results in an environment that was not easy. We also appreciate the loyalty and support of all shareholders, students, clients, partners, associates and other stakeholders. We thank you all.



Dr John Lewis Schlederer
Chairman



Christopher Elmore Campbell
Group Managing Director and CEO

28 August 2019

DIRECTORS' REPORT

Your Directors present their report on Academies Australasia Group Limited (the Company) and its controlled entities (jointly the Group) for the year ended 30 June 2019.

DIRECTORS

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

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

All Directors have been in office since the start of the financial year to the date of this report.

Details on the Directors and Company Secretaries are set out on pages 8 and 9.

PRINCIPAL ACTIVITY

The principal activity of the Group during the financial year was the provision of training and education services.

CONSOLIDATED RESULT

The consolidated profit of the Group for the financial year, after providing for income tax, amounted to \$4,805,000 (2018:\$4,454,000).

REVIEW OF OPERATIONS

Revenue from services increased by 8% to \$66,056,000 (2018: \$61,120,000).

Profit from ordinary activities before income tax increased by 10% to \$6,706,000 (2018: \$6,120,000).

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$7,926,000 (2018:\$7,456,000)

The following table presents EBITDA after adjustment for significant items.

	FY19	FY18	
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	+34%

[Notes

- a. *'EBITDA' and 'significant item' are not terms prescribed by the Australian Accounting Standards ('AAS'). The Directors consider that 'EBITDA after significant items' provides a better understanding of the underlying performance of the business.*
- b. *Impairment of receivables: In November 2018, the Group announced a provision of \$1,300,000 for accrued debtors, which led to an impairment of \$1,241,000. Ninety five percent of the \$1,241,000 (\$1,175,000), was in respect to SPT which was acquired in June 2014. Most of the write-off was for debts incurred prior to FY19. About 52% (\$613,000) of the \$1,175,000 was for SPT students enrolled between 2003 and 2014.]*

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.

The Directors have announced the payment of a fully franked dividend of 2.37 cents per share (\$3,024,000) to be paid on 11 October 2019.

SELECTIVE REDUCTION OF CAPITAL

Following approval at an Extraordinary General Meeting convened for the purpose, the Company bought back and cancelled 4,139,612 shares at the price of 35 cents per share. After that cancellation there are 127,614,467 shares on issue.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the Company's state of affairs during the financial year.

EVENTS AFTER THE REPORTING DATE

There were no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Please refer to the Report of the Chairman and the Group Managing Director and CEO (Pages 2 to 4).

ENVIRONMENTAL ISSUES

The Group's operations are not subject to any significant environmental legislation.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company's constitution 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 paid an insurance premium amounting to \$21,000 in respect of a directors and officers liability insurance policy covering the directors' and officers' liabilities as officers of the Company.

OPTIONS

There are no other options over unissued share capital.

ROUNDING OF AMOUNTS

The Director's report is presented in Australian Dollars and rounded to the nearest thousand dollars in accordance with Instrument 2016/191.

INFORMATION ON DIRECTORS AND COMPANY SECRETARIES

Dr John Lewis Schlederer Non-executive Director, appointed 21 August 2009. Chairman since 1 January 2014.

Qualifications B.Sc. (Hons), Grad. Diploma, PhD.

Experience More than 20 years teaching experience at University of New South Wales and TAFE NSW and many years in business.

Interest in Shares 8,600,000 shares (6.74%)

Special Responsibilities Chairman of the Board. Chairman of the Remuneration Committee. Member of the Audit and Risk Committee.

Directorships held in other listed entities None

Christopher Elmore Campbell Group Managing Director and Chief Executive Officer, appointed 1 July 1996.

Qualifications B.Soc.Sci. (Hons), FFin, FAICD, FCIS, FSCA.

Experience Experience in mergers and acquisitions and more than 19 years' experience in managing educational institutions. Previous positions include senior appointments with the Monetary Authority of Singapore and an international bank in Australia.

Interest in Shares Director, Asia Society Australia.

Special Responsibilities 17,750,000 shares (13.91%)

Directorships held in other listed entities Member of the Remuneration Committee.

None.

Chiang Meng Heng Non-executive Director, appointed 15 February 2000.

Qualifications BBA (Hons).

Experience Previous positions include Treasurer, Citibank NA, Singapore and Hong Kong; Adviser & Head, Banking Supervision, Monetary Authority of Singapore; EVP, Overseas Union Bank Ltd including secondments as Executive Director, International Bank of Singapore Ltd and President, Asia Commercial Bank Ltd; Managing Director, First Capital Corporation Ltd; Executive Director, Far East Organization and Group Managing Director, Lim Kah Ngam Ltd. Member of Singapore Parliament for 4 terms from 1985 to 2001.

Interest in Shares 51,185,961 shares (40.11%)

Special Responsibilities Member of the Audit and Risk Committee and Remuneration Committee.

Directorships held in other listed entities None.

**Gabriela Del Carmen
Rodriguez Naranjo**

Qualifications
Experience

Interest in Shares
Special Responsibilities

Directorships held in other listed
entities

Deputy Group Managing Director and Group Chief Operating Officer. Appointed Executive Director, 21 October 2013. Alternate Director, 10 May 2011 to 31 December 2013, (Alternate to Neville Thomas Cleary (Retired 31 December 2013)). Appointed Chief Operating Officer on 15 August 2017 and Deputy Group Managing Director on 1 January 2019.
B. Comp.Sci, B.Sci. Sys. Eng.
Joined the Group in April 2001. More than 18 years' experience managing educational institutions, including experience in acquisitions, marketing, regulatory compliance, curriculum development and lecturing.
Director, IHEA from 17 May 2017. Deputy Chairman of IHEA since 29 May 2019.
80,549 shares (0.06%)
Group Chief Operating Officer from 15 August 2017. Joint Company Secretary from 14 September 2016.

Sartaj Hans
Qualifications
Experience

Interest in Shares
Special Responsibilities

Directorships held in other listed
entities

Independent, Non-executive Director, appointed 19 October 2016.
B.E. Honours (Electronics)
Experience in information technology and superannuation at BT Financial Group, the wealth management arm of Westpac. A pivotal role in the development of Goulburn Health Hub, a medical facilities project in Goulburn. Many years experience in managing investments and financial affairs in private family companies.
788,929 shares (0.62%)
Chairman of the Audit and Risk Committee (Appointed 19 October 2016).

COMPANY SECRETARIES

Stephanie Noble
Qualifications
Experience

Other Responsibilities

Appointed 27 November 2006
BA (Hons) Accounting, FCCA (UK), CPA (Australia).
More than 10 years as Company Secretary of Academies Australasia Group Limited.
Group Finance Manager.

**Gabriela Del Carmen
Rodriguez Naranjo**

Appointed 14 September 2016
See Information on Directors.

MEETINGS OF DIRECTORS

<u>Director</u>	<u>Directors' Meetings</u>		<u>Audit and Risk Committee</u>		<u>Remuneration Committee</u>	
	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>
Dr John Lewis Schlederer	6	6	2	2	2	2
Christopher Elmore Campbell	6	6	2	2	2	2
Chiang Meng Heng	6	5	2	2	2	2
Gabriela Del Carmen Rodriguez Naranjo	6	6	2	2	-	-
Sartaj Hans	6	6	2	2	-	-

A - Number of meetings held during the time the Director held office during the period

B - Number of meetings attended

INFORMATION ON SENIOR EXECUTIVES

Christopher Elmore Campbell Group Managing Director and Chief Executive Officer.
See Information on Directors.

Gabriela Del Carmen Rodriguez Naranjo Deputy Group Managing Director and Group Chief Operating Officer.
See Information on Directors.

REMUNERATION REPORT – AUDITED

Remuneration Policies

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Group Managing Director and Chief Executive Officer, Senior Executives and the 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 set to attract appropriately qualified and experienced directors and senior executives.

During the year, the members of the Remuneration Committee were Dr John Lewis Schlederer, Chiang Meng Heng and Christopher Elmore Campbell.

All executives receive a fixed base salary, which is based on factors such as market factors and experience, and superannuation (as required by law). Executives may sacrifice part of their salary towards superannuation.

The Company does not have an employee share option plan.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

Non-executive Directors' remuneration comprises fixed fees. 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 Group.

Directors and Senior Executives

Details of the Directors and Senior Executives holding office at any time during the financial year are set out on pages 8 to 10.

a. Remuneration

30 June 2019 Directors and Senior Executives	Short-term employee benefits			Post- employment benefits	Total
	Cash, salary and commissions	Bonus	Non-monetary benefits	Superannuation	
	\$000s	\$000s	\$000s	\$000s	
Dr John Lewis Schlederer	36	-	-	26	62
Christopher Elmore Campbell	422	-	-	28	450
Chiang Meng Heng	36	-	-	3	39
Gabriela Del Carmen Rodriguez Naranjo	261	-	-	25	286
Sartaj Hans	45	-	-	4	49
	800	-	-	86	886

30 June 2018 Directors and Senior Executives	Short-term employee benefits			Post- employment benefits	Total
	Cash, salary and commissions	Bonus	Non-monetary benefits	Superannuation	
	\$000s	\$000s	\$000s	\$000s	
Dr John Lewis Schlederer	30	-	-	25	55
Christopher Elmore Campbell	430	-	-	20	450
Chiang Meng Heng	32	-	-	3	35
Gabriela Del Carmen Rodriguez Naranjo	207	10	-	20	237
Sartaj Hans	40	-	-	4	44
	739	10	-	72	821

None of the remuneration paid to any Director or Senior Executive is tied to any specific performance condition.

b. Options issued as part of remuneration for the year ended 30 June 2019

The Group has no employee share plan. No options were granted as part of remuneration.

c. Employment contracts of Executives

The employment conditions of all executives are formalised in written contracts of employment. Generally, the employment contracts stipulate a one-month notice 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.

With respect to senior executives, Christopher Elmore Campbell has a fixed term contract of employment which expires on 31 December 2020, and Gabriela Del Carmen Rodriguez Naranjo has a fixed term contract of employment which expires on 31 December 2021.

AUDITORS' INDEPENDENCE DECLARATION

The Auditor's Independence Declaration for the year ended 30 June 2019 appears on page 13. It forms part of the Directors' Report for the year ended 30 June 2019.

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 by the external auditors, Pilot Partners, 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 auditors' 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.

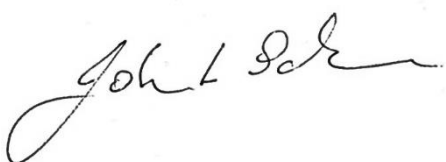
The following fees were paid or payable for non-audit services to the external auditors during the year ended 30 June 2019:

- | | | |
|---------------------|----------|------------------|
| • Taxation services | \$36,000 | (2018: \$66,000) |
| • Other services | \$27,000 | (2018: \$43,000) |

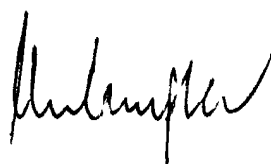
CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement and its Key to Disclosures, Corporate Governance Council Principles and Recommendations (ASX Appendix 4G) are provided to ASX together with the Company's Annual Report. The Corporate Governance Statement is on the Company's website: www.academies.edu.au

Signed in accordance with a resolution of the Board of Directors pursuant to section 298 (2)(a) of the Corporations Act 2001.



Dr John Lewis Schlederer
Director



Christopher Elmore Campbell
Director

28 August 2019



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

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 year ended 30 June 2019, there have been:

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

PILOT PARTNERS

Chartered Accountants

DANIEL GILL

Partner

Signed on 28 August 2019

Level 10
1 Eagle Street
Brisbane Qld 4000

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 \$000s	2018 \$000s
Revenue from services	2	66,056	61,120
Student acquisition and teaching costs	3	(29,191)	(26,522)
Gross profit		36,865	34,598
Personnel expenses	3	(14,067)	(14,303)
Premises expenses	3	(9,752)	(9,396)
Other administration expenses	3	(3,886)	(3,962)
		9,160	6,937
Restructure and non-recurring costs	3	(1,377)	(1,061)
		7,783	5,876
Realised gain on investments		-	1,527
Other income	2	143	53
Earnings before interest, depreciation and amortisation		7,926	7,456
Depreciation and amortisation expense		(1,119)	(1,005)
Loss on disposal of assets		-	(10)
Interest paid		(250)	(432)
Interest received		149	111
Profit before income tax		6,706	6,120
Income tax expense	4	(1,901)	(1,666)
Profit for the year		4,805	4,454
Other comprehensive income:			
Exchange differences on translating foreign controlled entities		39	13
Other comprehensive income for the year, net of tax		39	13
Total comprehensive income for the year		4,844	4,467
Profit attributable to:			
Owners of the parent entity		4,708	4,270
Non-controlling interests		97	184
		4,805	4,454
Total comprehensive income attributable to:			
Owners of the parent entity		4,747	4,283
Non-controlling interests		97	184
		4,844	4,467
Earnings per share (cents per share)			
Basic	7	3.67	3.30
Diluted	7	3.67	3.30
Dividends per share (cents)	8	2.37	2.00

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	2019 \$000s	2018 \$000s
Current Assets			
Cash and cash equivalents	9	14,996	12,968
Trade and other receivables	10	4,186	7,557
Other current assets	11	6,465	6,094
Total Current Assets		25,647	26,619
Non-Current Assets			
Trade and other receivables	10	1,772	2,180
Plant and equipment	13	6,026	6,717
Deferred tax assets	14	3,906	4,014
Intangible assets	15	32,850	32,973
Total Non-Current Assets		44,554	45,884
Total Assets		70,201	72,503
Current Liabilities			
Tuition fees in advance (Deferred income)	16	20,660	19,125
Trade and other payables	16	4,165	4,661
Current tax liabilities	4	534	2,367
Borrowings	17	-	1,069
Provisions	18	3,613	2,443
Total Current Liabilities		28,972	29,665
Non-Current Liabilities			
Borrowings	17	-	201
Provisions	18	3,996	5,779
Total Non-Current Liabilities		3,996	5,980
Total Liabilities		32,968	35,645
Net Assets		37,233	36,858
Equity			
Share capital	19a	42,066	43,515
Accumulated losses		(5,315)	(7,088)
Foreign currency translation reserve		107	68
Non-controlling interests		375	363
Total Equity		37,233	36,858

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2019

	Ordinary Shares	Share Option Reserve	Retained Profits	Reserves	Non - Controlling Interests	Total
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Year ended 30 June 2018	43,515	-	(7,088)	68	363	36,858
Profit for the period	-	-	4,708	-	97	4,805
Exchange differences on translating foreign operations	-	-	-	39	-	39
Total comprehensive income for the year	-	-	4,708	39	97	4,844
Share buy back and cancellation	(1,449)	-	-	-	-	(1,449)
Dividend paid	-	-	(2,935)	-	(85)	(3,020)
Balance at 30 June 2019	42,066	-	(5,315)	107	375	37,233
Year ended 30 June 2017	42,677	88	(8,748)	55	206	34,278
Profit for the period	-	-	4,270	-	184	4,454
Exchange differences on translating foreign operations	-	-	-	13	-	13
Total comprehensive income for the year	-	-	4,270	13	184	4,467
Issue share capital	750	-	-	-	-	750
Share option	88	(88)	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	(27)	(27)
Dividend paid	-	-	(2,610)	-	-	(2,610)
Balance at 30 June 2018	43,515	-	(7,088)	68	363	36,858

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	2019 \$000s	2018 \$000s
Cash Flows from Operating Activities			
Receipts from customers		70,027	63,327
Payments to suppliers and employees		(58,307)	(58,339)
Dividend received		-	48
Interest received		149	111
Finance costs		(250)	(432)
Income taxes paid		(3,626)	(981)
Net cash provided by (used in) operating activities	23a	7,993	3,734
Cash Flows from Investing Activities			
Proceeds from sale of plant & equipment		2	-
Purchase of plant & equipment		(280)	(429)
Proceeds from sale of investment		-	4,581
Net cash on acquisition/disposal of subsidiaries		-	819
Net cash provided by (used in) investing activities		(278)	4,971
Cash Flows from Financing Activities			
Dividends paid		(2,968)	(2,610)
Repayment of borrowings		(1,270)	(3,497)
Proceeds from share issue		-	750
Payment for share buy back		(1,449)	-
Net cash provided by (used in) financing activities		(5,687)	(5,357)
Net increase in cash held		2,028	3,348
Net cash at the beginning of the financial year		12,968	9,620
Net cash at the end of the financial year	9	14,996	12,968

The accompanying notes form part of these financial statements.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This 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 (AASB) and the *Corporations Act 2001*.

The financial report includes the consolidated financial statements of Academies Australasia Group Limited and controlled entities (the Group). Details of the parent entity can be found in Note 27.

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 which 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.

The financial statements were authorised for adoption on 28 August 2019.

New, revised or amending Accounting Standards and Interpretations

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

AASB 9: Financial Instruments (applicable to annual reporting periods beginning on or after 1 January 2019).

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification of financial assets under AASB 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates or re-names the previous AASB 139 categories of held to maturity, loans and receivables and available for sale.

The Group performed a detailed assessment of the impact of the application of AASB 9 on its financial statements. Apart from the application of the expected credit loss impairment model, there are no deviations in the current classification of financial assets as they are in line with AASB 9. There is also no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table presents the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of the Group's financial assets and financial liabilities as at 1 July 2018. Any change in the allowance for impairment over these receivables were also assessed.

Classification and measurement of financial assets and financial liabilities (\$000's) (1 July 2018)

Financial assets	Note	Original classification under AASB 139	New classification under AASB 9	Original carrying amount under AASB 139	New carrying amount under AASB 9
Cash and cash Equivalents	9	Loans and receivables	Amortised Cost	12,968	12,968
Trade and other receivables	10	Loans and receivables	Amortised Cost	7,150	7,150
Contract assets	11	Loans and receivables	Amortised Cost	2,140	2,140
Total financial assets				22,258	22,258
Financial liabilities					
Trade and other payables	16	Other financial liabilities	Amortised Cost	(4,661)	(4,661)
Borrowings	17	Other financial liabilities	Amortised Cost	(1,270)	(1,270)
Total financial liabilities				(5,931)	(5,931)
Allowance for expected credit losses				(588)	(588)

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: 'Property, Plant and Equipment' in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

During the course of the year work has been completed to quantify the impact of the change.

Based on the current leases held in the portfolio, and which will continue to be held by the Group at the date of application of the standard, the Group has initially estimated the following impact on the financial statements for the year ended 30 June 2020.

Consolidated Statement of Financial Position (\$000's) (1 July 2019)

	DR	CR
Increase in Right of Use Assets	18,012	
Increase in Lease Liabilities (Current)		3,539
Increase in Lease Liabilities (Non- Current)		20,709
Decrease of Lease Incentives Recognised	2,713	
Increase in Deferred Tax Asset	1,870	
Cumulative Impact on Retrospective Application of Standard to Opening Retained Earnings	1,653	

Consolidated Statement of Comprehensive Income (\$000's) (30 June 2020)

	DR	CR
Increase in Depreciation Expense	4,267	
Increase in Interest Expense	1,712	
Decrease in Premises Expenses		5,674
Profit Before Tax Increase / (Reduction)	(305)	

Bases of preparation

The financial report has been prepared on the accruals basis and is based on historical costs, modified by the revaluation of certain 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 Instrument 2016/191.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 its 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 12.

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.

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 acquisition method, unless it is a combination involving entities or businesses under common control. The business combination is 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.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 information on the determination of impairment losses.

e. Financial instruments

Recognition and Initial Measurement

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets – Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the amount of the consideration received and receivable is recognised in profit and loss.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Fair value

Fair value is the price the Group would receive to sell an asset in an orderly transaction between independent, knowledgeable and willing parties at measurement date. There are no financial assets or liabilities carried at 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 15: 'Revenue from Contracts with Customers'. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 15.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

f. 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 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.

g. Leasehold improvements and 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.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. 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 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 – 67%
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.

i. 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.

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.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Goodwill (continued)

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 assets (*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 determined 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.

j. 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. The period of amortisation is up to 5 years.

k. 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 and other receivables and contract assets are reviewed on an ongoing basis. Debts are written off when they are known to be uncollectible. An allowance for expected credit losses 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. The Group also applies the AASB 9 simplified model of recognising lifetime expected credit losses for receivables as these items do not have a significant financing component. An expected credit loss allowance is recognised for the total expected loss from possible default events that may arise over the expected life of the financial asset.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Impairment of assets (continued)

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

The Group has applied the expected credit loss model based on lifetime expected loss allowance for contract assets.

l. 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.

m. 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.

n. 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.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Revenue

With effect from 1 July 2014, the consolidated entity early-adopted the new Accounting Standard AASB 15 '*Revenue from Contracts with Customers*'. This Standard applies to annual reporting periods beginning on or after 1 January 2017 and it may be applied to annual reporting periods beginning on or after 1 January 2015.

The consolidated entity, in adopting the new AASB 15, changed its basis for recognising income in accordance with that standard. The change followed analysis of the Group's contracts with its customers, the rights and obligations emanating from those contracts and the possible risks associated with receiving payments for revenue generating contractual services provided by the Group. In making its assessments, the Group formed its opinion for the appropriate accounting based on its business judgement and careful consideration of the customer contract.

Each contract was broken down into performance obligations and revenue to be recognised as those performance obligations are completed.

Revenue is recognised over the period of tuition, upon completion of specific performance obligations of each of the contracts. No revenue is recognised prior to a student commencing the tuition phase of delivery. As all student contracts are for the provision of tuition, income for tuition is recognised as training is provided. Payment terms vary from contract to contract but in most cases, cash is received prior to the performance obligation being delivered. International students in particular are required to pay some level of tuition in advance. Monies received in advance are held as unearned income and recognised as revenue as the performance obligations are satisfied. Generally, the Group's obligations in respect of refunds cease after the course commences.

Revenue derived from the provision of education services is measured at the fair value of consideration received or receivable to the extent that economic benefits will flow to the Group and the revenue can be reliably measured.

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).

p. 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.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. 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 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.

r. 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.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. 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.

t. Comparative figures

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

u. 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 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 15. No impairment has been recognised in respect of goodwill for the year ended 30 June 2019.

Key Estimates – Revenue

The extent to which performance obligations have been satisfied in respect of revenue is estimated as per the revenue policy (Note 1(o)).

Key Estimates- Recoverability of Receivables

The extent to which receivables are recoverable is used in estimating any allowance for expected credit losses.

Factors considered include:

- the aging profile of receivables;
- the recognition of a corresponding deferred income liability;
- the nature of the debtor (e.g. government, business or individual);
- subsequent recovery of the receivable after date; and
- prior history.

v. 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; and
- for which discrete financial information is available.

The Company has only one operating segment: Education.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	2019 \$000s	2018 \$000s
2. REVENUE		
Operating activities		
Revenue from services	66,056	61,120
Non-operating activities		
Rent received	143	5
Dividend received	-	48
	143	53
3. PROFIT FOR THE YEAR		
Student acquisition and teaching costs		
- Teaching costs	15,712	14,260
- Acquisition costs	10,850	10,118
- Teaching materials	2,629	2,144
	29,191	26,522
Personnel costs		
- Wages and Salaries	11,560	11,443
- Superannuation	1,159	1,204
- Payroll Tax	813	786
- Other	535	870
	14,067	14,303
Premises		
- Rental	8,547	8,270
- Electricity	338	336
- Cleaning	496	462
- Other	371	328
	9,752	9,396
Other administration expenses		
- Other administration expenses	3,881	3,897
- Bad and doubtful debts	5	65
	3,886	3,962
Restructure and non-recurring costs		
- Costs of personnel now retrenched, including redundancies	136	540
- Costs of premises now vacated, including make-good payments	-	8
- Provision for impairment of receivables	1,241	513
	1,377	1,061

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	2019 \$000s	2018 \$000s
4. INCOME TAX EXPENSES		
a. The components of tax expense comprise:		
Current tax	(1,793)	(2,727)
Deferred tax	(108)	1,061
	(1,901)	(1,666)
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%	2,012	1,836
Add/(less):		
Tax effect of:		
Permanent differences	(47)	(58)
Assumption of tax balances of controlled entities	(64)	(112)
Income tax expense attributable to the entity	1,901	1,666
The effective tax rate is 28.3% (2018: 27.2%)		
c. Current tax payable for the year reconciles as follows:		
Opening provision	2,367	621
Add: Current year provision	1,793	2,727
Less: Tax paid	(3,626)	(981)
Closing provision	534	2,367

5. DIRECTORS AND SENIOR EXECUTIVES COMPENSATION

- a. Details of Directors and Senior Executives, including remuneration, have been set out on pages 8 to 10.
- b. Shareholdings
- Number of shares in the Company held by Senior Executives and parties related to them:

Shareholdings: Executive Directors and Senior Executives	Balance 1 July 2018	Purchased on ASX	Balance 30 June 2019
Christopher Elmore Campbell	16,815,195	934,805	17,750,000
Gabriela Del Carmen Rodriguez Naranjo	80,549	-	80,549

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	2019 \$000s	2018 \$000s
6. AUDITORS' REMUNERATION		
Remuneration of the auditors of the parent entity for:		
- Auditing and reviewing the financial report	307	260
- Taxation services	36	66
- Other services	27	43
	370	369

Remuneration of other auditors of subsidiaries for:		
- Auditing and reviewing the financial report	39	34
- Taxation services	10	1
- Other services	-	-
	49	35

7. EARNINGS PER SHARE

Basic (cents per share)	3.67	3.30
Diluted (cents per share)	3.67	3.30
Weighted average number of ordinary shares used in calculation of basic earnings per share	128,215,561	129,233,531

The earnings amount used was \$4,708,000 (2018: \$4,270,000), being profit on ordinary activities after tax attributable to owners of the parent entity.

8. DIVIDENDS

Distributions recognised:

Year ended 30 June 2019: interim ordinary dividend of 1.3 cent per share, fully franked (2018: 1.5 cents per share, which included a one-off special dividend of 1.0 cent)	1,659	1,976
Year ended 30 June 2018: final ordinary dividend of 1.0 cent per share, fully franked, paid in 2019 (2018: 0.5 cents)	1,276	634
	2,935	2,610

Dividends proposed or declared but not recognised in the financial statements:

Proposed fully franked ordinary dividend of 2.37 cent per share (2018: fully franked 1.0 cents)	3,024	1,276
Balance of franking account at year end adjusted for franking credits arising from payment of income tax	4,951	2,787

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	2019 \$000s	2018 \$000s
9. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	14,996	12,968

There is no overdraft balance at 30 June 2019 (2018: NIL) (Note 17). The net cash position is \$14,996,000 (2018: \$12,968,000)

Included in the above amounts are tuition fees held in TPS accounts in Australia.

As at 30 June 2019, the Group held \$12,019,000 (2018: \$8,502,000) in TPS accounts.

(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 required to maintain, in Australia, separate bank accounts (TPS accounts) for prepaid fees received from international students prior to commencement of their course. Once the students commence their course, the funds may be transferred from the TPS accounts to operating cash reserves. At all times, the Group must ensure that there are sufficient funds in the TPS accounts to repay any prepaid tuition fees to international students who have not yet commenced their course. Fees paid by students who have commenced their course are deposited directly to operating cash reserves. All fees received, whether deposited to TPS or Group cash reserves are initially accounted for as unearned income, being subject to the Group's revenue recognition policy).

10. TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	3,435	6,682
Less allowance for expected credit losses	(96)	(588)
	3,339	6,094
Other receivables	440	1,056
Lease incentives	407	407
	4,186	7,557

NON-CURRENT

Lease incentives	1,772	2,180
	1,772	2,180

TOTAL

Trade receivables	3,435	6,682
Less allowance for expected credit losses	(96)	(588)
	3,339	6,094
Other receivables	440	1,056
Lease incentives	2,179	2,587
	5,958	9,737

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	2019	2018
	\$000s	\$000s
10. TRADE AND OTHER RECEIVABLES (continued)		
a. The ageing analysis of trade receivables is as follows:		
0 -30 days	1,562	1,377
31- 60 days – not impaired *	559	651
61- 90 days – not impaired *	221	448
Over 90 days – not impaired *	997	3,618
Past due and impaired	96	588
	3,435	6,682
* 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 Group has an exposure to credit risk in Singapore and Australia given the Group’s operations in those countries. For FY19, an amount of \$146,000 is included in trade and other receivables in respect of the business operations in Singapore. All other receivables of the Group are exposures in Australia.		
c. Allowance for expected credit losses at the start of the year	588	104
Movement in expected credit losses	(442)	484
Allowance for expected credit losses at the end of the year	96	588
d. The following factors were considered when assessing credit losses, receivables and contract assets:		
i. A detailed review was performed during the year and significant credit losses were recognised as impairments (Note 3)		
ii. Risk of non-recovery for a significant portion of receivables and contract assets is offset by a corresponding deferred revenue liability (Note 16)		
iii. Government debtors are assessed as low risk		
iv. Significant amounts of debtors were recovered after the year end		
v. Other than SPT, historical levels of bad debts have been low		
Allowance for expected credit losses	\$000s	
Trade receivables	3,435	
Contract assets	3,021	
Sub-total	6,456	
Corresponding amounts included in deferred income liabilities	(1,857)	
Colleges at which credit losses have already been written off	(1,104)	
Lower risk government debtors	(2,327)	
Sub- total	1,168	
Allowance for credit losses	(96)	
Credit Loss %	8%	

11. OTHER ASSETS

CURRENT		
Contract assets	3,021	2,140
Prepayments	2,932	3,482
Security deposits	512	472
	6,465	6,094

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

12. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned/Controlled	
		2019	2018
Academies Australasia Group Limited (Ultimate Parent Entity)			
Subsidiaries (controlled directly or indirectly)			
ACA Investment Holdings Pte. Limited	Singapore	100	100
Academies Australasia (Management) Pty Limited	Australia	100	100
Academies Australasia College Pte. Limited	Singapore	100	100
Academies Australasia Institute Pty Limited	Australia	100	100
Academies Australasia Polytechnic Pty Limited	Australia	100	100
Academies Australasia Pty Limited	Australia	100	100
Academy of English Pty Limited	Australia	100	100
AKG Investment Holdings Pty Limited	Australia	100	100
AKG2 Investment Holdings Pty Limited	Australia	100	100
AKG3 Investment Holdings Pty Limited	Australia	100	100
AKG4 Investment Holdings Pty Limited	Australia	100	100
AKG5 Investment Holdings Pty Limited	Australia	100	100
AKG6 Investment Holdings Pty Limited	Australia	100	100
AKG7 Investment Holdings Pty Limited	Australia	100	100
AMC Training Pty Limited	Australia	100	100
AMI Education Pty Limited	Australia	100	100
Australian College of Technology 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 Trades Institute Pty Limited	Australia	100	100
Benchmark Resources Pty Limited T/A Benchmark College	Australia	100	100
Centre for Australian Education Pte. Limited	Singapore	100	100
Clarendon Business College Pty Limited	Australia	100	100
Academies Australasia Hair and Beauty T/A Brisbane School of Hairdressing, Gold Coast School of Hairdressing, Brisbane School of Beauty and Brisbane School of Barbering	Australia	100	100
CLB Training & Development Pty Limited as trustee for the CLB Unit Trust T/A Spectra Training	Australia	100	100
Discover English Pty Limited	Australia	100	100
International College of Capoeira Pty Limited T/A College of Sports & Fitness	Australia	67.54	67.54
Humanagement Pty Limited T/A Print Training Australia	Australia	100	100
Kreate Pty Limited T/A RuralBiz Training	Australia	75	75
Language Links International Pty Limited	Australia	75	75
Live. Laugh. Learn. Pty Limited	Australia	100	100
Newco CLB Training & Development Pty Limited	Australia	100	100
Skilled Placements Pty Limited	Australia	100	100
Supreme Business College Pty Limited	Australia	100	100
Transformations – Pathways to Competence and Developing Excellence Pty Limited T/A Skills Training Australia	Australia	100	100
Vostro Institute of Training Australia Pty Limited	Australia	100	100

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	2019 \$000s	2018 \$000s
13. PLANT AND EQUIPMENT		
Plant and equipment		
At cost	6,131	5,556
Accumulated depreciation	(4,591)	(3,924)
	1,540	1,632
Leasehold improvements		
At cost	8,769	8,718
Accumulated amortisation	(4,283)	(3,756)
	4,486	4,962
Leased plant and equipment		
Capitalised leased assets	-	379
Accumulated depreciation	-	(256)
	-	123
Total plant & equipment	6,026	6,717

	Plant and equipment \$000s	Leasehold improvements \$000s	Leased plant and equipment \$000s	Total \$000s
Year ended 30 June 2019				
Balance at the beginning of the year	1,632	4,962	123	6,717
Additions	181	25	-	206
Disposals	(2)	-	-	(2)
Transfers between categories	123	-	(123)	-
Depreciation expense	(397)	(526)	-	(923)
Net foreign currency difference arising on translation of financial statements of foreign operations	3	25	-	28
Carrying amount at the end of the year	1,540	4,486	-	6,026

Year ended 30 June 2018

Balance at the beginning of the year	1,785	5,285	89	7,159
Additions	247	75	90	412
Disposals	(10)	-	-	(10)
Depreciation expense	(392)	(405)	(56)	(853)
Net foreign currency difference arising on translation of financial statements of foreign operations	2	7	-	9
Carrying amount at the end of the year	1,632	4,962	123	6,717

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

14. DEFERRED TAX ASSETS / LIABILITIES

	2019 \$000s	2018 \$000s
--	----------------	----------------

Deferred Tax Asset	3,906	4,014
--------------------	-------	-------

The deferred tax asset is made up of the following estimated tax benefits:

Temporary differences:

- deferred tax assets	4,724	4,962
- deferred tax liabilities	(818)	(948)
	3,906	4,014

	Opening Balance \$000s	Charged To Income \$000s	Closing Balance \$000s
Deferred Tax Assets			
Provisions	1,041	(62)	979
Unearned income	3,224	(177)	3,047
Other	697	1	698
	4,962	(238)	4,724
Deferred Tax Liabilities			
Plant & equipment	(537)	346	(191)
Prepayments and other	(411)	(216)	(627)
	(948)	130	(818)
Total	4,014	(108)	3,906

	2019 \$000s	2018 \$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 1(q) occur:		
Tax (operating) losses	389	398

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	2019 \$000s	2018 \$000s
15. INTANGIBLE ASSETS		
Goodwill at cost	32,758	32,753
Accumulated impairment losses	(382)	(382)
Net carrying value	32,376	32,371
Course development costs	2,175	2,099
Accumulated amortisation	(1,736)	(1,540)
Net carrying value	439	559
Other at cost	35	43
	32,850	32,973

	Goodwill \$000s	Course Development Costs \$000s	Other \$000s	Total \$000s
Year ended 30 June 2019				
Balance at the beginning of the year	32,371	559	43	32,973
Foreign exchange AAC	5	-	-	5
Rebranding costs amortisation	-	-	(8)	(8)
Course development costs acquisition	-	76	-	76
Course development costs amortisation	-	(196)	-	(196)
Balance at the end of the year	32,376	439	35	32,850
Year ended 30 June 2018				
Balance at the beginning of the year	32,312	604	50	32,966
Foreign exchange AAC	4	-	-	4
Rebranding costs amortisation	-	-	(7)	(7)
Acquisition additional 16.54% CSF	55	-	-	55
Course development costs acquisition	-	107	-	107
Course development costs amortisation	-	(152)	-	(152)
Balance at the end of the year	32,371	559	43	32,973

Goodwill is assessed by management at the cash generating unit level. The recoverable amount of the cash-generating unit is determined based on a value in use calculation using cash flow projections covering five years. Cash flows beyond the five year period are estimated using a terminal value calculated under standard valuation principles incorporating a long term growth rate.

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

Revenue Growth	EBITDA Margin	Pre-tax Discount Rate	Long Term Growth Rate
2.5%	10.8%	9.6%	2.0%

An impairment would be triggered based on changing any one of the key assumptions (with all other assumptions held constant) as set out below:

- Revenue growth rate to be minus 21.4%.
- Pre-tax discount rate exceeding 39.9%.
- EBITDA margin of less than 5.9%.
- Long term growth rate to be minus 14.0%.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	Note	2019 \$000s	2018 \$000s
16. TRADE AND OTHER PAYABLES			
CURRENT			
<u>Unsecured Liabilities</u>			
Tuition fees in advance (Deferred income)		20,660	19,125
Trade payables		425	551
Sundry payables and accrued expenses		3,740	4,110
		24,825	23,786

17. BORROWINGS

CURRENT

Secured Liabilities – Interest Bearing

Cash Advance Facilities	17a	-	1,000
Lease purchase	17a	-	69
		-	1,069

NON-CURRENT

Secured Liabilities – Interest Bearing

Cash Advance Facilities	17a	-	123
Lease purchase	17a	-	78
		-	201

a. Total current and non-current secured liabilities:

Cash Advance Facilities	26	-	1,123
Lease purchase	20, 26	-	147
		-	1,270

b. The carrying amounts of non-current assets pledged as security are:

Floating charge over assets		44,469	45,270
Plant and equipment		-	123
		44,469	45,393

c. The cash advance facilities are secured by a floating charge over the assets of the parent entity and its wholly owned subsidiaries (other than those in Note 21).

The major bank facilities comprise Bank overdraft, Cash Advance Facilities and Bank Guarantees.

Interest rates are variable and subject to adjustment.

The Group's utilisation of bank facilities as at 30 June 2019 is shown in Note 23b.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

	2019 \$000s	2018 \$000s
18. PROVISIONS		
CURRENT		
Employee entitlements	2,749	1,579
Lease incentives	864	864
	3,613	2,443
NON-CURRENT		
Employee entitlements	423	1,343
Lease incentives	3,573	4,436
	3,996	5,779
TOTAL		
Employee entitlements	3,172	2,922
Lease incentives	4,437	5,300
	7,609	8,222

	2019 Share number	2019 \$000s	2018 Share number	2018 \$000s
19. SHARE CAPITAL				
Issued Share Capital				
Ordinary shares fully paid	127,614,467	42,066	131,754,079	43,515
Ordinary share capital				
Balance at the beginning of the financial year	131,754,079	43,515	126,754,079	42,677
Buy back and cancellation of 4,139,612 shares	(4,139,612)	(1,449)	-	-
Exercise of 5,000,000 options over unissued shares	-	-	5,000,000	838
Balance at the end of the financial year	127,614,467	42,066	131,754,079	43,515

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

19. SHARE CAPITAL (continued)

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 an acceptable 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 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.

	Note	2019 \$000s	2018 \$000s
20. LEASING COMMITMENTS			

Lease purchase commitments

Payable – minimum lease payments

Not later than one year		-	77
Later than one year but not later than five years		-	85
Minimum lease payments		-	162
Less future finance charges		-	(15)
Present value of minimum lease payments	17a	-	147

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 Group.

Operating Lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Not later than one year	7,354	6,231
Later than one year but not later than five years	20,862	16,251
Later than five years	24,652	15,760
	52,868	38,242

The Group leases property under operating leases expiring from 1 year to 11 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. Lease incentives have been recognised in accordance with the Group's accounting policies.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

21. CONTINGENT LIABILITIES

Contingent Liabilities

Corporate Guarantee

There is a corporate guarantee between wholly-owned Group companies as security for bank facilities in effect during the year. This guarantee does not include:

Academies Australasia College Pte. Limited
Academies Australasia Hair and Beauty Pty Limited
AKG6 Investment Holdings Pty Limited
AMC Training Pty Limited
Centre for Australian Education Pte. Limited
Humanagement Pty Limited
International College of Capoeira Pty Limited
Kreate Pty Limited
Language Links International Pty Limited

22. SEGMENT REPORTING

Business segments

The Company has determined that it has only one operating segment: Education.

Geographical information

The Group operates in Australia and Singapore. The revenues and non-current assets of the Group for the year ended 30 June 2019 are as follows:

	\$000s	\$000s
Geographic Location	Australia	Singapore
Revenues from External Customers	61,630	4,426
Non-current assets	44,225	329

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

2019
\$000s

2018
\$000s

23. CASH FLOW INFORMATION

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

Profit after income tax	4,805	4,454
Non-cash flows in profit		
Amortisation	722	448
Depreciation	397	557
Net loss on disposal of plant and equipment	-	10
Write-downs to recoverable amounts	1,245	578
Realised gain on investments	-	(1,527)
Unrealised foreign exchange movement	6	(1)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	2,503	1,286
(Increase)/decrease in other current assets	(341)	753
(Increase)/decrease in intangibles	7	7
(Increase)/decrease in deferred tax assets	107	(1,061)
Increase/(decrease) in trade and other payables	987	(3,048)
Increase/(decrease) in tax payables	(1,832)	1,746
Increase/(decrease) in provisions	(613)	(468)
Cash flow from operations	7,993	3,734

b. Borrowing arrangements with banks

Total Facilities

Cash advance facilities available	-	1,373
Amount utilised	-	(1,123)
	-	250
Overdraft facility available	1,000	1,000
Amount utilised	-	-
	1,000	1,000

The major facility is the bank overdraft.

Bank overdraft

Bank overdraft facilities are arranged with the general terms and conditions. Interest rates are variable and subject to adjustment.

The bank overdraft, asset finance and commercial card facilities are due for review on 21 September 2019. There was nothing outstanding in respect to these facilities at 30 June 2019.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

24. EVENTS AFTER THE BALANCE SHEET DATE

There were no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

25. RELATED PARTY TRANSACTIONS

Directors' transactions with the Company and the Group

Details of Directors' remuneration are set out in the Remuneration Report on pages 10 and 11. Directors are reimbursed for expenses incurred by them on behalf of the Group.

Directors' and specified executives' relevant interests in shares

See Directors' Report on pages 8, 9 and 32.

Other related party transactions

Transactions between the Company and controlled entities comprise loans, management fees and interest and are eliminated on consolidation.

26. FINANCIAL INSTRUMENTS

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 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.

ii. Financial Risks

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

Foreign currency risk

The 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 Group had not hedged foreign currency transactions as at 30 June 2019. Senior management continues to evaluate this risk on an ongoing basis.

Liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained, where possible.

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

26. FINANCIAL INSTRUMENTS (continued)

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.

Interest rate risk

The interest rate risk has been managed by the Group by reducing and in most cases eliminating interest bearing debt. The 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	Fixed interest maturing in: 1 to 5 years	Non- Interest bearing	Total
			\$000s	\$000s	\$000s	\$000s	\$000s
Year ended 30 June 2019							
<i>Financial assets</i>							
Cash and cash equivalents	9	1.03%	14,996	-	-	-	14,996
Trade and other receivables	10		-	-	-	3,779	3,779
Contract assets	11		-	-	-	3,021	3,021
			14,996	-	-	6,800	21,796
<i>Financial liabilities</i>							
Trade and other payables	16		-	-	-	4,165	4,165
			-	-	-	4,165	4,165
Year ended 30 June 2018							
<i>Financial assets</i>							
Cash and cash equivalents	9	0.95%	12,968	-	-	-	12,968
Trade and other receivables	10		-	-	-	7,150	7,150
Contract assets	11		-	-	-	2,140	2,140
			12,968	-	-	9,290	22,258
<i>Financial liabilities</i>							
Trade and other payables	16		-	-	-	4,661	4,661
Bank bills	17	3.66%	-	1,000	123	-	1,123
Lease purchase agreements	17	7.54%	-	69	78	-	147
			-	1,069	201	4,661	5,931

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

26. FINANCIAL INSTRUMENTS (continued)

iii. Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate their net fair value.

iv. 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 \$'000	Equity \$'000
2019		
+/- 2% in interest rates	277	277

27. PARENT INFORMATION

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

	2019 \$000s	2018 \$000s
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	35,534	37,817
Non-current assets	4,848	5,012
Total Assets	40,382	42,829
Liabilities		
Current Liabilities	2,127	2,618
Non-current liabilities	22	949
Total Liabilities	2,149	3,567
Equity		
Share capital	42,066	43,515
Retained earnings	(3,833)	(4,253)
Total Equity	38,233	39,262
STATEMENT OF COMPREHENSIVE INCOME		
Total profit	3,355	3,571
Total comprehensive income	3,355	3,571

ACADEMIES AUSTRALASIA GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2019

28. COMPANY DETAILS

The registered office and principal place of business of Academies Australasia Group Limited is:

Level 6, 505 George Street
Sydney NSW 2000
Australia

Principal places of business of AKG colleges:

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

Gold Coast School of Hairdressing
Pivotal Point Tower
3/2 Nerang Street
Southport, QLD 4215

VICTORIA

Academies Australasia Polytechnic
Spectra Training
Vostro Institute
Level 7, 628 Bourke Street
Melbourne, VIC 3000

Discover English
247 Collins Street, Melbourne, VIC 3000

Skills Training Australia
Level 2, 2 Capital City Boulevard
Knox Ozone, Wantirna, South VIC 3152

SOUTH AUSTRALIA

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

WESTERN AUSTRALIA

Language Links
120 Roe Street, Perth, WA 6003

SINGAPORE

Academies Australasia College
45 Middle Road, Singapore 1889954

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
DIRECTORS DECLARATION**

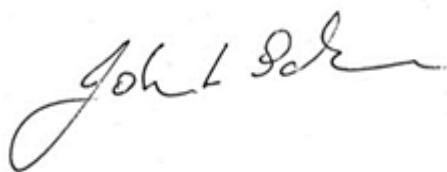
The Directors of the Company declare that:

1. the financial statements and notes, set out on pages 14 to 48, 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 2019 and of the performance for the year ended on that date of the Company and consolidated group;
2. The Chief Executive Officer and Group Finance Manager 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.

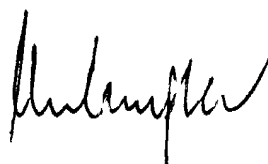
The Company and wholly-owned subsidiaries identified in Note 12, but excluding those in Note 21, have entered into a deed of cross guarantee under which the Company and its subsidiaries guarantee the debts of each other.

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

28 August 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACADEMIES AUSTRALASIA GROUP LIMITED

OPINION

We have audited the financial report of Academies Australasia Group Limited ("the Company" and its subsidiaries ("the Group")), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reason for significance	How our audit addressed the matter
<i>Risk of impairment of goodwill and intangible assets</i>	
Goodwill and intangible assets comprise a significant portion of the Groups total assets. The impairment assessment made by the Group over its goodwill and intangible assets relies upon significant judgements in respect of factors such as forecast cash flows, growth rates and economic and operational assumptions.	Our audit considered whether the methodology and principles applied by the Group in their discounted cash flow model met the requirements of AASB 136 <i>Impairment of Assets</i>. Using our understanding of the nature of the Group's business and the environment which it operates in, we assessed and tested the assumptions and methodologies used in the Group's discounted cash flow model. In doing so: (a) We assessed the basis for the Group's expected future performance, including consideration of historical performance; (b) We compared the discount rate to available external data; (c) We assessed growth rates against recent historical rates performance; (d) We assessed the basis for terminal values and long-term growth rates against generally-accepted techniques and relevant external data; (e) We performed sensitivity analysis and evaluated whether a reasonable change in assumptions could cause the carrying amount of the CGU to exceed its recoverable amount; and

	(f) We also considered the adequacy of the financial report disclosures in regard to those assumptions.
Risk of non-recoverability of receivables	
Trade and Other Receivables are a significant balance on the Statement of Financial Position of the Group. The recovery of Trade and Other Receivables has a significant impact on the group's operating cash flows and financial performance. The assessment of impairment risk requires judgement and any allowance for credit losses depends upon estimation techniques. The adoption of a new accounting standard, AASB 9 <i>Financial Instruments</i>, imposes significant new obligations on the Group which are mandatory for the first time in the year ended 30 June 2019.	Our audit considered whether the methodology and principles applied by the Group to their trade and other receivables met the requirements of AASB 9 <i>Financial Instruments</i>. Our work comprised risk assessment, sampling and selection techniques, substantiation of amounts, data analysis and other analytical procedures, including the following: (a) reviewing the aged analysis of the Group's receivables (b) making enquiries of any older amounts and assessing the reasonability of explanations provided; (c) reviewing the methods and policies applied by the Group during the year to assess and write off amounts believed non-recoverable; (d) verifying the recovery of receivables by examining cash receipts after the year end; (e) applying data analytic techniques to relevant databases to identify if there were anomalies or inconsistencies which might indicate recoverability risk; (f) using analytical procedures to identify any unusual or unexpected fluctuations in the relevant balances and further enquiries made and

	corroborations obtained as relevant; (g) reviewing historical recovery rates for receivables and incidence of bad debts to provide a basis for the assessment of current recovery risk; (h) assessing the adequacy of any recognised bad debts and allowance for credit losses given the risk assessment and the audit evidence obtained; and (i) considering the adequacy of disclosures under AASB 9 <i>Financial Instruments</i> with particular regard to trade and other receivables.
--	--



OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 11 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Academies Australasia Group Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PILOT PARTNERS
Chartered Accountants

DANIEL GILL
Partner

Signed on 28 August 2019

Level 10
1 Eagle Street
Brisbane Qld 4000

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
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 27 August 2019 were:

<u>Shareholder</u>	<u>No. of Shares Held</u>	<u>%</u>
Mr Chiang Meng Heng ^a	51,185,961	40.11
Mr Christopher Elmore Campbell ^b	17,750,000	13.91
Andrew Low ^c	17,151,981	13.44
Jilcy Pty Ltd <Jilcy Super Fund A/C>	16,000,000	12.54
Dr John Lewis Schlederer ^d	8,600,000	6.74
Eng Kim Low	7,648,232	5.99

^a Includes 7,648,232 shares held by Eng Kim Low

^b Includes 16,000,000 shares held by Jilcy Pty Ltd <Jilcy Super Fund A/C> and 1,400,000 shares held by Bankura Pty Ltd <Campbell Family Trust A/C>

^c Includes 4,825,000 shares held by Paris Pushkin Pty Ltd <Paris A/C>

^d 5,900,000 shares held by J&B Schlederer Pty Ltd <J&B Schlederer Super A/C> and 2,700,000 shares held by Schlederer Nominees Pty Ltd <JLS Family A/C>

VOTING RIGHTS

Ordinary Shares

At 27 August 2019 there were 416 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 constitution, 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."

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

20 LARGEST SHAREHOLDERS AS AT 27 AUGUST 2019

	<u>Registered Name</u>	<u>No. Shares</u>	<u>%</u>
1	Mr Chiang Meng Heng	43,537,729	34.12
2	Jilcy Pty Ltd <Jilcy Super Fund A/C>	16,000,000	12.54
3	Andrew Low	12,326,981	9.66
4	Eng Kim Low	7,648,232	5.99
5	J&B Schlederer Pty Ltd <J&B Schlederer Super A/C>	5,900,000	4.62
6	National Nominees Limited	5,165,004	4.05
7	Paris Pushkin Pty Ltd <Paris A/C>	4,825,000	3.78
8	Stormont Investments Pty Limited <Cobbledick Family A/C>	2,828,045	2.22
9	Schlederer Nominees Pty Ltd <JLS Family A/C>	2,700,000	2.12
10	Sargoda Pty Ltd <Birdeep Family A/C>	2,668,525	2.09
11	Kin Group Pty Limited	2,595,514	2.03
12	Cheeky Boys Pty Ltd<Meharnehhaal Super A/C>	1,556,106	1.22
13	Bankura Pty Ltd <Campbell Family Trust A/C>	1,400,000	1.10
14	Citicorp Nominees Pty Limited	1,276,298	1.00
15	Salvage Pty Ltd	1,178,351	0.92
16	MK & MP Investments Pty Ltd <M&M Super Fund A/C>	677,135	0.53
17	Mr Sartaj Hans	675,595	0.53
18	Mrs Gail Leslie Storey	634,335	0.50
19	Mr Nicholas William Marlin	513,000	0.40
20	Mr Daniel Hing Yuen Wong <Jehovah Jireh Family A/C>	427,631	0.34
		<u>114,533,481</u>	<u>89.75</u>

HOLDING RANGE (SHAREHOLDERS) AS AT 27 AUGUST 2019

<u>Range</u>	<u>No. Holders</u>	<u>Total No. Shares</u>	<u>%</u>
1 - 1,000	58	34,693	0.03
1,001 - 5,000	125	349,406	0.27
5,001 - 10,000	53	421,170	0.33
10,001 - 100,000	121	4,797,385	3.76
100,001 +	59	122,011,813	95.61
	<u>416</u>	<u>127,614,467</u>	<u>100.00</u>

UNMARKETABLE PARCELS AS 27 AUGUST 2019

	<u>Minimum Parcel Size</u>	<u>No. Holders</u>	<u>Units</u>
Minimum \$500 parcel at \$0.52 per unit	962	41	17,711

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

CORPORATE INFORMATION

DIRECTORS

Dr John Lewis Schlederer

Christopher Elmore Campbell

Chiang Meng Heng

Gabriela Del Carmen Rodriguez Naranjo

Sartaj Hans

**COMPANY
SECRETARIES**

Stephanie Noble

Gabriela Del Carmen Rodriguez Naranjo

REGISTERED OFFICE

Academies Australasia Group Limited
Level 6, 505 George Street
Sydney NSW 2000
Australia

Telephone: (02) 9224 5555
Facsimile: (02) 9224 5550
Email: companysecretary@academies.edu.au

Web Site: www.academies.edu.au

SHARE REGISTRAR

Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne, VIC 3001
Australia

Telephone: +61 (03) 9415 4000
Toll Free (Australia only): 1300 855 080

SECURITIES EXCHANGE

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

ASX Code: AKG

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
GLOSSARY**

AAC	Academies Australasia College Pte. Limited
AAHB	Academies Australasia Hair and Beauty Pty Limited
AAI	Academies Australasia Institute Pty Limited
AAPoly	Academies Australasia Polytechnic Pty Limited
AASB	Australian Accounting Standards Board or a numbered Standard issued by it
ACT	Australian College of Technology Pty Limited
AIHS	Australian International High School Pty Limited
AKG	ASX code for Academies Australasia Group Limited – The Company
AOE	Academy of English Pty Limited
ASX	Australian Securities Exchange
BMC	Benchmark Resources Pty Limited - trading as Benchmark College
Board	The Board of Directors of Academies Australasia Group Limited
CBC	Clarendon Business College Pty Limited
College	Subsidiary company of AKG that is licensed to operate as an education institution
Company	Academies Australasia Group Limited (ACN 000 003 725) - the parent company
Corporations Act	Corporations Act 2001 (Cth)
CSF	International College of Capoeira Pty Limited - trading as College of Sports & Fitness
DE	Discover English Pty Limited
Directors	Board of Directors of AKG
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EGM	Extraordinary General Meeting
EPS	Earnings per share
FVTPL	Fair value through profit and loss
FVOCI	Fair value through other comprehensive income
FY17 to FY20	Financial Year to 30 June 2017 to Financial Year to 30 June 2020 respectively

**ACADEMIES AUSTRALASIA GROUP LIMITED
AND CONTROLLED ENTITIES
GLOSSARY**

Group	AKG and all its subsidiaries
GST	Goods and Services Tax
IHEA	Independent Higher Education Australia (Previous name: Council of Private Higher Education – COPHE)
LLI	Language Links International Pty Limited
RBT	Kreate Pty Limited – trading as RuralBiz Training
SBC	Supreme Business College Pty Limited
Shares	Fully paid ordinary shares in the Company
SPT	CLB Training & Development Pty Limited as trustee for the CLB Unit Trust - trading as Spectra Training
STA	Transformations – Pathways to Competence and Developing Excellence Pty Limited - trading as Skills Training Australia
TAFE	Technical and Further Education
TPS	Tuition Protection Scheme
VET	Vocational Education and Training
VOS	Vostro Institute of Training Australia Pty Limited