



REDHILL EDUCATION

ASX / MEDIA RELEASE

21 FEBRUARY 2018

RedHill Education Limited FY2018 Interim Financial Report

RedHill Education Limited (RedHill) today released its Interim Financial Report for the half-year ended 31 December 2017.

1. FY2018 HALF-YEAR RESULTS

The consolidated RedHill group reported the following results:

- Revenues: \$25.95 million – 44% increase*
- EBITDA^{**}: \$2.72 million – 320% increase*
- Profit after income tax: \$1.36 million – \$1.31 million increase*
- Cash flows from operating activities: \$3.88 million – \$2.64 million increase*
- Cash balance: \$9.09 million at 31 December 2017 – \$5.54 million increase*

RedHill expects continued growth in the second half of FY2018, and for full year FY2018 results to improve significantly against the previous corresponding year.

2. INTERIM DIVIDEND DECLARATION

RedHill's directors are pleased to have declared a fully franked dividend of \$0.02 per ordinary share, payable on 3 April 2018, out of retained profits at 31 December 2017.

** Over the previous corresponding half-year financial period.*

*** EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity. A reconciliation between statutory profit after tax attributable to the shareholders of RedHill and EBITDA for the half-year ended 31 December 2017 is included in the attached Interim Financial Report.*

CONTACT **Glenn Elith**
Chief Executive Officer
Email: gelith@redhilleducation.com

ABOUT REDHILL

RedHill has a portfolio of quality education businesses at the premium end of the private education market to capitalise on the demand for higher education, vocational training and English language programmes. For further information refer to our website www.redhilleducation.com.

RedHill Education Limited – ACN 119 952 493

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Appendix 4D

Interim Financial Report

1. Company details

Name of entity:	RedHill Education Limited and Controlled Entities
ABN:	41 119 952 493
Reporting period:	Half-year ended 31 December 2017
Corresponding period:	Half-year ended 31 December 2016

2. Results for announcement to the market

	Half-year ended 31 Dec 2017 \$'000	Half-year ended 31 Dec 2016 \$'000	Change %
Revenues from ordinary activities	25,949	18,062	44%
EBITDA	2,715	646	320%
Profit from ordinary activities after tax attributable to the shareholders of RedHill Education Limited	1,359	54	2,417%
Profit for the period attributable to the shareholders of RedHill Education Limited	1,359	54	2,417%
Cash and cash equivalents	9,085	3,550	156%

Comments on financial performance

The profit for the consolidated entity after providing for income tax amounted to \$1,359,000 (31 December 2016: \$54,000).

The consolidated earnings before interest, tax, depreciation and amortisation ('EBITDA') was \$2,715,000 (31 December 2016: \$646,000).

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity. The following table summarises reconciling items between statutory profit after tax attributable to the shareholders of RedHill Education Limited and EBITDA.

	Consolidated	
	Half-year ended 31 Dec 2017 \$'000	Half-year ended 31 Dec 2016 \$'000
EBITDA	2,715	646
Less: Depreciation and amortisation	(916)	(613)
Less: Finance cost	(1)	(2)
Add: Interest income	70	34
	<hr/>	<hr/>
Profit before income tax expense	1,868	65
Income tax expense	(509)	(11)
	<hr/>	<hr/>
Profit after income tax	<u>1,359</u>	<u>54</u>

Interim dividend declaration

A fully franked dividend of \$0.02 per ordinary share was declared on 21 February 2018, payable on 3 April 2018, out of retained profits at 31 December 2017. For the purposes of determining the entitlement to this dividend, the record date has been set as 8 March 2018.

3. Net tangible assets

	Half-year ended 31 Dec 2017 Cents	Half-year ended 31 Dec 2016 Cents
Net tangible assets per ordinary security	<u>28.84</u>	<u>19.86</u>

4. Dividends

Current period

	Half-year ended 31 Dec 2017	
	Amount per security Cents	Franked amount per security Cents
Dividends paid during the half-year	<u>2.00</u>	<u>2.00</u>

A fully franked dividend of \$0.02 per ordinary share was paid on 2 November 2017 out of retained profits. For the purposes of determining the entitlement to the dividend, the record date was 5 October 2017.

Dividends are fully franked based on a tax rate of 30%.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were reviewed by the company's auditors whose unmodified report is attached as part of the Interim Financial Report for the half-year ended 31 December 2017.

6. Attachments

Details of attachments (if any):

Interim Financial Report of RedHill Education Limited for the half-year ended 31 December 2017.

7. Signed



Signed _____

William J. Beerworth
Chairman

21 February 2018
Sydney



REDHILL EDUCATION

**RedHill Education Limited
and Controlled Entities
ABN 41 119 952 493**

**Interim Financial Report
for the Half-Year Ended
31 December 2017**

RedHill Education Limited and Controlled Entities
Corporate directory

Directors	William J. Beerworth Glenn Elith William Deane Dr Christopher Clark
Company secretary	Lisa Jones
Registered office	Level 2 7 Kelly Street Ultimo NSW 2007 Head office telephone: +61 2 8355 3820
Principal place of business	Level 2 7 Kelly Street Ultimo NSW 2007
Share register	Computershare Investor Services Pty Limited Level 4 60 Carrington Street Sydney NSW 2000 Shareholders enquiries: 1300 787 272
Auditor	RSM Australia Partners Level 13 60 Castlereagh Street Sydney NSW 2000
Solicitors	Norton Rose Fulbright Level 18 225 George Street Sydney NSW 2000
Stock exchange listing	RedHill Education Limited shares are listed on the Australian Securities Exchange (ASX: RDH)
Website	www.redhilleducation.com

RedHill Education Limited and Controlled Entities

Directors' report

for the half-year ended 31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to as the 'consolidated entity' or 'RedHill') consisting of RedHill Education Limited (referred to as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2017.

Directors

The following persons were directors of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

William J. Beerworth - Chairman
Glenn Elith - Managing Director
William Deane
Dr Christopher Clark
Caroline Trotman (resigned on 28 November 2017)

Each of the directors is an independent director other than Glenn Elith who is an executive director.

Company Secretaries

Ian Gilmour resigned as Company Secretary on 25 July 2017.

Glenn Elith was appointed as Company Secretary on 25 July 2017, and resigned on 21 September 2017.

Lisa Jones was appointed as Company Secretary on 21 September 2017.

Lisa is an experienced corporate lawyer and corporate governance professional with more than 20 years' experience in commercial law and corporate affairs, working with both public and private companies in Australia and in Italy. Lisa has particular experience working with high growth and emerging companies in the technology, biotech and oil & gas sectors. She was previously a senior associate in the corporate & commercial practice of Allen Allen & Hemsley.

Lisa is currently also the Company Secretary of BuildingIQ, Inc (ASX: BIQ) and Sports and Leisure Education Group Pty Ltd.

Lisa was previously a Company Secretary of Tyrian Diagnostics Limited (ASX: TDX), and of Po Valley Energy Limited (ASX: PVE)

Principal activities

During the financial year, the principal activities of the consolidated entity were:

- delivering high quality English language, creative digital technologies, managerial, marketing, computer coding and interior design and styling courses to domestic and international students; and
- providing education recruitment agency services to international students.

RedHill Education Limited and Controlled Entities
Directors' report
for the half-year ended 31 December 2017

The following table summarises reconciling items between statutory profit after tax attributable to the shareholders of the consolidated entity and EBITDA.

	Consolidated	
	Half-year ended 31 Dec 2017 \$'000	Half-year ended 31 Dec 2016 \$'000
EBITDA	2,715	646
Less: Depreciation and amortisation	(916)	(613)
Less: Finance cost	(1)	(2)
Add: Interest income	70	34
	<hr/>	<hr/>
Profit before income tax expense	1,868	65
Income tax expense	(509)	(11)
	<hr/>	<hr/>
Profit after income tax	<u>1,359</u>	<u>54</u>

The balance of cash and cash equivalents at 31 December 2017 was \$9,085,000 (31 December 2016: \$3,550,000).

Net cash flows generated from operating activities were \$3,878,000 for the half-year period ended 31 December 2017 (31 December 2016: \$1,237,000).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year ended 31 December 2017.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



William J. Beerworth
Chairman

21 February 2018
Sydney

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of RedHill Education Limited for the half year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads "W E Beaman".

W E Beaman
Partner

Sydney, NSW
Dated: 21 February 2018

**RedHill Education Limited and Controlled Entities
Interim Financial Report
for the half-year ended 31 December 2017**

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General information

The Interim Financial Report covers RedHill Education Limited as a consolidated entity consisting of RedHill Education Limited and the entities it controlled. The Interim Financial Report is presented in Australian dollars, which is RedHill Education Limited's functional and presentation currency.

The Interim Financial Report consists of the financial statements, notes to the financial statements and the directors' declaration.

RedHill Education Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2
7 Kelly Street
Ultimo NSW 2007

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the Interim Financial Report.

The Interim Financial Report was authorised for issue, in accordance with a resolution of directors, on 21 February 2018.

The directors have the power to amend and reissue the Interim Financial Report.

RedHill Education Limited and Controlled Entities
Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2017

		Consolidated	
	Note	31 Dec 2017	31 Dec 2016
		\$'000	\$'000
Revenue	3	25,949	18,062
Expenses			
Salaries and employee benefits expense		(12,734)	(9,695)
Cost of services		(4,881)	(3,076)
Depreciation and amortisation expense		(916)	(613)
Property and occupancy costs		(2,830)	(2,560)
Professional and consulting fees		(233)	(264)
Marketing expenses		(1,123)	(901)
Public company related costs		(322)	(247)
Other expenses		(1,041)	(639)
Finance costs		(1)	(2)
Profit before income tax expense		1,868	65
Income tax expense		(509)	(11)
Profit after income tax expense for the half-year attributable to the owners of RedHill Education Limited		1,359	54
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of RedHill Education Limited		<u>1,359</u>	<u>54</u>
		Cents	Cents
Basic earnings per share	7	4.48	0.18
Diluted earnings per share	7	4.36	0.18

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

RedHill Education Limited and Controlled Entities
Consolidated statement of financial position
as at 31 December 2017

	Note	Consolidated 31 Dec 2017 \$'000	30 Jun 2017 \$'000
Assets			
Current assets			
Cash and cash equivalents		9,085	6,314
Trade and other receivables		8,918	9,720
Prepayments and other assets		2,837	2,235
Total current assets		20,840	18,269
Non-current assets			
Trade receivables		9,876	7,408
Property, plant and equipment		4,171	4,324
Intangibles		6,567	6,650
Deferred tax		1,410	1,497
Other financial assets		3,286	2,724
Total non-current assets		25,310	22,603
Total assets		46,150	40,872
Liabilities			
Current liabilities			
Trade and other payables		18,154	20,551
Finance lease		12	31
Income tax		415	-
Employee benefits		578	510
Other provisions		130	214
Total current liabilities		19,289	21,306
Non-current liabilities			
Trade payables		9,700	3,912
Finance lease		-	41
Employee benefits		123	150
Other provisions		1,705	988
Total non-current liabilities		11,528	5,091
Total liabilities		30,817	26,397
Net assets		15,333	14,475
Equity			
Issued capital	4	18,857	18,770
Reserves		109	111
Accumulated losses		(3,633)	(4,406)
Total equity		15,333	14,475

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

RedHill Education Limited and Controlled Entities
Consolidated statement of changes in equity
for the half-year ended 31 December 2017

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2016	18,770	81	(6,146)	12,705
Profit after income tax expense for the half-year	-	-	54	54
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	54	54
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	(15)	-	(15)
Lapsed and exercised options	-	(45)	45	-
Balance at 31 December 2016	<u>18,770</u>	<u>21</u>	<u>(6,047)</u>	<u>12,744</u>

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2017	18,770	111	(4,406)	14,475
Profit after income tax expense for the half-year	-	-	1,359	1,359
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	1,359	1,359
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 4)	87	-	-	87
Share-based payments	-	18	-	18
Lapsed and exercised options	-	(20)	20	-
Dividends paid (note 5)	-	-	(606)	(606)
Balance at 31 December 2017	<u>18,857</u>	<u>109</u>	<u>(3,633)</u>	<u>15,333</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

RedHill Education Limited and Controlled Entities
Consolidated statement of cash flows
for the half-year ended 31 December 2017

		Consolidated	
	Note	31 Dec 2017	31 Dec 2016
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		27,364	18,718
Payments to suppliers and employees (inclusive of GST)		(23,548)	(17,488)
		<u>3,816</u>	<u>1,230</u>
Interest received		70	34
Interest and other finance costs paid		(1)	(2)
Income taxes paid		(7)	(25)
		<u>3,878</u>	<u>1,237</u>
Cash flows from investing activities			
Payments for security deposits		(13)	(738)
Payments for property, plant and equipment		(375)	(1,552)
Payments for intangibles		(73)	(217)
		<u>(461)</u>	<u>(2,507)</u>
Cash flows from financing activities			
Proceeds from issue of shares	4	20	-
Payments for leases		(60)	(48)
Dividends paid	5	(606)	-
		<u>(646)</u>	<u>(48)</u>
Net cash used in financing activities		<u>(646)</u>	<u>(48)</u>
Net increase/(decrease) in cash and cash equivalents		2,771	(1,318)
Cash and cash equivalents at the beginning of the financial half-year		<u>6,314</u>	<u>4,868</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>9,085</u></u>	<u><u>3,550</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

RedHill Education Limited and Controlled Entities
Notes to the financial statements
for the half-year ended 31 December 2017

Note 1. Significant accounting policies

Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard *AASB 134 'Interim Financial Reporting'* and the Corporations Act 2001, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34 'Interim Financial Reporting'*.

The Interim Financial Report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year with the consolidated entity. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the consolidated entity for the year ended 30 June 2017, together with any public announcements during the half-year ended 31 December 2017.

The consolidated entity is of a kind referred Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off' and in accordance with the instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Critical accounting estimates and judgements

The preparation of the Interim Financial Statements requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the consolidated entity's accounting policies.

New, revised or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The company is assessing the impact of these new standards and interpretations.

RedHill Education Limited and Controlled Entities
Notes to the financial statements
for the half-year ended 31 December 2017

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments: Technology & Design, Greenwich and Student Agency. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer who is identified as the Chief Operating Decision Maker ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation and amortisation ('EBITDA') and profit before income tax.

The information reported to the CODM is on at least a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Technology & Design	A provider of face-to-face and online courses in information technology, digital design, interactive multimedia, computer coding, digital marketing, games and apps programming, and interior design.
Greenwich	Greenwich English College, an Australian provider of English Language Intensive Courses for Overseas Students ('ELICOS'), and Vocational Education and Training ('VET') courses for overseas students.
Student Agency	Go Study Australia, an international student recruitment agency with offices in Barcelona (Spain), Bogotá (Colombia), Brisbane (Australia), Madrid (Spain), Melbourne (Australia), Perth (Australia), Milan (Italy), Rome (Italy), Sydney (Australia), Toulouse (France), and Valencia (Spain).

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

The consolidated entity has no significant individual customers.

RedHill Education Limited and Controlled Entities
Notes to the financial statements
for the half-year ended 31 December 2017

Note 2. Operating segments (continued)

Operating segment information

	Technology & Design	Greenwich	Student Agency	Intersegment eliminations/ unallocated	Total
Consolidated - 31 Dec 2017	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales to external customers	8,622	14,783	2,474	-	25,879
Intersegment sales	-	-	301	(301)	-
Total sales revenue	8,622	14,783	2,775	(301)	25,879
Other revenue	-	-	-	70	70
Total revenue	8,622	14,783	2,775	(231)	25,949
Segment operating result	968	3,182	317	-	4,467
Unallocated items:					
Corporate, finance and IT expenses	-	-	-	(950)	(950)
Professional and consulting fees	-	-	-	(140)	(140)
Public company related costs	-	-	-	(322)	(322)
Property and occupancy costs	-	-	-	(93)	(93)
Other expenses	-	-	-	(247)	(247)
EBITDA *	968	3,182	317	(1,752)	2,715
Depreciation and amortisation	(350)	(210)	(20)	(336)	(916)
Finance cost	-	-	-	(1)	(1)
Interest income-unallocated	-	-	-	70	70
Profit/(loss) before income tax expense	618	2,972	297	(2,018)	1,868
Income tax expense					(509)
Profit after income tax expense					1,359
Assets					
Segment assets	14,314	32,585	6,303	(7,052)	46,150
Total assets					46,150
Liabilities					
Segment liabilities	5,005	22,790	606	2,416	30,817
Total liabilities					30,818

* EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

RedHill Education Limited and Controlled Entities
Notes to the financial statements
for the half-year ended 31 December 2017

Note 2. Operating segments (continued)

	Technology & Design	Greenwich	Student Agency	Intersegment eliminations/ unallocated	Total
Consolidated - 31 Dec 2016	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales to external customers	6,392	9,175	2,462	-	18,029
Intersegment sales	-	-	172	(172)	-
Total sales revenue	6,392	9,175	2,634	(172)	18,029
Other revenue	-	-	-	34	34
Total revenue	6,392	9,175	2,634	(138)	18,062
Segment operating result	383	1,242	684	(138)	2,171
Unallocated items:					
Corporate, finance and IT expenses	-	-	-	(790)	(790)
Professional and consulting fees	-	-	-	(173)	(173)
Public company related costs	-	-	-	(247)	(247)
Property and occupancy costs	-	-	-	(313)	(313)
Other expenses	-	-	-	(2)	(2)
EBITDA *	383	1,242	684	(1,663)	646
Depreciation and amortisation	(373)	(171)	(15)	(54)	(613)
Finance cost	-	-	-	(2)	(2)
Interest income-unallocated	-	-	-	34	34
Profit/(loss) before income tax expense	10	1,072	669	(1,686)	65
Income tax expense					(11)
Profit after income tax expense					54
Assets					
Segment assets	10,308	16,156	4,478	(791)	30,151
Total assets					30,151
Liabilities					
Segment liabilities	368	10,771	173	6,095	17,407
Total liabilities					17,407

* EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity.

RedHill Education Limited and Controlled Entities
Notes to the financial statements
for the half-year ended 31 December 2017

Note 3. Revenue

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
<i>Sales revenue</i>		
Tuition related revenue	23,405	15,786
Commission revenue	2,474	2,242
	<u>25,879</u>	<u>18,028</u>
<i>Other revenue</i>		
Interest	70	34
	<u>70</u>	<u>34</u>
Revenue	<u>25,949</u>	<u>18,062</u>

Note 4. Equity - issued capital

	Consolidated			
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>30,390,052</u>	<u>30,289,052</u>	<u>18,857</u>	<u>18,770</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2017	30,289,052		18,770
Shares issued *	9 November 2017	36,000	\$1.90	67
Shares issued **	17 November 2017	<u>65,000</u>	<u>\$0.30</u>	<u>20</u>
Balance	31 December 2017	<u>30,390,052</u>		<u>18,857</u>

* Shares issued to certain senior managers as an employment bonus.

** Shares issued upon the exercise of share options issued under the RedHill Education Limited Employee Share Option Plan.

Note 5. Equity - dividends

Dividends

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Dividends paid during the reporting period	606	-
Dividends not recognised at the end of the reporting period	<u>608</u>	<u>-</u>

RedHill Education Limited and Controlled Entities
Notes to the financial statements
for the half-year ended 31 December 2017

Note 5. Equity - dividends (continued)

The directors have declared a fully franked dividend of \$0.02 per ordinary share, payable on 3 April 2018, out of retained profits at 31 December 2017. For the purposes of determining the entitlement to this dividend, the record date has been set as 8 March 2018.

The directors have adopted a dividend policy to deliver dividends from time to time depending on profitability, cash position, investment opportunities and known capital and other commitments.

Franking credits

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$'000	\$'000
Franking credits available at the reporting date based on a tax rate of 30%	414	673
Franking credits available for subsequent financial years based on a tax rate of 30%	414	673

Note 6. Contingent liabilities

There were no contingent liabilities as at 31 December 2017.

The consolidated entity has given bank guarantees as at 31 December 2017 of \$2,329,658 (30 June 2017: \$2,329,658) to various lessors.

Note 7. Earnings per share

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Profit after income tax attributable to the owners of RedHill Education Limited	1,359	54
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	30,315,319	30,289,052
Adjustments for calculation of diluted earnings per share:		
Exercisable Options	600,000	190,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	31,178,430	30,479,052
	Cents	Cents
Basic earnings per share	4.48	0.18
Diluted earnings per share	4.36	0.18

RedHill Education Limited and Controlled Entities
Notes to the financial statements
for the half-year ended 31 December 2017

Note 8. Events after the reporting period

The directors declared a fully franked dividend of \$0.02 per ordinary share on 21 February 2018. Further details are set out in note 5 of this report.

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

RedHill Education Limited and Controlled Entities
Directors' declaration
for the half-year ended 31 December 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



William J. Beerworth
Chairman

21 February 2018
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
REDHILL EDUCATION LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RedHill Education Limited which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

Independence

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

Conclusion

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

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

A handwritten signature in blue ink, appearing to read 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'W E Beuman'.

W E Beuman
Partner

Sydney, NSW
Dated: 21 February 2018