

## APPENDIX 4D HALF-YEAR REPORT

### 1. Company details

Name of entity:	<b>RedHill Education Limited</b>
ABN:	41 119 952 493
Reporting period:	<b>Half-year ended 31 December 2011</b>
Previous corresponding period:	Half-year ended 31 December 2010

### 2. Results for announcement to the market

Revenues from ordinary activities	up	5.7%	to	\$ 6,947,000
Loss from ordinary activities after tax attributable to the owners of RedHill Education Limited	up	3169.7%	to	\$(1,079,000)
Loss for the period attributable to the owners of RedHill Education Limited	up	3169.7%	to	\$(1,079,000)

#### *Dividends*

There were no dividends paid or declared during the current financial period.

#### *Comments*

The loss for the consolidated entity after providing for income tax amounted to \$1,079,000 (31 December 2010: \$33,000).

The earnings before interest, tax, depreciation and amortisation loss ('EBITDA') was \$537,000 (31 December 2010: EBITDA loss of \$245,000).

EBITDA (also known as 'Segment result' in the operating segments note) 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 key reconciling items between statutory profit after tax attributable to the shareholders of RedHill Education and EBITDA.

	31/12/2011 \$'000	31/12/2010 \$'000
Revenue	6,947	6,570
<b>EBITDA</b>	(537)	(245)
Less: Depreciation and amortisation	(1,057)	(153)
Add: Interest income	90	122
<b>Loss before income tax benefit</b>	(1,504)	(276)
Income tax benefit	425	243
<b>Loss after income tax benefit</b>	<u>(1,079)</u>	<u>(33)</u>

A number of changes have been implemented in the current financial year to increase student enrolments. In particular, the strategy to diversify the student population across both domestic and international markets is demonstrating promising results.

The Australian Government has commenced a number of recovery initiatives to stimulate the international student education sector. These will ultimately reverse the decline in the number of overseas students studying in Australia, but it will take considerable time for Australia to restore its positive reputation as a destination for overseas students, and for other regulatory and policy initiatives to take effect.

---

Further details of the results for the half-year can be found in the 'Review of operations' section of the Directors' report in the attached Interim Financial Report.

---

**3. NTA backing**

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary security	8.10 cents	9.47 cents

---

**4. Dividends**

*Current period*

There were no dividends paid or declared during the current financial period.

*Previous corresponding period*

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

---

**5. Audit qualification or review**

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

The accounts were subject to a review by the auditors and the review report is attached as part of the Interim Report.

---

**6. Attachments**

*Details of attachments (if any):*

The Interim Report of RedHill Education Limited for the half-year ended 31 December 2011 is attached.

---

**7. Signed**

Signed:  \_\_\_\_\_

Date: 28 February 2012

William J. Beerworth  
Director  
Sydney



**RedHill Education Limited**

**ABN 41 119 952 493**

**Interim Report - 31 December 2011**

**RedHill Education Limited**  
**Corporate directory**  
**31 December 2011**

Directors	Mr William John Beerworth Mr Henry William Walter Deane Dr Chris Clark Mr Andrew Leary
Company secretaries	Mr Ian Gilmour Mr Glenn Elith
Registered office	Level 2 7 Kelly Street Ultimo NSW 2007
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
Auditor	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney NSW 2000
Solicitors	Norton Rose Level 18 225 George Street Sydney NSW 2000
Stock exchange listing	RedHill Education Limited shares are listed on the Australian Securities Exchange (ASX code: RDH)
Website address	<a href="http://www.redhilleducation.com">www.redhilleducation.com</a>

**RedHill Education Limited**  
**Directors' report**  
**31 December 2011**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of RedHill Education Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2011.

**Directors**

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

William John Beerworth - Chairman  
 Andrew Leary (appointed on 25 November 2011)  
 William Deane  
 Dr Chris Clark (appointed on 25 November 2011)  
 Bruce Baird AM (resigned on 17 October 2011)  
 James Hyndes (resigned on 25 November 2011)  
 Benjamin Lunn (resigned on 25 November 2011)  
 Edward Keller (resigned on 25 November 2011)

**Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- delivering high quality english, vocational and higher education courses, and
- providing advice and counselling to students.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$1,079,000 (31 December 2010: \$33,000).

The earnings before interest, tax, depreciation and amortisation loss ('EBITDA') was \$537,000 (31 December 2010: EBITDA loss of \$245,000).

EBITDA (also known as 'Segment result' in the operating segments note) 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 key reconciling items between statutory profit after tax attributable to the shareholders of RedHill Education and EBITDA.

	<b>31/12/2011</b>	<b>31/12/2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	6,947	6,570
<b>EBITDA</b>	(537)	(245)
Less: Depreciation and amortisation	(1,057)	(153)
Add: Interest income	90	122
	<hr/>	<hr/>
<b>Loss before income tax benefit</b>	(1,504)	(276)
Income tax benefit	425	243
	<hr/>	<hr/>
<b>Loss after income tax benefit</b>	<u>(1,079)</u>	<u>(33)</u>

A number of changes have been implemented in the current financial year to increase student enrolments. In particular, the strategy to diversify the student population across both domestic and international markets is demonstrating promising results.

**RedHill Education Limited**  
**Directors' report**  
**31 December 2011**

The Australian Government has commenced a number of recovery initiatives to stimulate the international student education sector. These will ultimately reverse the decline in the number of overseas students studying in Australia, but it will take considerable time for Australia to restore its positive reputation as a destination for overseas students, and for other regulatory and policy initiatives to take effect.

**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.

**Rounding of amounts**

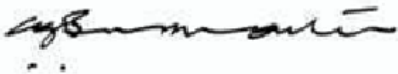
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**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 on the following page.

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  
Director

28 February 2012  
Sydney



**Auditor's Independence Declaration**

As lead auditor for the review of RedHill Education Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of RedHill Education Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Manoj Santiago', is written over a light grey circular watermark.

Manoj Santiago  
Partner  
PricewaterhouseCoopers

Sydney  
28 February 2012

**RedHill Education Limited**  
**Financial report**  
**For the half-year ended 31 December 2011**

**Contents**

	Page
Financial report	
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	15
Independent auditor's review report to the members of RedHill Education Limited	16

**General information**

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

The 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 financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 February 2012. The directors have the power to amend and reissue the financial report.



**RedHill Education Limited**  
**Statement of comprehensive income**  
**For the half-year ended 31 December 2011**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3	6,947	6,570
<b>Expenses</b>			
Salaries and employee benefits expense		(4,220)	(3,664)
Cost of services		(791)	(784)
Depreciation and amortisation expense		(1,057)	(153)
Property and occupancy costs		(1,079)	(906)
Professional and consulting fees		(319)	(226)
Marketing expenses		(429)	(263)
Public company related costs		(145)	(128)
Administration expenses		(411)	(722)
		<u>          </u>	<u>          </u>
<b>Loss before income tax benefit</b>		(1,504)	(276)
Income tax benefit		425	243
		<u>          </u>	<u>          </u>
<b>Loss after income tax benefit for the half-year attributable to the owners of RedHill Education Limited</b>		(1,079)	(33)
Other comprehensive income for the half-year, net of tax		-	-
		<u>          </u>	<u>          </u>
<b>Total comprehensive income for the half-year attributable to the owners of RedHill Education Limited</b>		<u>          (1,079)</u>	<u>          (33)</u>
		<u>          </u>	<u>          </u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	(4.00)	(0.17)
Diluted earnings per share	8	(4.00)	(0.17)

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**RedHill Education Limited**  
**Statement of financial position**  
**As at 31 December 2011**

	<b>Consolidated</b>	
	<b>31/12/2011</b>	<b>30/06/2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,544	4,974
Trade and other receivables	716	1,359
Income tax refund due	450	490
Deposits and other assets	1,329	1,295
<b>Total current assets</b>	<u>5,039</u>	<u>8,118</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,095	1,268
Intangibles	11,826	12,531
Deferred tax	2,234	1,809
Lease incentive asset	869	869
<b>Total non-current assets</b>	<u>16,024</u>	<u>16,477</u>
<b>Total assets</b>	<u>21,063</u>	<u>24,595</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	2,126	4,040
Deferred income	3,671	4,219
<b>Total current liabilities</b>	<u>5,797</u>	<u>8,259</u>
<b>Non-current liabilities</b>		
Provisions	261	202
Lease incentive liabilities	991	1,045
<b>Total non-current liabilities</b>	<u>1,252</u>	<u>1,247</u>
<b>Total liabilities</b>	<u>7,049</u>	<u>9,506</u>
<b>Net assets</b>	<u>14,014</u>	<u>15,089</u>
<b>Equity</b>		
Contributed equity	18,428	18,428
Reserves	(142)	(146)
Accumulated losses	(4,272)	(3,193)
<b>Total equity</b>	<u>14,014</u>	<u>15,089</u>

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

**RedHill Education Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2011**

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Consolidated</b>				
Balance at 1 July 2010	2,485	(520)	(1,303)	662
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax benefit for the half-year	-	-	(33)	(33)
Total comprehensive income for the half-year	-	-	(33)	(33)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	16,024	-	-	16,024
Share-based payments	-	290	-	290
Balance at 31 December 2010	<u>18,509</u>	<u>(230)</u>	<u>(1,336)</u>	<u>16,943</u>
	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Consolidated</b>				
Balance at 1 July 2011	18,428	(145)	(3,193)	15,090
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax benefit for the half-year	-	-	(1,079)	(1,079)
Total comprehensive income for the half-year	-	-	(1,079)	(1,079)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	3	-	3
Balance at 31 December 2011	<u>18,428</u>	<u>(142)</u>	<u>(4,272)</u>	<u>14,014</u>

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

**RedHill Education Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2011**

	<b>Consolidated</b>	
	<b>31/12/2011</b>	<b>31/12/2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	7,742	6,608
Payments to suppliers and employees (inclusive of GST)	<u>(8,573)</u>	<u>(6,859)</u>
	(831)	(251)
Interest received	89	120
Income taxes refunded	<u>40</u>	<u>58</u>
Net cash used in operating activities	<u>(702)</u>	<u>(73)</u>
<b>Cash flows from investing activities</b>		
Payment for purchase of subsidiary, net of cash acquired	-	(6,210)
Payments for property, plant and equipment	(45)	(912)
Payments for intangibles	(68)	-
Payments for a contingent acquisition liability	<u>(1,615)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,728)</u>	<u>(7,122)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	<u>-</u>	<u>13,954</u>
Net cash from financing activities	<u>-</u>	<u>13,954</u>
Net increase/(decrease) in cash and cash equivalents	(2,430)	6,759
Cash and cash equivalents at the beginning of the financial half-year	<u>4,974</u>	<u>1,477</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>2,544</u></u>	<u><u>8,236</u></u>

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

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

**Rounding of amounts**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**New, revised or amending Accounting Standards and Interpretations adopted**

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

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

*AASB 2010-5 Amendments to Australian Accounting Standards*

The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

*AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets*

The consolidated entity has applied AASB 2010-6 amendments from 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them.

**RedHill Education Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 1. Significant accounting policies (continued)**

*AASB 124 Related Party Disclosures*

The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

**Going concern**

These financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business for a period of 12 months from the date of this report. This statement is made after noting that as at 31 December 2011 current liabilities exceed current assets by \$0.76 million, the consolidated entity has incurred a loss after income tax of \$1.08 million for the half-year period, and there is a deficiency in operating cashflow of \$0.70 million for the half-year period.

Notwithstanding the above, directors have formed the view that the financial statements should continue to be prepared on a going concern basis and there is no material uncertainty as to its ability to continue as a going concern and that the consolidated entity will realise its assets and liabilities and commitments in the normal course of business at the amounts stated in the financial statements. This view was formed after taking into account a number of factors including the following:

- The cash in hand and at bank of \$2.54 million held by the consolidated entity is adequate to fund the business for the next 12 months.
- Current liabilities include deferred income of \$3.7 million, representing advance payments received from students with respect to future courses. When considering the profit component expected from this deferred income, the excess of current liabilities over current assets reverses which results in a positive net current asset position. That is, the current assets become greater than its current liabilities.
- The consolidated entity is forecasting a return to profitability and is forecasting positive cash flows from operations for the 18 month period ending 30 June 2013.

**Note 2. Operating segments**

*Identification of reportable operating segments*

The consolidated entity is organised into four operating segments: Information Technology, Creative Arts and Design, English Language 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 earnings before interest, tax, depreciation and amortisation (segment result) and profit before income tax.

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

**RedHill Education Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 2. Operating segments (continued)**

*Types of products and services*

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

Information technology	Academy of Information Technology, a provider of courses in information technology, business, digital design, multimedia and games development, and an Associate Degree in Interactive Media.
Creative arts and design	International School of Colour and Design, a provider of on campus and distance learning colour and design courses.
English language	Greenwich College, an Australian provider of English Language Intensive Courses for Overseas Students (ELICOS), English teacher training programs and other English and vocational programs.
Student agency	Go Study Australia an education agency with offices in Barcelona (Spain), Brisbane (Australia), Madrid (Spain), Medellin (Colombia), Milan (Italy), Rome (Italy) and Sydney (Australia).

*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.

*Operating segment information*

	Information technology \$'000	Creative arts \$'000	English language \$'000	Student agency \$'000	Intersegment eliminations/ unallocated \$'000	Consolidated \$'000
<b>31/12/2011</b>						
<b>Revenue</b>						
Sales to external customers	1,692	1,375	2,769	904	-	6,740
Intersegment sales	-	-	-	54	(54)	-
Total sales revenue	1,692	1,375	2,769	958	(54)	6,740
Other income	-	-	-	-	207	207
<b>Total revenue</b>	<b>1,692</b>	<b>1,375</b>	<b>2,769</b>	<b>958</b>	<b>153</b>	<b>6,947</b>
<b>Segment result</b>	102	426	(293)	280	(1,053)	(538)
Depreciation and amortisation	(127)	(15)	(29)	(6)	(880)	(1,057)
Interest revenue	86	1	(2)	-	6	91
<b>Profit/(loss) before income tax benefit</b>	<b>61</b>	<b>412</b>	<b>(324)</b>	<b>274</b>	<b>(1,927)</b>	<b>(1,504)</b>
Income tax benefit						425
<b>Loss after income tax benefit</b>						<b>(1,079)</b>
<b>Assets</b>						
Segment assets	5,633	1,550	1,647	140	12,093	21,063
<b>Total assets</b>						<b>21,063</b>
<b>Liabilities</b>						
Segment liabilities	3,717	1,409	1,671	273	(21)	7,049
<b>Total liabilities</b>						<b>7,049</b>

**RedHill Education Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 2. Operating segments (continued)**

	Information technology \$'000	Creative arts \$'000	English language \$'000	Student agency \$'000	Intersegment eliminations/ unallocated \$'000	Consolidated \$'000
<b>31/12/2010</b>						
<b>Revenue</b>						
Sales to external customers	1,538	1,075	2,942	893	-	6,448
Intersegment sales	-	-	36	124	(160)	-
Total sales revenue	<u>1,538</u>	<u>1,075</u>	<u>2,978</u>	<u>1,017</u>	<u>(160)</u>	<u>6,448</u>
Other income	-	-	-	-	122	122
<b>Total revenue</b>	<u>1,538</u>	<u>1,075</u>	<u>2,978</u>	<u>1,017</u>	<u>(38)</u>	<u>6,570</u>
<b>Segment result</b>	639	241	(487)	(5)	(939)	(551)
Depreciation and amortisation	47	35	24	-	47	153
Interest revenue	92	-	9	-	21	122
<b>Profit/(loss) before income tax benefit</b>	<u>778</u>	<u>276</u>	<u>(454)</u>	<u>(5)</u>	<u>(871)</u>	<u>(276)</u>
Income tax benefit						243
<b>Loss after income tax benefit</b>						<u>(33)</u>
<b>30/06/2011</b>						
<b>Assets</b>						
Segment assets	<u>7,620</u>	<u>1,414</u>	<u>2,732</u>	<u>589</u>	<u>16,358</u>	<u>28,713</u>
Intersegment eliminations						(4,117)
<b>Total assets</b>						<u>24,596</u>
<b>Liabilities</b>						
Segment liabilities	<u>5,735</u>	<u>1,684</u>	<u>2,626</u>	<u>1,065</u>	<u>2,624</u>	<u>13,734</u>
Intersegment eliminations						(4,228)
<b>Total liabilities</b>						<u>9,506</u>

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>31/12/2011</b>	<b>31/12/2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Sales revenue</i>		
Tuition related revenue	5,802	5,560
Commission revenue	938	888
	<u>6,740</u>	<u>6,448</u>
<i>Other revenue</i>		
Interest	89	121
Other revenue	118	1
	<u>207</u>	<u>122</u>
Revenue	<u>6,947</u>	<u>6,570</u>



**RedHill Education Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 4. Equity - dividends**

There were no dividends paid or declared during the current or previous financial half-year.

**Note 5. Contingent liabilities**

	<b>Consolidated</b>	
	<b>31/12/2011</b>	<b>30/06/2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Bank guarantees	<u>691,885</u>	<u>656,116</u>

**Note 6. Related party transactions**

Consulting fees of \$60,816 was paid to entities associated with William Deane and Bill Beerworth. There were no trade receivables from or trade payables to related parties at the reporting date. A balance of \$166,667 remains outstanding at 31 December 2011 in relation to a loan provided to the ex-CEO (Paul Tobin) as part of his termination benefits to acquire shares in the company. This loan has been partially impaired in the amount of \$142,166.

**Note 7. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2011 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.

**Note 8. Earnings per share**

	<b>Consolidated</b>	
	<b>31/12/2011</b>	<b>31/12/2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax attributable to the owners of RedHill Education Limited	<u>(1,079)</u>	<u>(33)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>27,000,000</u>	<u>19,723,452</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>27,000,000</u>	<u>19,723,452</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(4.00)	(0.17)
Diluted earnings per share	(4.00)	(0.17)

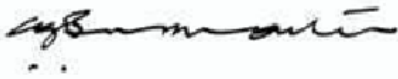
**RedHill Education Limited**  
**Directors' declaration**

In the directors' opinion:

- the attached financial statements and notes thereto 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 thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 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) of the Corporations Act 2001.

On behalf of the directors



---

William J. Beerworth  
Director

28 February 2012  
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 statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the RedHill Education Limited (the consolidated entity). The consolidated entity comprises both RedHill Education Limited (the company) and the entities it controlled during that 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 (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 2011 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*.

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
DX 77 Sydney, Australia  
T +61 2 8266 0000, F +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation



*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 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of the company for the half-year ended 31 December 2011 included on RedHill Education Limited's web site. The company's directors are responsible for the integrity of the RedHill Education Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

A stylized, handwritten-style logo for PricewaterhouseCoopers, featuring a large 'P' followed by the text 'PRICEWATERHOUSECOOPERS' in a smaller, uppercase font.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Manoj Santiago', written in a cursive style.

Manoj Santiago  
Partner

Sydney  
28 February 2012