Navitas Limited

ABN 69 109 613 309

Financial Report

30 June 2015

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Chairman's and Group Chief Executive Officer's Report

FY15 Chairman and Group CEO Report

In its 20th year of operation Navitas has again delivered high quality academic outcomes to our students and partners in a global education sector that is evolving rapidly.

The Group continued to achieve high progression rates in the University Programs Division. Net Promoter Scores improved in the Professional and English Programs and SAE Divisions. We also expanded our global agent network and the number of courses and programs available to students. Royalties paid to our university partners increased by 15%.

Financially, we delivered 12% revenue growth to $980.3m (FY14: $878.2m) and, in line with market guidance, underlying EBITDA growth of 13% to $163.1m (FY14: $144.9m). The Group incurred a $19.5m goodwill impairment in FY15 for a number of businesses including SIBT, Study Overseas Limited and Navitas Resources Institute. All businesses had their carrying value reduced to nil.

Underlying NPAT, excluding goodwill impairment, was up 11% to $91.4m (FY14:$82.0m). Underlying earnings per share, excluding goodwill impairment, also increased 11% to 24.3 cents per Share (FY14: 21.8 cents per Share). Reported NPAT was up 39% to $71.8m and reported earnings per Share increased by 39% to 19.1 cents per Share.

The full year dividend remains at 19.5 cents per Share fully franked.

Business operations

University Programs
The Division remained focused on academic quality and student outcomes, partnering with universities to enhance academic and support services to students. Recent outcomes highlighted pleasing results including retention rates of over 85% and progression to partner university rates of over 90%. The Division also engaged with partner universities in the development of new programs and to support the achievement of their strategic goals. Royalties paid to university partners increased by 15%.

In early FY15 Navitas announced that its agreement for SIBT with Macquarie University would not be renewed by the university from February 2016 with the full earnings impact not being felt until the second half of FY16 and the first half of FY17. The contract for Macquarie City Campus, the Sydney CBD managed campus of Macquarie University was not renewed and will close in January 2016.

In addition Australian and UK colleges face a number of challenges which are impacting enrolment growth in the short term. In the UK this is due to recent changes to student visa policy settings which mean that providers risk losing Highly Trusted Sponsor status if more than 10% of their visa applications are rejected.

Softness in Australian enrolments is due to a number of factors including the need for stricter assessment of students from Nepal and India as well as the beginning of the impact of the non-renewal of the Macquarie University contract. These, and other factors, resulted in the most recent semester enrolments for the Division being in line with the prior corresponding period. Excluding Macquarie University operations, total Divisional enrolments grew by 2%.

Navitas is working with university partners, the agent network and governments to mitigate these issues.

In terms of financial performance the University Programs division recorded underlying EBITDA growth (excluding goodwill impairment) of 15% to $140.4m (FY14: $121.8m).

The Division signed two university agreements under the existing royalty model – one with Florida Atlantic University for Navitas' sixth US college and one with the University of Northampton, for Navitas' 10th UK college.

To create additional options for partners the Division also developed the new joint venture model. Two new university agreements were signed under the joint venture model – one with the University of Western Sydney and one with the University of Canberra, where Navitas acquired 51% of an existing college.

Finally, all three University of Massachusetts college agreements were renewed under similar terms and conditions, with one being extended for 10 years.

Professional and English Programs (PEP)
The Professional and English Programs Division achieved a further improvement on student survey results during the year with Net Promoter Scores increasing in FY15 surveys

In another record year, the Division delivered underlying EBITDA growth of 17% to $29.5m (FY14: $25.2m) with ACAP, HSA, NCPS, ELICOS and Careers & Internships generating strong returns. Scale benefits and operational efficiency also delivered earnings and margin improvement. As anticipated AMEP volumes declined following changes to Australia's humanitarian and refugee intake.

SAE
SAE recorded 7% growth in EBITDA in FY15 to $26.1m (FY14: $24.5m), representing a 21% increase in the second half compared to prior corresponding period.

This result followed solid enrolment growth, particularly in Australia. Ex'pression College generated $0.5m EBITDA in its first full year of Navitas ownership ($2.5m before $2.0m of transaction and integration costs).

Operating environment

Regulatory change continued to occur in key markets, most notably in the UK following the reduction in the visa refusal rate in November 2014.

As a result Navitas implemented risk management strategies to ensure Navitas' UK colleges remain well below the threshold, but inevitably these measures reduced University Programs UK enrolment growth rates. UK government commentary since winning re-election in May does not indicate any immediate positive change to education policy though the well-known economic and global connectivity benefits of international education to destination countries may influence policy settings over time.

In Australia Navitas' enrolments from Nepal and India moderated following the application of stricter assessment criteria on student applications. These measures were instigated by Navitas following higher than acceptable levels of non-genuine student applications from those countries in 2013 and early 2014 as students tested the relatively new Streamlined Visa Processing rules.

More recently Australian enrolments were impacted by the longer term effects of Streamlined Visa Processing including an ongoing drop in international students recruited onshore. Increased Department of Immigration and Border Protection involvement in visa assessment in higher risk markets such as Nepal, India and Vietnam also affected growth.

Towards the end of FY15 the Australian government issued guidelines on how it plans to further expand streamlined visa processing via a new system called the Simplified Student Visa Framework (SSVF). Under the SSVF all education providers registered to teach international students will be rated on their past students' immigration risk which will then determine what evidence will be required from students to secure a visa. Regardless of the minimum requirements Navitas will continue to complete robust student assessments to ensure that all students are genuine. The SSVF system will be implemented in FY17 and should help to ensure Australia retains its reputation as a welcoming education destination.

Other higher education reforms which could improve access and choice for Australian domestic students remain unlegislated though this may change in FY16. Regulatory and policy settings for international students in both Canada and the US remained stable throughout the year.

As it has for several years Navitas continues to engage and work with governments globally to seek appropriate regulatory and policy settings for genuine students pursuing high quality education outcomes. Sustainability and quality is critical for Navitas and the Company seeks to influence education policy where it can.

Globally, demand for international education continues to grow with the number of students enrolled outside their country of citizenship rising, from 2.1m worldwide in 2000 to 4.5m in 2012. This is largely due to the growing wealth of the middle class in developing countries and capacity shortfalls in these regions. Demand is projected to keep growing to over 8.0m by 2025. In terms of international student market share the US and UK continue to dominate the rankings while Australia, Germany, France and Canada all hold approximately 6% market share each. [1]

Strategic developments

The significant changes currently being experienced by the education sector globally including the effect of regulation, technology and competition is unprecedented in Navitas' 20 year history.

[1] *Project Atlas,* US Department of State, 2014

However as a leading global education provider with a diversified portfolio and strong heritage of delivering high quality educational outcomes to students and partners, Navitas is well positioned to adapt to, and manage, such change.

In FY15 we demonstrated this by maintaining record retention and progression rates, working with partners to develop and deliver new programs, expanding our global agent network and engaging with governments to influence and manage regulatory change.

Under the key pillars of quality, efficiency and growth Navitas continued to progress its existing strategy in FY15 centered on the three key metrics of:

1. End-to-end student and client experiences;
2. Student and client outcomes; and
3. Strategic relationships.

Specific growth opportunities which were progressed in the year included:

- University Programs expansion in the US market with continued enrolment growth and the opening of a sixth US college. Business development capability also increased with a number of new resources including the appointment of an Executive General Manager University Programs Business Development for Europe and North America;

- Improvement in SAE internal capability and product expansion – SAE's refreshed leadership team drove SAE growth of 7% with the Australia region growing 28%;

- Implementing Navitas' new Sales and Marketing structure – now functional in China;

- Strengthening senior management capability with a number of senior appointments including the new role of General Manager Strategy and Business Development, the abovementioned Executive General Manager University Programs Business Development for Europe and North America and a new CFO for SAE US;

- The development of new business models to provide partners with more options with the launch of the University Programs joint venture model.

Navitas and its communities

Navitas continued to progress its corporate responsibility strategy in FY15 supporting a number of education-based projects via the Navitas Education Trust (NET) as well as matching donations raised by students and staff to support the victims of the earthquake in Nepal with a total of $107,400 donated.

We are also proud to report that Navitas distributed more than 130 scholarships in FY15 worth more than $0.9m and over 1,600 hours of employee and student time was dedicated to volunteering programs around the world.

The Navitas Education Trust, funded by an annual $0.5m contribution from Navitas, awarded four grants in FY15. The first supported *Room to Read* to establish 12 libraries in existing schools in Sri Lanka and Nepal as well as funding the creation, production and distribution of new local language books in both countries. The second funded *ABCN* to deliver six three-year scholarships to students across Australia from high needs schools to help them complete high school and enter tertiary education.

The third involves working with *Hagar* to help educate abused and trafficked women and children in Afghanistan. This three-year project aims to help around 300 women and children re-integrate into society through education. The final project, also for three years, funds *Classroom of Hope* to improve the skills and resources of teachers, school leaders and the community based around seven schools in Battambang province, Cambodia.

Navitas also supported Western Australian-based sporting teams in FY15, maintaining jersey sponsorship of the Western Force and also becoming joint naming rights sponsors of the Navitas Satalyst Racing team, the WA based cycling team with a UCI Continental license.

More information about these projects and Navitas' broader corporate responsibility strategy can be found on page 18 of this report.

Chairman's and Group Chief Executive Officer's Report

The Board

FY15 saw significant refreshing of Navitas' board in line with its succession and renewal policy.

This included the appointment of Diana Eilert to the Board as non-executive director in July and the retirement of Peter Larsen and Ted Evans at the Annual General Meeting. Both Peter and Ted contributed significantly to Navitas; Peter was a co-founder of Navitas and Ted was a director of Navitas for more than 10 years.

Outlook

In accordance with previous announcements, the Group anticipates FY16 EBITDA will remain broadly in line with FY15.

The material earnings impact from the loss of the University Programs' MQC and SIBT on-campus contracts will take effect from February 2016. This is expected to be mitigated by earnings growth from other University Programs contracts and the other Divisions within the Group.

Navitas is an established, globally diversified organisation that has delivered significant outcomes for students, partners, employees and shareholders over its 20 year history. We recognise the challenges ahead and are well positioned to adapt to, and manage, such change.

Harvey Collins
Chairman

Rod Jones
Group Chief Executive Officer

Navitas Limited

Chief Financial Officer's Report

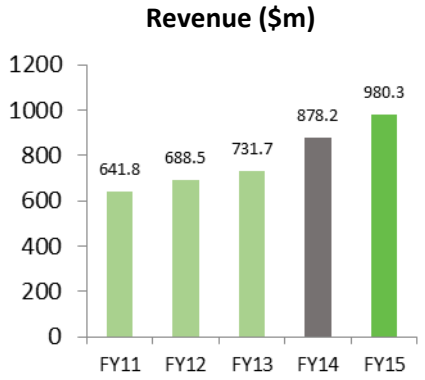
We are pleased to provide the following report detailing the 2015 financial year.

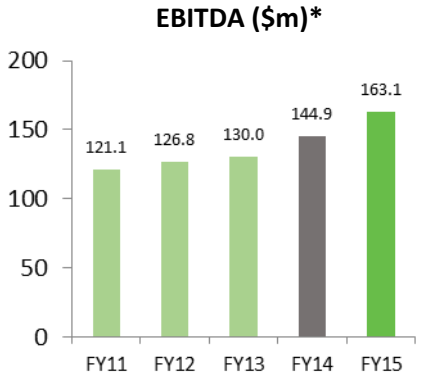
Navitas Financial Performance

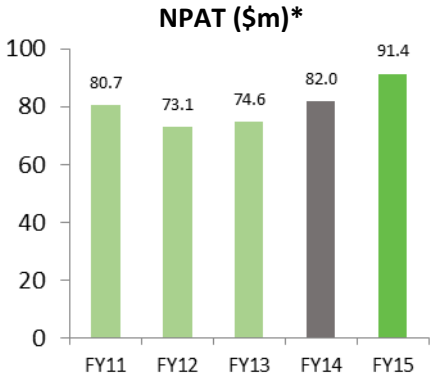
Navitas' (the "Group" or "NVT") results for the year ended 30 June 2015 and the prior corresponding period (pcp) are shown below.

	Year ended 30 June 2015	Year ended 30 June 2014	Change %
Total revenue ($m)	980.3	878.2	12
Underlying EBITDA ($m)*	163.1	144.9	13
NPAT ($m)*	91.4	82.0	11
Reported NPAT ($m)	71.8	51.6	39
EPS (cents)*	24.3	21.8	11
Reported EPS (cents)	19.1	13.7	39
Full year dividend (cents)	19.5	19.5	-

*excluding goodwill impairment



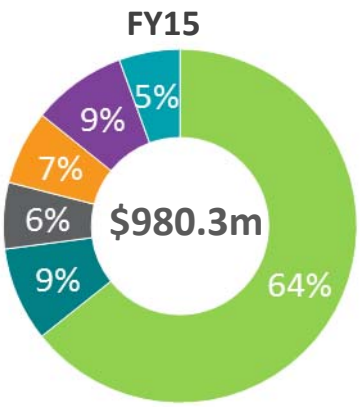


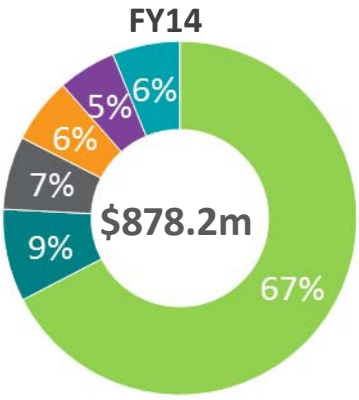


*excluding goodwill impairment

The full year fully franked dividend of 19.5 cents per share is unchanged and reflects strong fundamentals such as low debt, strong cash flow and long term facilities. The final dividend for the year is 10.1 cents per share (FY14: 10.1 cents per share).

Total revenue increased by 12% to $980.3m (FY14: $878.2m) with growth recorded following student and client enrolment increases. Excluding currency exchange movements this was 10% underlying growth.





Chief Financial Officer's Report

In line with guidance provided to the market, Group underlying EBITDA rose 13% to $163.1m (FY14: $144.9m) with earnings growth achieved in all three Divisions.

The Group underlying EBITDA margin stabilised at 16.6% (FY14: 16.5%) due to a significant 1.9% improvement in the Professional and English Programs Division and a 0.4% increase in the University Programs Division. This was offset by a margin decline in SAE, largely as a result of non-recurring expenses brought to account in the first half of FY15.

Divisional underlying EBITDA results are as follows:

	Year ended 30 June 2015 $m	Year ended 30 June 2014 $m	Change $m	Change %
University Programs*	140.4	121.8	18.6	15
Professional and English Programs*	29.5	25.3	4.3	17
SAE	26.1	24.5	1.6	7
Divisional underlying EBITDA	**196.0**	**171.5**	**24.5**	**14**
Corporate costs & consolidation items	(32.9)	(26.6)	(6.3)	23
Group underlying EBITDA	**163.1**	**144.9**	**18.2**	**13**

**excluding goodwill impairment*

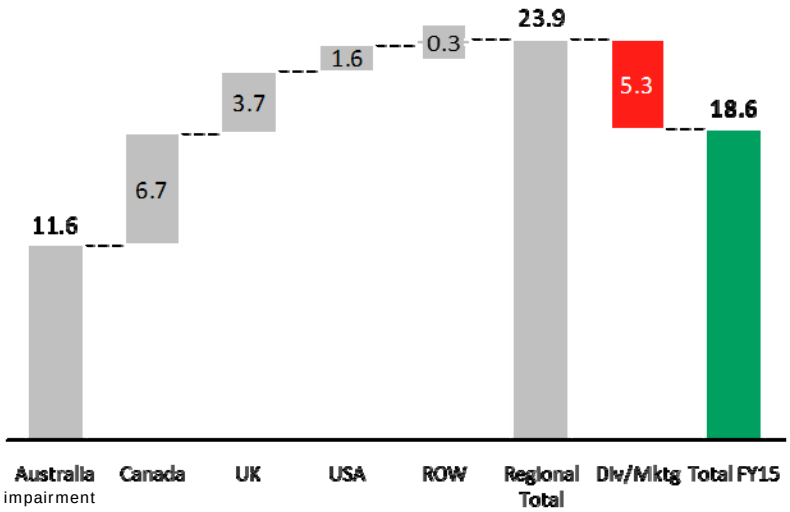
Navitas' Business Model

Navitas operates three Divisions which are primarily involved in the provision of high quality education services. While each Division is unique, the following items are evident in each:

- Students are recruited appropriately to a wide range of courses and programs around the world;
- Commissions are often paid to independent student recruitment agents who provide counselling to students and progress them through the student visa process;
- In the majority of cases tuition fees are received in advance which drives Navitas' negative working capital model;
- Students requiring face-to-face teaching are accommodated in facilities which, in the majority of cases, are either leased from third parties or provided by institutions under various partnership agreements;
- Curricula are either developed and submitted for accreditation by Navitas or secured under partnership agreements; and
- Fixed costs include salaries and travel, marketing and administration costs. Many costs, including teaching costs, can be variable.

University Programs Division

FY15 EBITDA* movement ($m)



*excluding goodwill impairment

The University Programs Division achieved a record result growing underlying EBITDA by 15% despite a slowing student enrolment growth trend over FY15.

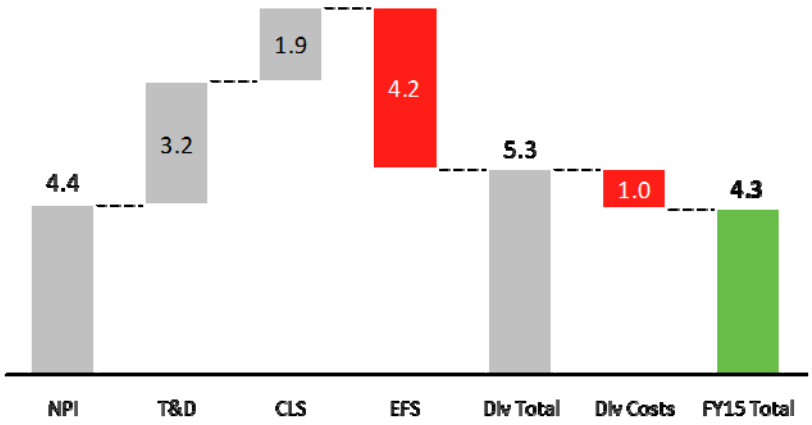
Key highlights included:

- A maiden profit result for the US region with EBITDA of $1.6m;
- Strong earnings growth from the UK region following price growth and despite slowing enrolment numbers; and
- Average fee growth of 4% across the Division.

Navitas has entered into a binding MOU to dispose of its 55% interest in EduGlobal for nil consideration.

Professional and English Programs Division

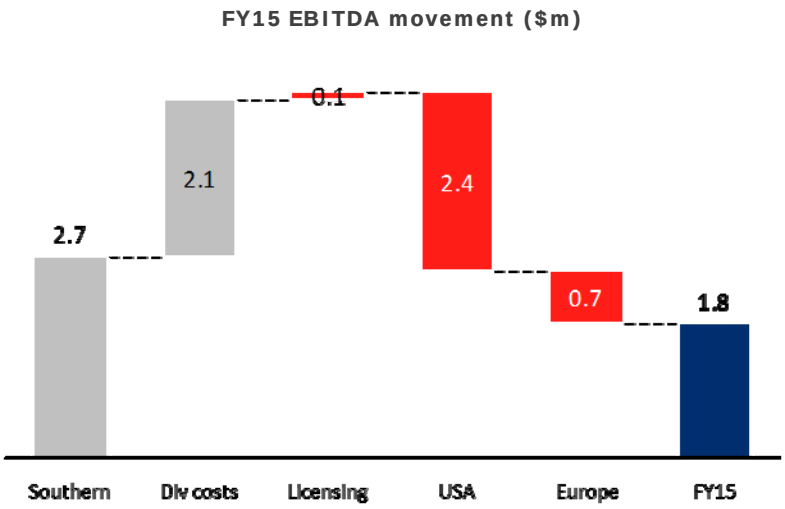
FY15 EBITDA* movement ($m)



*excluding goodwill impairment

The Professional and English Programs Division delivered strong underlying EBITDA growth of 17% against pcp largely from sustained high performance from ACAP, HSA, NCPS, ELICOS and Careers & Internships businesses. Scale benefits and operational efficiency across the Division also contributed to EBITDA and margin improvement.

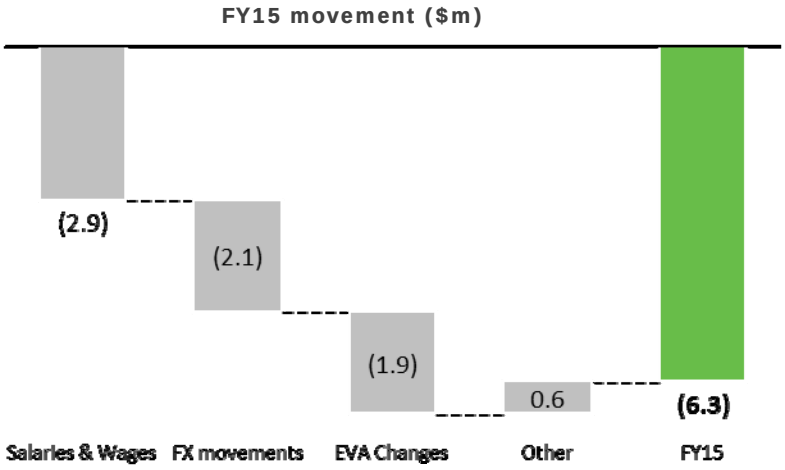
SAE Division



SAE increased EBITDA by 7% to $26.1m (FY14: $24.5m) compared to pcp, with the H2 FY15 EBITDA result increasing by 21% compared to H2 FY14. Australia was the highlight in FY15 growing earnings by 28% following enrolment and fee improvement.

As noted in the interim results the US region incurred management restructure costs as well integration and transaction costs for Ex'pression College. Ex'pression College generated $0.5m in earnings ($2.5m before $2.0m integration and transaction costs) in its first full year of Navitas ownership.

Corporate Costs



Corporate costs were 23% higher than pcp at $32.9m (FY14: $26.6m) primarily due to EVA incentive payments and unfavourable FX impacts. Corporate costs remain at ~3% of Group revenue.

Depreciation

Depreciation for the year was $27.3m, an 11% increase on FY14. This reflected increased capital expenditure on projects such as the Los Angeles, Melbourne and Sydney SAE campus fit outs, the continued roll out of the Navigate Student Management System and the SAE Barcelona building purchase.

Interest

Net interest expense of $3.8m was 39% lower than the FY14 charge of $6.2m. This was as a result of lower average debt volumes and pricing reductions achieved in December 2014 from restructuring of the Group's debt facilities.

Reported NPAT

At a Group level Navitas incurred a $19.5m goodwill impairment in FY15 in relation to:

- a $9.0m impairment in relation to SIBT - recognised in the first half;
- a $7.4m impairment for Study Overseas Limited (SOL), following sustained declines in performance closely linked to the restrictive UK market; and
- a $3.1m impairment charge for Navitas Resources Institute, related to the acquisition of corporate training entities dating back to 2005.

All entities reduced their carrying value to zero.

Balance Sheet

Although at a seasonal low, net debt at 30 June 2015 is $36.0m (30 June 2014: $51.6m). The $15.6m decrease continues the trend of cash flows from operations being in excess of capital expenditure, investments and dividend payments. Net debt is now 0.22x underlying EBITDA.

Shareholders' funds at 30 June 2015 were $206.7m (30 June 2014: $211.7m). Deferred revenue at 30 June 2015 was $280.6m (30 June 2014: $258.4m) an increase of 9% over the year – 5% on a currency adjusted basis.

Cash Flows

Operating cash flows of $141.8m for the year ended 30 June 2015 were effectively in line with the prior year (FY14: $140.9m).

Capex for the year was $38.1m (FY14: $25.3m) included SAE's relocated LA campus, the refurbishment of the Barcelona, Sydney and Melbourne campuses, the relocation of the Perth corporate office and Navigate costs. Capex in FY16 is anticipated to be ~$30m excluding the new Sydney CBD fit-out which is targeted to be covered by lease incentive.

Shareholder Value and EVA®

Navitas utilises the economic value added (EVA®) framework to assess shareholder value with EVA® being a measure of returns relative to the Group's weighted average cost of capital for funds employed by the business. EVA® for FY15 was $62.9m which represents $11.1m growth in EVA. Further details about the calculation of EVA® can be found on page 24 of this report.

Rewards declared under Navitas' staff incentive scheme are based on the actual financial performance of Navitas in any one year. As changes to the Group's contract with Macquarie University had little impact on financial performance in 2015, rewards declared in 2015 were not materially impacted.

However, to the extent that the changes to the Macquarie contracts reduce EVA growth in coming years, rewards declared will be lower in those years. This is consistent with the objective of the scheme, which is to base rewards on the sustained growth in EVA actually achieved, rather than on estimates of future performance. Targets for EVA growth are set every three years and were most recently set in April 2014.

Dividend

The Directors have declared a fully franked final dividend of 10.1 cents per share (FY14: 10.1 cents). This takes the full year dividend to 19.5 cents (FY14: 19.5 cents).

Bryce Houghton
Chief Financial Officer

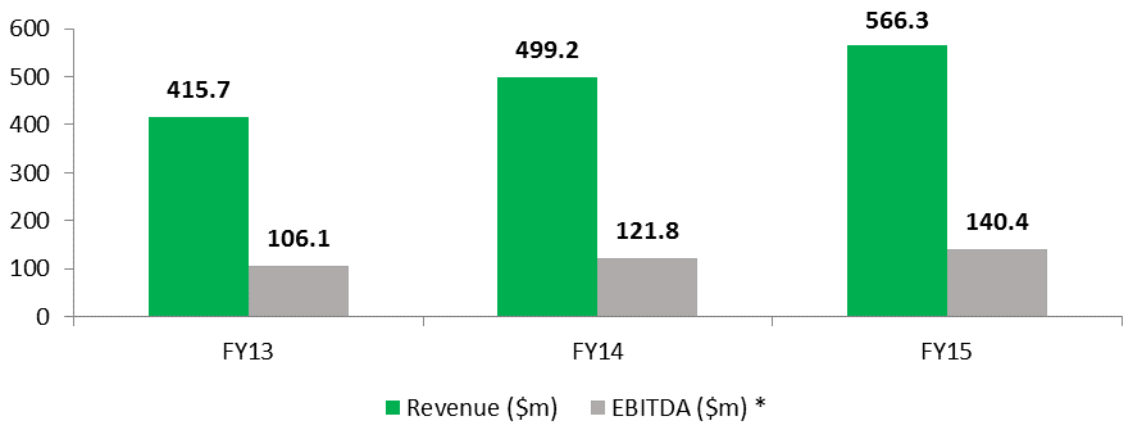
Divisional Review of Operations

University Programs Division

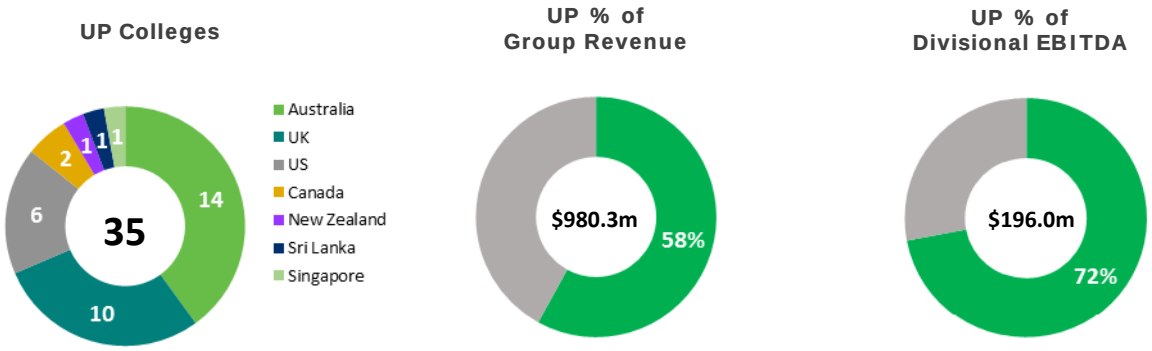
Key Highlights

- Pleasing academic outcomes with more than 90% progression rates;
- Two new university agreements announced under the new joint venture model – partnering with the University of Western Sydney and the University of Canberra;
- Two new university agreements announced under the existing royalty model – partnering with Florida Atlantic University and University of Northampton;
- All three University of Massachusetts agreements renewed with similar terms and conditions;
- Promising discussions with potential new University partners, particularly in the US; and
- US network of colleges achieve maiden profit.

Financial highlights



* excluding goodwill impairment



Overview of operations

The University Programs Division is a global leader in pre-university, managed campus and university pathway programs enhancing students' probability of success in higher education via specialised and supportive programs.

The pathway program model focuses on providing pre and first-year university courses to international students from more than 140 countries who do not qualify for direct entry to partner universities due to either language or academic record. The Australian colleges also admit domestic students who do not gain direct entry to our partner universities.

University Programs courses are delivered via on-campus colleges, through an agreement with a partner university, in a structured environment aimed at maximising student success. This includes additional teaching hours, smaller class sizes and increased levels of learning support and pastoral care.

Upon completion students then qualify to enter the second year program at the partner university, with the final objective to receive a qualification from the university.

In FY15 the Division offered Certificate, Diploma, Associate Degree, Bachelor and Masters programs to more than 22,000 students in 35 colleges and managed campuses across Australia, New Zealand, Singapore, the UK, USA, Canada and Sri Lanka.

Progress against strategy

Students

The Division remains focused on academic quality and student outcomes working with partner universities to enhance academic and support services to students. The Division's 2014 annual review of academic quality and outcomes has continued to highlight pleasing results with:

- Pre university and pathway program pass rates of over 80%;
- Retention rates of over 85%; and
- A progression to partner university rate of over 90%.

More than 4,300 students and recent graduates participated in student satisfaction surveys in 2014. The results demonstrate a very high level of satisfaction with Navitas programs. Beyond the survey results, the success of these programs is further evidenced by the academic outcomes achieved, with Navitas students performing as well as international students who had gained direct entry to university.

Highlights include:

- Over 97% of surveyed students were satisfied with their teaching experience; and
- 97% of surveyed students (graduates) were satisfied with the overall quality of their program of study at a Navitas University Programs College;

The Division recorded enrolment growth throughout FY15 with equivalent full time student units (EFTSU) growing 11%, 7% and 3% globally for each semester respectively in the year compared to pcp.

The new market of the US continued to grow strongly as did enrolments in Canadian colleges. Overall growth was however affected by the need to tighten student assessment criteria in the UK and Australia following recent regulatory change.

Financial

The Division achieved record results for university partners increasing royalty payments by 15%, The Division also recorded a 13% increase in revenue to $566.3m (FY14: $499.2m) following student growth across all key regions and underlying EBITDA growth of 15% to $140.4m (FY14: $121.8m). The US college network achieved its first year of profitability, including investments in new colleges.

In early FY15 Navitas announced that its agreement for SIBT with Macquarie University would not be renewed by the university from February 2016. In addition the contract for Macquarie City Campus, the Sydney CBD managed campus of Macquarie University was not renewed and will close at the same time. These changes will impact enrolment growth and financial performance for the Division in FY16 and FY17.

Internal processes

Four new agreements were signed in FY15 with two of those colleges now operational. Navitas at Florida Atlantic University, the 6th US college, opened in January 2015 and the division's 14th Australian college, University of Canberra College, was already operational when Navitas acquired a 51% share in the college in May 2015.

The other agreements were with the University of Northampton, the 10th college in the UK, and for the University of Western Sydney International College.

Both the University of Western Sydney and the University of Canberra agreements were signed under the new joint venture model which was developed to provide more options to university partners.

All three University of Massachusetts college agreements were renewed in the year under similar conditions. The UMass Boston agreement was extended for a 10-year period.

In addition the Division worked with university partners to develop a range of new courses and programs across all regions.

People and culture

Extensive succession planning and personal development plans were completed across key management positions in FY15. Senior capability and capacity was also strengthened with the creation

of the new role of Executive General Manager University Programs Business Development for Europe and North America.

Outlook
Navitas will continue to progress positive discussions with potential new university partners in the year including a range of possible new partnerships in the US, Australia and the UK.

The University Programs Division will be affected by the loss of SIBT's on-campus earnings with the material impact felt from February 2016.

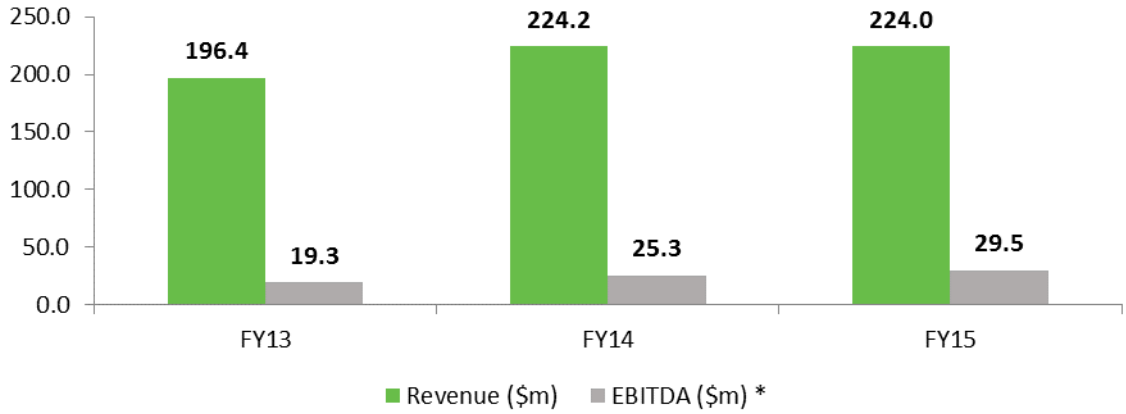
Divisional Review of Operations

Professional and English Programs

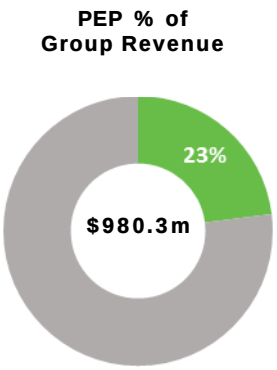
Key Highlights

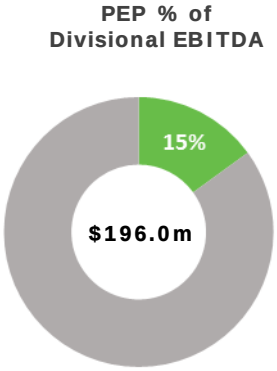
- Continued high student satisfaction and academic outcomes;
- Fifth consecutive year of record earnings;
- Leveraged scale benefits and improved operational efficiency across the Division;
- Solid growth from ACAP, HSA, NCPS, ELICOS and Careers & Internships businesses; and
- Several new contracts won including the ACT AMEP.

Financial highlights



* excluding goodwill impairment





Overview of Operations

The Professional and English Programs Division (PEP) comprises four business units:

- English and Foundation Skills: provides settlement services and English language and literacy programs to mainly migrants and refugees settling in Australia as permanent residents. The programs, including AMEP, SEE and HSS are funded by the Commonwealth government.
- Careers and Learning Skills: prepares students for further learning and enables students and clients to gain work experience, and ultimately employment, through English language courses, work skills and career services. Careers and Learning Skills includes ELICOS, Careers and Internships and the Navitas English Test Centre.
- Navitas Professional Institute: delivers programs to build and enhance careers in the Social, Community, Health and Education sectors. The unit includes ACAP, NCPS, HSA and ATTC.
- Training and Development: is directed at building capacity, core skills and employee effectiveness in the resources sector and related industries. This includes the Navitas Resources Institute.

Divisional Review of Operations

The Division is supported by specialist marketing and sales, finance and risk personnel, and a Learning, Teaching and Technology unit. The latter includes Cadre which provides bespoke online learning to internal and external clients.

Progress against strategy

Students and partners

The Division made good progress against its student and partner objectives in the year with key highlights and achievements being:

- Improved on already high student survey results during the year with Net Promoter Scores growing in FY15 surveys;
- Launched new higher education courses in Social Work and Counselling and Psychotherapy and online in Criminal Justice; and
- Winning a new three-year contract from the Commonwealth Department of Education and Training to deliver advisory services to business as part of the Industry Skills Fund. The Division earned 26 positions out of a total of 83 funded positions in year one across Australia.

Financial

Achieving 17% underlying EBITDA growth, the Professional and English Programs Division had another record year, with $29.5m EBITDA (FY14: $25.2m) off flat revenue of $224.0m (FY14: $224.2m).

Education businesses ACAP, HSA, NCPS, ELICOS and Careers & Internships delivered much of this growth following continued strong interest in their programs. Scale benefits and operational efficiency across the Division also delivered earnings and margin growth. As anticipated AMEP volumes declined following changes to Australia's humanitarian and refugee intake.

Internal processes

In December 2014 the Division won the AMEP contract for the ACT and commenced delivery in February 2015. This contract will expire in June 2017 in line with all AMEP contracts across Australia.

A number of Professional and English Programs businesses, including ELICOS businesses and HSA, achieved seven year ASQA reaccreditation in the year without audit - an indication of the confidence that ASQA has in the quality of these businesses following their rigorous risk evaluation prior to re-registration. ACAP was also reaccredited by TEQSA for seven years.

People and culture

The Division continues to develop its human capital for the future and during the year enhanced its executive capacity through development programs and senior hires in areas such as Learning Teaching and Technology. This included significant work in succession planning.

Investment continues in organisational culture and structures to support greater collaboration and cooperation across the Division and lay the groundwork to open up career pathway opportunities for staff. This was reflected by 80% of appointments in FY15 being filled by internal candidates.

Outlook

The Professional and English Programs Division expects earnings growth in FY16 albeit with some moderation in AMEP client numbers.

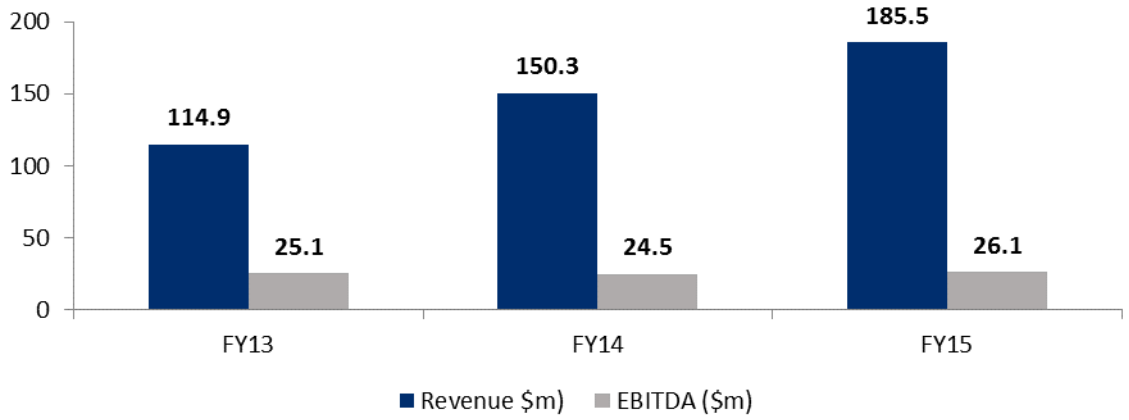
Divisional Review of Operations

SAE Division

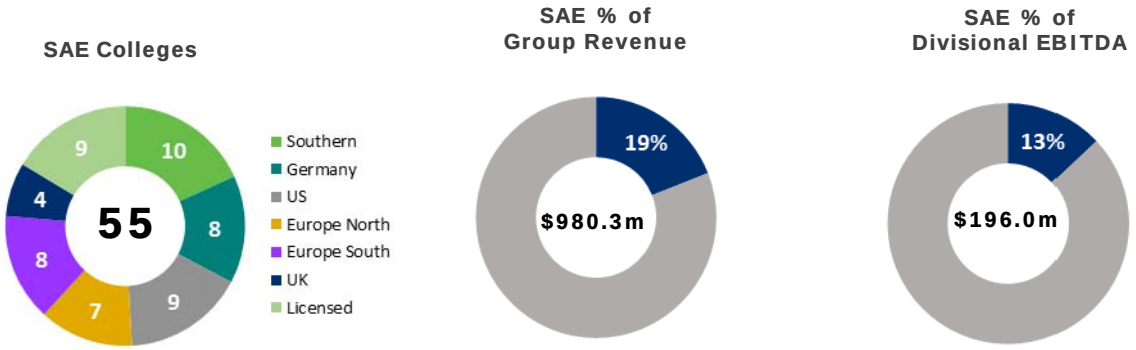
Key Highlights

- 21% second half earnings growth compared to pcp;
- Consistent enrolment growth across key regions;
- SAE Australia records 28% earnings growth following volume and fee increases;
- Relocated or refurbished the Barcelona, LA, Sydney and Melbourne campuses; and
- Ex'pression College delivers maiden earnings growth to SAE.

Financial highlights



* excluding goodwill impairment



Overview of Operations

SAE is one of the world's largest creative media education companies, with 55 campuses across 27 countries. The Division offers a range of predominantly Higher Education opportunities including Certificate, Diploma, Degree and Masters programs across several major fields of study: audio, film, animation, gaming, design, and web. SAE also licenses its programs to third party providers.

Divisional Review of Operations

Progress against strategy

Students

Following ongoing investment in marketing and lead generation throughout the year SAE recorded solid growth in student numbers in FY15.

Financial

SAE recorded a 23% increase in revenue to $185.5m (FY14: $150.3m), approximately half of this increase related to the acquisition of Ex'pression College.

EBITDA by 7% to $26.1m (FY14: $24.5m) in the year. The second half was particularly pleasing for the Division, which recorded a 21% increase in EBITDA from H2 FY14 to H2 FY15, following solid enrolment growth, particularly in Australia. Ex'pression College generated $0.5m EBITDA in its first full year of Navitas ownership ($2.5m before $2.0m of transaction and integration costs).

Internal processes

A number of campuses were refurbished or relocated in the year including Melbourne, Sydney, Los Angeles and Barcelona in order to improve facilities and enable growth opportunities. The Barcelona property was purchased to allow for campus expansion and to deliver better financial returns.

Investment continued into both central and regional management teams, improving the knowledge and skill-sets of key employees.

People and culture

Extensive succession planning and personal development plans were completed across key management positions in FY15.

Outlook

The Division anticipates that enrolment and fee growth, and momentum from the strong FY15 second half, will support earnings improvement in FY16.

Strategy and Corporate Responsibility

Strategy

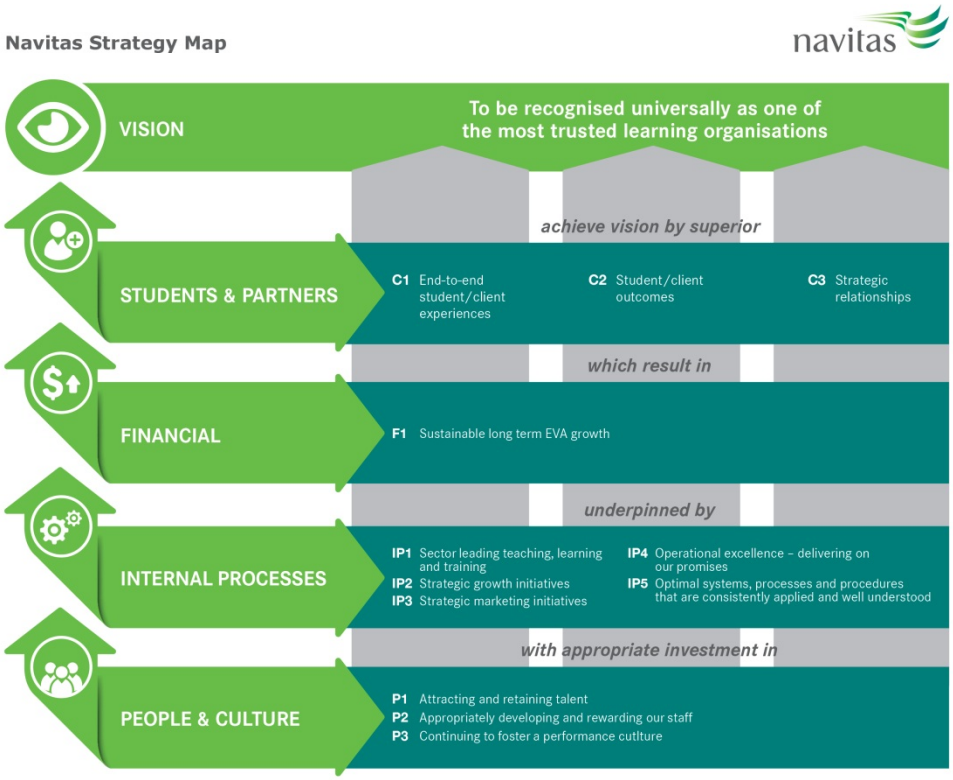
Navitas is a leading global education provider with a 20 year record of providing high quality educational outcomes to students and partners. It is Navitas' vision to be recognised universally as one of the most trusted learning organisations in the world.

However the global education sector is undergoing significant change driven by regulatory, technology and competitive forces. Navitas is very conscious of these global shifts and the Company will continue to evolve its strategy to build on its diversified portfolio and global capability to achieve growth for the longer term.

Under the key pillars of quality, efficiency and growth Navitas continued to progress its existing strategy in FY15 centred on the three key metrics of:

1. End-to-end student and client experiences;
2. Student and client outcomes; and
3. Strategic relationships.

Our strategic objectives are communicated and monitored using a Balanced Scorecard model which is depicted in the Navitas Strategy Map below:



Students and Partners
In order to achieve our vision we will deliver superior:

- End-to-end student/client experience - we will provide a consistent and quality experience to our students, partners and clients at every touch point.
- Student and client outcomes – we will understand and deliver desired outcomes for our students and clients.
- Strategic relationships - we will add value to key strategic partners by assisting them achieving their desired outcomes.

Strategy and Corporate Responsibility

Financial
By achieving the outcomes under Students and Partners above and rigorously evaluating and prioritising growth opportunities:

- Navitas will deliver sustainable long term EVA® growth for our shareholders and staff. Our shareholders have entrusted their money with Navitas. Therefore we have a responsibility to repay this trust in delivering appropriate returns to them. This includes staff who benefit from the EVA® incentive scheme.

Internal Processes
The 'Students and Partners' and 'Financial' outcomes will be underpinned by:

- Sector leading learning and training - as a learning and teaching organisation, it is critical that we excel at this as this is a key ingredient to providing our students the best learning outcomes and learning experiences.
- Strategic growth initiatives - we will optimise strategic growth opportunities, and continue to grow existing businesses via new product lines and markets.
- Operational excellence – delivering on our promises - we will continue to build on our culture where we deliver on our operational promises.
- Optimal systems, processes and procedures that are consistently applied and well understood - our systems, processes and procedures will consistently support the business units in enhancing the student experience and outcomes.

People and Culture
Our people and culture are critical to our success, therefore we will invest in:

- Attracting and retaining talent - as we continue to grow and become more diverse, our continuing success will rely on attracting and retaining the best people.
- Appropriately developing and rewarding our staff - developing our staff will assist them, and therefore the company, to become more productive.
- Continuing to foster a performance culture - Navitas has had a history of delivering outstanding performance. We will ensure that this culture is maintained and nurtured.

Strategic Highlights

Navitas continued to implement strategic growth opportunities in FY15 including[2]:

Initiative	Strategic focus
Continuation of University Programs expansion in the US market	Internal Processes
Improvement in SAE internal capability and product expansion	Internal Processes, People and Culture
Implementing Navitas' new Sales and Marketing structure	Internal Processes, Students and Partners
Strengthening senior management capability across Divisions and Corporate	People and Culture
Developing new business models such as the joint venture model	Students and Partners, Internal Processes

[2] In reliance on section 299A(3) of the Corporations Act, more specific growth opportunities including, but not limited to, specific potential partner universities in the US market and specific new products to be added to the product range such as new diplomas and associate degrees in both UPD and SAE, have not been disclosed as their disclosure would likely result in unreasonable prejudice against Navitas because disclosure of these would give Navitas' competitors a commercial advantage which would jeopardise Navitas' growth plans and prospects.

Strategy and Corporate Responsibility

Risks

Material business risks categorised under environmental, economic and social sustainability, and Navitas' management of each risk, can be summarised as:

Economic Sustainability	
Risk	Action
Competitor actions and innovation adversely affecting profitability	Navitas conducts internal reviews of existing service offerings and potential growth markets to maintain competitive advantage and has a dedicated business intelligence function which provides: • global insights into higher education trends; • monitoring service of mergers and acquisition activity in the higher education space; • competitor analysis across Divisions; and • use of data analytics to enhance service offerings.
Government actions lead to a decline in revenue.	Navitas has a dedicated function to liaise with government and industry. Navitas has also developed a government relations strategy and regularly engages with governments and bureaucrats to manage any changes to policy.
Recruitment agents do not comply with regulatory requirements	Navitas has established policies and procedures in place based on the relevant legislation to manage the regulatory requirements of the recruitment agents. In addition Navitas has a risk management system and internal audit program which provides further oversight of compliance with regulatory requirements.
Social Sustainability	
Risk	Action
Damage to the Navitas brand or reputation	Various policies regarding media and social media as well as multiple systems and processes to manage reputational issues have been embedded into the Navitas business in addition to a robust risk management system.
Break down of relationships with universities and key partners	Systems and processes to manage reputational issues are being embedded into the Navitas business. Balanced scorecard metrics to measure relationships with key stakeholders such as students, recruitment agents and university partners are being developed to enable management to monitor the ongoing health of such relationships. In addition Navitas has a risk management system and internal audit program which provides further oversight of relationship management risk. In terms of social sustainability Navitas is positioned as a "trusted provider of education" with the strategic objective of creating a long term enduring relationship with students and therefore a socially sustainable business.
Environmental Sustainability	
Risk	Action
Navitas does not consider that the Company has material environmental sustainability risks.	n/a

Strategy and Corporate Responsibility

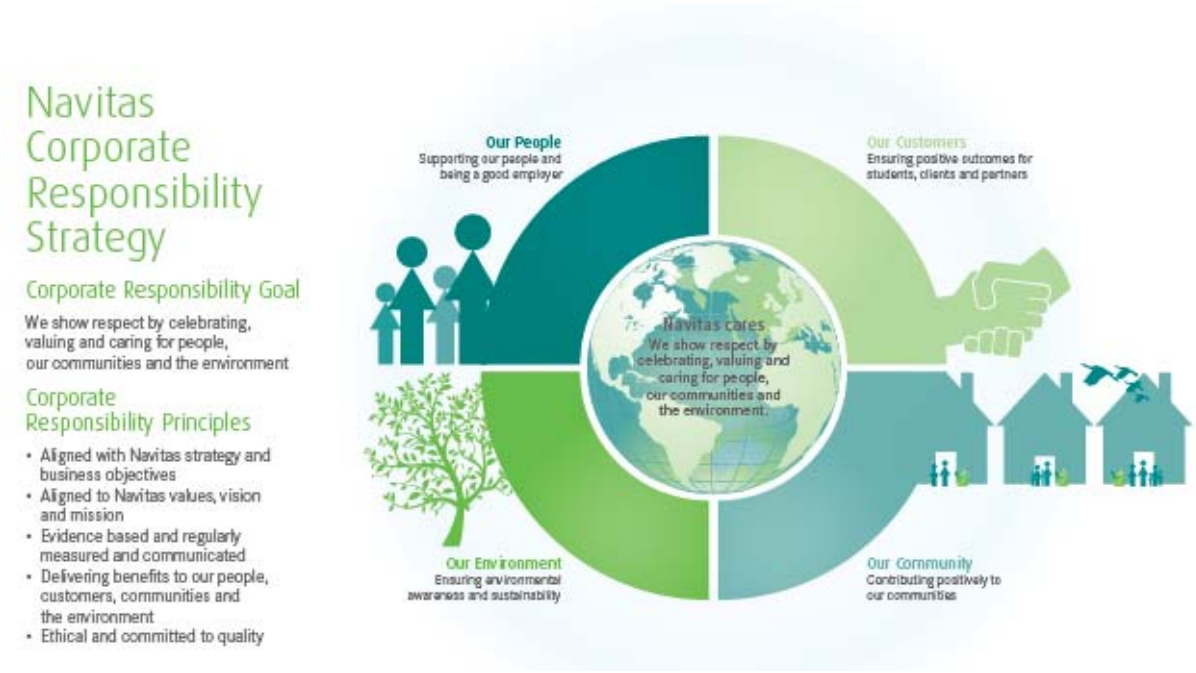
Corporate Responsibility

Navitas has continued to progress its corporate responsibility strategy and has strengthened its reputation as a socially responsible organisation alongside its commitment to, and record of, high quality academic outcomes.

Navitas' corporate responsibility strategy covers the wider categories of communities, employees, the environment and our customers. The strategy aligns with current business objectives and is also reflective of the significant interaction and involvement that Navitas and individual business units have had within their communities for many years.

The strategy is mutually beneficial, delivering benefits to global stakeholders and participants while bringing long term benefits to Navitas and Shareholders.

Navitas continued to progress its corporate responsibility objectives across all four spheres of our people, our customers, our community and our environment.



Contributing positively to our community
The Navitas Education Trust (NET) was established in 2013 as a vehicle for Navitas to support charitable organisations and activities. Navitas has committed to provide annual funds to the NET, some of which will be used to support education based programs in partnership with charitable organisations and some of which will be invested to generate funds for future programs.

The NET management committee, comprised of three Board members and chaired by the Group CEO, funded four initiatives in the 2015 financial year:

1. Supporting *Room to Read* to establish 12 libraries in existing schools and funding the creation, production and distribution of new local language books in both countries;
2. For the 2nd year in a row supporting *ABCN* to offer six more three-year scholarships to Australian, high need, low SES, high school students to support them to enter higher education;
3. Working with *Hagar* to help educate and re-integrate abused and trafficked women and children in Afghanistan via the Empower through Education Program; and
4. Funding *Classroom of Hope* to improve the skills and resources of teachers, school leaders and the community based around seven schools in Battambang province, Cambodia.

As well as entering the second year funding of the projects with *Hagar* and *Classroom of Hope* in FY16 the NET has also announced additional funding for *Room to Read* and *ABCN*. Via *ABCN* Navitas will continue to fund scholarships for disadvantaged Australian domestic students while the *Room to Read* project aims to support teacher training and infrastructure redevelopment following the deadly earthquakes in Nepal.

Navitas also supported a number of other activities in the year including:

- Across more than 120 colleges and campuses Navitas supported more than 160 academic scholarships worth over $1.0m. In addition Navitas students and staff raised $53,700 to support the victims of the Nepal earthquake which occurred in April. Navitas then matched the donation resulting in a donated total of more than $107,400. A further $83,000 of donations and goods was raised in the year;
- 73 employees volunteered 774 hours across Australia participating in primary and high school mentor programs in partnership with *ABCN*. An additional 890 staff and student hours were volunteered across a variety of other community based projects in FY15;
- More than 1,150 management hours were committed to support corporate responsibility activity in FY15; and
- Navitas continued to sponsor *Yearn to Learn* (Y2L), an established charity in Beijing, China which develops fully functional classrooms and therapeutic facilities for children in orphanages who do not have access to educational programs due to their disability, age, gender or circumstance. With Navitas' support Y2L has established two programs in orphanages in Beijing.

Supporting our people and being a good employer
Navitas is committed to providing a safe and productive workplace for its more than 5,800 employees around the world and this year has reported on gender representation via its diversity section in the Corporate Governance report (see the Company's website: www.navitas.com/investor_centre.html).

Navitas has recently taken steps to enhance its health and safety capabilities and is developing a new management system framework and policies to improve analysis and performance. In FY15 Navitas' Australian operations reported:

Metric	Performance
Fatalities	0
Lost Time Injury Frequency Rate (LTIFR) - number of lost time injuries per million hours worked	2.3
Prosecutions or Regulatory/Improvement notices	0

In addition, for many years Navitas has worked to provide a flexible and supportive workplace, introducing a number of policies such as flexible working arrangements, flexible leave arrangements, study assistance and a diversity policy.

Ensuring environmental awareness and sustainability
Although Navitas has a network of more than 120 campuses and colleges around the world the majority of these are leased or owned by partners. Within this constraint Navitas aims to:

- Ensure sustainability is included in design and construction guidelines, and where possible, all design materials will come from sustainable, low energy use resources;
- Ensure that contractors used in construction and maintenance demonstrate sustainability credentials as part of tender or contract establishment; and
- Introduce energy savings through the introduction of energy efficient equipment and education.

As a part of this sustainability strategy Navitas:

- has commenced measurement of key environmental outputs such as energy usage;
- is supporting its staff at a college level by providing information about ways to reduce energy consumption; and
- has commenced monitoring the generation of general waste at a college level, with the view of finding ways to improve waste management.

Ensuring positive outcomes for students, clients and partners
Navitas utilises a range of annual surveys and studies to monitor and ensure key academic performance indicators are met. External benchmarking involves comparing key academic performance indicators across Navitas colleges while internal benchmarking takes place between the individual colleges and their partner universities.

Within University Programs, pass rates and retention target rates (the rate of students moving from semester to semester) are set at >75%. In the 2014 calendar year both of these targets were exceeded.

Navitas routinely participates in global student surveys as a way of benchmarking our performance against the sector in all key countries. In the most recent i-graduate survey of more than 1.5 million

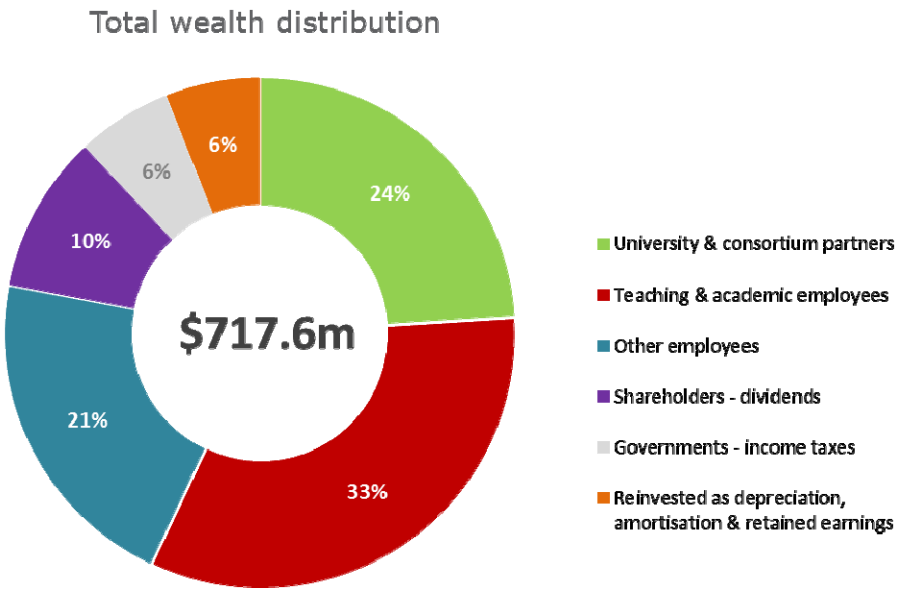
students and 1,200 institutions globally Navitas scored well above the sector average in many areas including quality of teachers, course content, learning support and work experience. Results also indicate that student satisfaction with academic outcomes and support services has also been improving steadily for many years.

Since 1995 total royalties paid to university partners have exceeded $1b. As a leading global provider of education services Navitas plays a vital economic role in its communities. Annually wealth generated by Navitas is distributed as follows:

$m	FY15	FY14	Change %
Operating revenue	980.3	878.2	12
Cost of services and other external costs	(262.7)	(214.2)	23
Total wealth created	**717.6**	**664.0**	*8*
Payments to university and consortium partners	174.7	159.0	10
Payments to teaching and academic employees	236.6	201.0	18
Payments to other employees	147.0	133.5	10
Payments to shareholders – dividends	73.4	73.2	0
Payments to governments – income taxes	39.6	32.1	23
Reinvested as depreciation, amortisation and retained earnings	46.3	65.2	(39)
Total wealth distributed	**717.6**	**664.0**	**8**

Affirming Navitas' commitment to its partners, 24% of generated wealth is channelled to university and consortia partners under royalty and contract agreements. Following these payments university partners stand to generate substantial further income as approximately 90% of students graduating from Navitas colleges enter partner university programs.

Highlighting Navitas' focus on academic outcomes and commitment to quality, 33% of wealth is paid to academic and teaching staff, a further 21% of wealth created is paid to other employees. Payments to Shareholders via dividends relating to FY15 equates to 10% of wealth distribution.

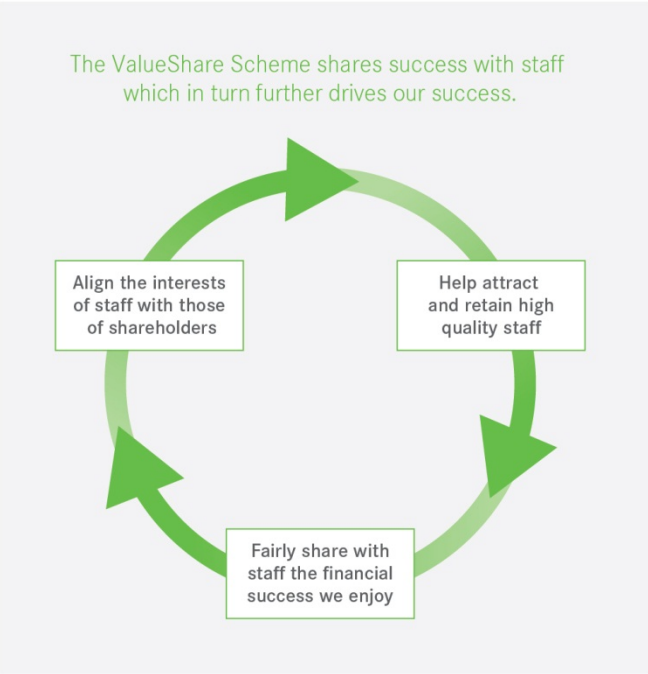


ValueShare Incentive Scheme

An important part of the spirit of Navitas has always been sharing the success that the business enjoys, with the staff that make that success possible. Over the past nine years, the primary way that we have shared our success with staff is through the Navitas ValueShare Incentive Scheme.

The ValueShare Incentive Scheme helps drive the success of the Company at three important levels. It:

- helps attract and retain high quality staff;
- supports a merit-based culture by fairly sharing with staff the financial success Navitas enjoys; and
- rewards sustained gains and therefore aligns the interests of staff with those of shareholders.



Helps attract and retain high quality staff

The success of our business ultimately rests with the quality and the dedication of the people who work at Navitas.

To attract the best people, we need to offer an engaging and enjoyable workplace where the best in the education industry can pursue their careers. But we also need to offer a competitive level of remuneration.

Many of the educational institutions that we compete with for staff offer high levels of fixed remuneration (eg salary plus superannuation). We try to match that by offering the opportunity to share in the financial success of our business, via the ValueShare Incentive Scheme.

For most participants in the Scheme, if performance targets are met, an incentive of 10% of their salary will be earned. But for senior managers, the on-target reward can be 20% or higher, reflecting their higher level of responsibility within the Group.

As a result, in good years, our staff may earn more than what is on offer elsewhere in the sector. But in disappointing years, they may earn less. This performance based approach to remuneration helps us attract a more entrepreneurial workforce which has been one of the key drivers of our success.

It also means that one of our largest expenses — employment costs — rises and falls with the performance of each of our business units. If performance is good, we share with our staff that success, but if our profitability falls, then our employment costs fall with it. This variability in our cost base has helped us successfully negotiate some of the strong headwinds that the Group has faced in recent years.

ValueShare Incentive Scheme

Fairly shares with staff the financial success Navitas enjoys

We believe that high quality staff are attracted to a transparent, objective process for sharing the success that the business enjoys, one that reflects the merit based culture that Navitas has encouraged since its inception.

To that end, rewards under the ValueShare Scheme are determined by a formula set for each business unit by the Board, once every three years. This incentive formula clearly sets out the rewards that will be earned by participants at each level of performance.

For most staff, rewards are limited at twice the amount that they would receive for on-target performance. But for a small group of senior managers, rewards are uncapped and any amount, positive or negative, may be declared. For these staff, amounts between $0 and the amount they would receive for on-target performance are paid in the months following year end.

Any amount outside this range is settled in three equal parts, the first in the current year and the remainder in the two years that follow. Deferred amounts are added to or offset against future declarations and are forfeited if the staff member leaves the Scheme.

The formulaic nature of the Scheme helps support the merit based culture that Navitas has encouraged and once again, tends to attract and support a more entrepreneurial workforce.

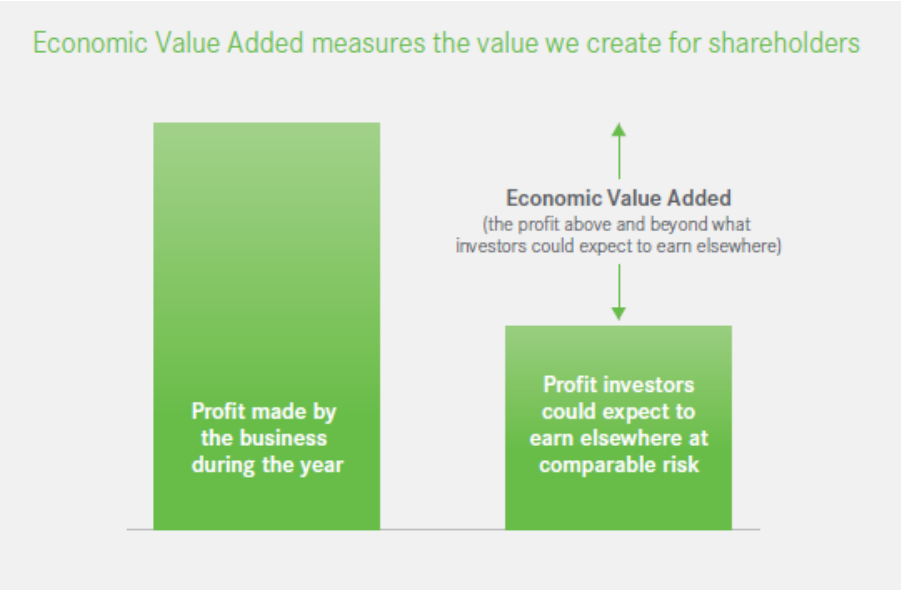
Aligns the interests of staff with those of shareholders

While it is important to offer competitive, performance-based pay to attract and retain the best quality staff, we also understand that the ongoing success and sustainability of the business is dependent on providing good returns to our shareholders.

If the business is unable to generate an attractive return on the capital entrusted to it, shareholders will look to place their money elsewhere, starving the business of the capital it may need to grow.

As a result, when we measure our performance for the purposes of the ValueShare Scheme, we take into account not just the profits of the business, but what investors could expect to earn elsewhere on the capital entrusted to us, at comparable levels of risk.

ValueShare Incentive Scheme



We call the profit above and beyond what investors could expect to earn elsewhere our 'Economic Value Added' or EVA for short and rewards under the ValueShare Scheme are linked to year on year growth in EVA.

Navitas' Executive Key Management Personnel are required to use 50% of any rewards under the plan to purchase shares in Navitas until they hold a beneficial interest equivalent to one year's fixed remuneration (eg salary plus superannuation).

Outcomes for the 2015 Financial Year

Rewards declared under Navitas' staff incentive scheme are based on the actual financial performance of Navitas in any one year. As changes to the Group's contract with Macquarie University had little impact on financial performance in 2015, rewards declared in 2015 were not materially impacted.

However, to the extent that the changes to the Macquarie contracts reduce EVA growth in coming years, rewards declared will be lower in those years. This is consistent with the objective of the scheme, which is to base rewards on the sustained growth in EVA actually achieved, rather than on estimates of future performance. Targets for EVA growth are set every three years and were most recently set in April 2014.

Full details of the outcomes of the ValueShare Scheme in 2015 are included in the Remuneration Report, as part of the Directors' Report.

Corporate Governance Statement

During October 2015 the Corporate Governance Statement will be made publicly available on the Company's website: www.navitas.com/investor_centre.html.

Navitas Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Note	2015 $000s	2014 $000s
Revenue	2	980,341	878,219
Marketing expenses		(143,912)	(130,970)
Academic expenses		(236,586)	(201,020)
Administration expenses		(462,603)	(424,396)
Impairment of goodwill	3.2	(19,542)	(30,448)
Finance costs	3.2	(6,023)	(8,484)
Profit before income tax expense		**111,675**	**82,901**
Income tax expense	3.4	(39,564)	(32,099)
Profit for the year		**72,111**	**50,802**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Net currency translation differences		(3,662)	(1,185)
Fair value movement in hedge instruments		(436)	(2,307)
Income tax relating to other comprehensive income		(2,127)	561
Other comprehensive income for the year		(6,225)	(2,931)
Total comprehensive income for the year		**65,886**	**47,871**
Profit attributable to:			
Owners of the parent		71,810	51,584
Non controlling interest		301	(782)
		72,111	**50,802**
Total comprehensive income attributable to:			
Owners of the parent		66,351	48,559
Non controlling interest		(465)	(688)
		65,886	**47,871**
		Cents	**Cents**
Earnings per share	3.6		
Basic		19.1	13.7
Diluted		19.1	13.7

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

Navitas Limited
Consolidated Statement of Financial Position
As at 30 June 2015

	Note	2015 $000s	2014 $000s
ASSETS			
Current Assets			
Cash and cash equivalents		87,188	71,886
Trade and other receivables	4.2	107,927	111,836
Prepayments and other assets		23,880	18,516
Total Current Assets		**218,995**	**202,238**
Non Current Assets			
Property, plant and equipment	4.3	99,194	74,368
Deferred tax assets	3.4	46,325	34,556
Investments accounted for using the equity method		4,865	-
Intangible assets	4.1	408,326	420,169
Total Non Current Assets		**558,710**	**529,093**
TOTAL ASSETS		**777,705**	**731,331**
LIABILITIES			
Current Liabilities			
Trade and other payables	4.4	125,057	105,474
Deferred revenue		280,584	258,401
Current tax payable	3.4	13,077	12,648
Provisions	4.5	5,844	5,635
Total Current Liabilities		**424,562**	**382,158**
Non Current Liabilities			
Trade and other payables	4.4	10,793	4,693
Bank borrowings	5.2	123,139	123,530
Provisions	4.5	12,544	9,241
Total Non Current Liabilities		**146,476**	**137,464**
TOTAL LIABILITIES		**571,038**	**519,622**
NET ASSETS		**206,667**	**211,709**
EQUITY			
Issued capital	5.5	200,974	197,868
Foreign currency translation reserve		(4,774)	380
Cash flow hedge reserve		(1,920)	(1,615)
Retained earnings		16,489	17,973
Equity attributable to owners of the parent		**210,769**	**214,606**
Non controlling interests		(4,102)	(2,897)
TOTAL EQUITY		**206,667**	**211,709**

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

Navitas Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 $000s	2014 $000s
Cash flows from operating activities			
Receipts from customers		987,987	898,562
Payments to suppliers and employees		(795,005)	(712,154)
Interest received		2,157	2,241
Interest paid		(6,208)	(8,259)
Income tax paid		(47,097)	(39,451)
Net cash flows from operating activities	3.3	**141,834**	**140,939**
Cash flows from investing activities			
Purchase of property, plant and equipment	4.3	(38,133)	(25,348)
Net cash paid for controlled entities		(6,796)	-
Purchase of other investments		(4,865)	(240)
Net cash flows used in investing activities		**(49,794)**	**(25,588)**
Cash flows from financing activities			
Proceeds from borrowings		337,014	591,066
Repayment of borrowings		(344,645)	(618,664)
Payments to non controlling interests		(541)	(37)
Payment of dividends	3.5	(70,653)	(71,382)
Payment of dividends to non controlling interests		(740)	(825)
Net cash flows used in financing activities		**(79,565)**	**(99,842)**
Net increase in cash and cash equivalents		12,475	15,509
Net foreign exchange differences		2,827	45
Cash and cash equivalents at beginning of the financial year		71,886	56,332
Cash and cash equivalents at the end of the financial year		**87,188**	**71,886**

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

Navitas Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

	Issued Capital $000s	Foreign Currency Translation Reserve $000s	Cash Flow Hedge Reserve $000s	Retained earnings $000s	Non controlling interests $000s	Total equity $000s
Balance at 1 July 2013	195,375	1,790	-	39,966	(1,384)	235,747
Profit for the year	-	-	-	51,584	(782)	50,802
Fair value movement in hedge instruments (after tax)	-	-	(1,615)	-	-	(1,615)
Net currency translation differences (after tax)	-	(1,410)	-	-	94	(1,316)
Total comprehensive income for the year	**-**	**(1,410)**	**(1,615)**	**51,584**	**(688)**	**47,871**
Transfer from general reserve	2,195	-	-	-	-	2,195
Employee share plan purchase	298	-	-	-	-	298
Dividends paid	-	-	-	(73,577)	(825)	(74,402)
Balance at 30 June 2014	**197,868**	**380**	**(1,615)**	**17,973**	**(2,897)**	**211,709**
Profit for the year	-	-	-	71,810	301	72,111
Fair value movement in hedge instruments (after tax)	-	-	(305)	-	-	(305)
Net currency translation differences (after tax)	-	(5,154)	-	-	(766)	(5,920)
Total comprehensive income for the year	**-**	**(5,154)**	**(305)**	**71,810**	**(465)**	**65,886**
Dividend reinvestment plan	2,641	-	-	-	-	2,641
Employee share plan purchase	465	-	-	-	-	465
Dividends paid	-	-	-	(73,294)	(740)	(74,034)
Balance at 30 June 2015	**200,974**	**(4,774)**	**(1,920)**	**16,489**	**(4,102)**	**206,667**
Total attributable to:						
Non controlling interests – 30 June 2014	-	-	-	-	(2,897)	(2,897)
Non controlling interests – 30 June 2015	**-**	**-**	**-**	**-**	**(4,102)**	**(4,102)**
Owners of the parent entity– 30 June 2014	197,868	380	(1,615)	17,973	-	214,606
Owners of the parent entity– 30 June 2015	**200,974**	**(4,774)**	**(1,920)**	**16,489**	**-**	**210,769**

Nature and purpose of reserves:

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and record gains and losses on the hedges if the net investments of foreign operations

Cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge

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

1 Basis of preparation

This section sets out the accounting policies that relate to the Financial Statements of Navitas Limited (the "Company") and its controlled entities. Where an accounting policy is specific to one note, the policy is described within the note to which it relates.

The financial report of the Company for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of directors dated 24 July 2015.

Navitas Limited, the ultimate parent, is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

1.1 Basis of accounting

Statement of compliance

The financial report complies with Australian Accounting Standards, and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

The financial report is a general-purpose financial report, for a 'for-profit' entity, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except where noted.

The financial statements comprise the consolidated financial statements of the Navitas Group of companies.

Certain comparative information within the statement of financial position has been reclassified to be comparable to current year presentation.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000's) unless otherwise stated.

Except as disclosed in notes 1.2 through to 1.5 the company's accounting policies are set out within each note disclosure.

1.2 Changes to accounting policies

Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations, including amendments to the existing standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of these amendments has not resulted in any significant changes to the Group's accounting policies nor any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods.

The Group has early adopted AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'.

The early adoption of this amendment has not resulted in any significant changes to the Group's accounting policies nor any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods.

Accounting Standards and Interpretations issued but not yet effective

A project team exists to assess the impact of new standards and interpretations. Assessment of the expected impacts of these standards and interpretations is ongoing, however, it is expected that that there will be no significant changes in the Group's accounting policies.

At the date of authorization of the financial statements, the Standards and Interpretations that were issued but not yet effective, which have not been early adopted are listed below:

Affected Standards and Interpretations	Application date (reporting period commences on or after)	Application date for Group
AASB 9 'Financial instruments' and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards, arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

1.3 Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amount recognised in the financial statements: Recoverability of deferred tax assets (See note 3.4).

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are: Impairment of goodwill and intangibles with indefinite useful lives (See note 4.1).

1.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of Navitas Limited and its subsidiaries (as outlined in note 6.1) as at and for the period ended 30 June each year (the Group).

Subsidiaries are all those entities over which the Group has control. Control is achieved when the Group has power over an entity and is exposed to, or has rights over, the variable returns of the entity, as well as the ability to use this power to affect the variable returns of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as Navitas, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.
Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Interests in associates are equity accounted and are not part of the consolidated Group.

Transactions and balances between the company and its associates were eliminated in the preparation of consolidated financial statements of the Group to the extent of the Group's share in profits and losses of the associate resulting from these transactions.

1.5 Foreign currencies

Functional and presentation currency

Both the functional and presentation currency of Navitas Limited and its Australian subsidiaries is Australian dollars ($). The functional and presentation currency of the non Australian Group companies is the national currency of the country of operation.

Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Foreign currency differences arising on translation are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of Group companies' functional currency to presentation currency

As at the reporting date the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and the statements of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity, the foreign currency translation reserve.

2 Segment Information

An operating segment is a component of the Group 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 Group), whose operating results are regularly reviewed by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments for Navitas are:

University Programs:	The University Programs division delivers education programmes, via pathway colleges and managed campuses, to students requiring an university education.
SAE:	The SAE division delivers education programmes in the area of creative media including courses in audio, film and multi media.
Professional and English Programs (PEP):	The Division delivers English language tuition, jobs skills training and higher and vocational education in health, security and psychology.
Corporate:	Corporate is the aggregation of the Group's corporate functions.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices. Segment revenues are attributed to geographic areas based on the location of the customers providing the revenues.

Segment accounting policies are the same as the Group's policies.

Geographical areas

The Group operates in the following Geographical areas.

	External Operating Revenue		Non Current Assets	
	2015 $000s	2014 $000s	2015 $000s	2014 $000s
Australia	628,881	590,129	355,721	365,418
United Kingdom	84,365	74,060	8,070	14,123
Europe	59,277	58,508	96,803	93,564
Asia	49,434	48,471	12,007	12,289
Canada	66,478	52,713	214	222
United States	84,617	46,461	40,022	8,468
Rest of World	5,089	5,631	227	453
Total	978,141	875,973	513,064	494,537

Operating revenue of $978.141m has been favourably impacted by the depreciation of the Australian Dollar compared to the previous financial year. Using foreign exchange rates that applied in the 2014 financial year the Group would have recorded $17.0m lower revenue, principally from United Kingdom and United States based operations.

2 Segment information (continued)

Reportable segments

	University Programs		SAE		Professional and English Programs		Corporate		Total	
	2015 $000s	2014 $000s	2015 $000s	2014 $000s	2015 $000s	2014 $000s	2015 $000s	2014 $000s	2015 $000s	2014 $000s
Revenue										
Tuition services	510,183	444,072	173,321	139,519	216,806	213,966	-	-	900,310	797,557
Other services	56,157	55,114	12,129	10,800	7,203	10,247	2,342	2,255	77,831	78,416
Total segment revenue	566,340	499,186	185,450	150,319	224,009	224,213	2,342	2,255	978,141	875,973
Interest (Other Corporations)									2,200	2,246
Total consolidated revenue									980,341	878,219
Result										
EBITDA*	140,375	121,807	26,144	24,500	29,463	25,263	(32,875)	(26,641)	163,107	144,929
Depreciation	(4,901)	(5,071)	(12,538)	(13,412)	(3,830)	(3,091)	(6,049)	(3,019)	(27,318)	(24,593)
Amortisation	-	-	-	-	(749)	(749)	-	-	(749)	(749)
Goodwill impairment	(16,438)	(30,448)	-	-	(3,104)	-	-	-	(19,542)	(30,448)
Profit before tax and net finance income	119,036	86,288	13,606	11,088	21,780	21,423	(38,924)	(29,660)	115,498	89,139
Net finance expense									(3,823)	(6,238)
Profit before income tax									111,675	82,901
Income tax expense									(39,564)	(32,099)
Profit for the year									72,111	50,802

* EBITDA = earnings before net interest, taxes, depreciation, amortisation and impairment

3 Financial performance

This section focuses on the results and performance of the Group and includes disclosures explaining the Group's results for the year, significant items, taxation, earnings per share and dividends.

3.1 Revenue

Accounting policies

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured at the fair value of the consideration received.

In relation to the provision of education services, which is the Group's primary activity, revenue is recognised where the contract outcome can be reliably measured, the Group has control of the right to be compensated for the education services, and the stage of completion can be reliably measured. The stage of completion is measured by reference to the number of contact days held as a percentage of the total number of contact days in the course.

Where income is recorded in advance of the provision of service the full amount is recognised as deferred revenue in the statement of financial position. Revenue is then recognised as outlined above.

3.2 Expenses

Accounting policies

Interest

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 2 to 10 years
Leasehold improvements – the shorter of the lease term or the estimated useful life

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Expense analysis by nature:

	Note	2015 $000s	2014 $000s
Finance costs			
Bank loans and overdrafts		6,023	8,484
Depreciation and amortisation			
Depreciation	4.3	27,318	24,593
Amortisation		749	749
		28,067	25,342
Lease payments			
Minimum lease payments – operating lease		51,778	43,912
Employee benefits expense			
Employee benefits		348,786	303,455
Post employment benefits		22,479	19,230
		371,265	322,685
Losses			
Impairment of goodwill	4.1	19,542	30,448

3.3 Reconciliation of profit to the statement of cash flows

Reconciliation of profit for the period to net cash flows from operating activities		
Net profit for the period	72,111	50,802
Non cash items		
Depreciation	27,318	24,593
Amortisation	749	749
Impairment of goodwill	19,542	30,448
Lease incentives	2,246	133
Net (gain)/loss on disposal of property, plant and equipment	302	(45)
Net exchange loss/(gains)	(1,303)	208
Other non cash items	(2,515)	3
Decrease/(increase) in assets		
Trade and other receivables	11,874	(15,383)
Prepayments and other assets	(3,967)	(50)
Deferred tax assets	(9,453)	(5,837)
Increase/(decrease) in liabilities		
Trade and other payables	11,803	18,594
Deferred revenues	7,553	35,475
Current tax liabilities	1,647	(2,196)
Provisions	3,927	3,445
Net cash flows from operating activities	141,834	140,939

3.4 Taxation

This note sets out the tax accounting policies of the Group, the current and deferred tax charges or credits in the year (which together make up the total tax charge or credit in the income statement), a reconciliation of profit before tax to the tax charge (or credit) and the movements in the deferred tax assets and liabilities.

3.4.1 Accounting policies

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is generally provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised where management consider that it is probable that future taxable profits will be available to utilise those temporary differences. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

3.4.2 Income tax expense

The major components of income tax expense are:

	2015 $000s	2014 $000s
Income tax recognised in profit or loss		
Current income Tax		
Current income tax charge	(45,402)	(37,360)
Adjustments in respect of current income tax of previous years	(2,661)	(705)
Deferred income tax		
Relating to the origination and reversal of temporary differences	8,499	5,966
Income Tax reported in the statement of comprehensive income	(39,564)	(32,099)

The following table provides numerical reconciliation between aggregate tax expenses recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate.

	2015 $000s	2014 $000s
Accounting profit before tax	111,675	82,901
At the Group's statutory income tax rate of 30%	(33,503)	(24,870)
Adjustments in respect of current income tax of previous years	(2,661)	(705)
Non tax deductible goodwill impairment	(5,863)	(9,135)
Effect of local tax rates not at 30%	2,463	2,611
Income Tax reported in the statement of comprehensive income	(39,564)	(32,099)

3.4 Taxation (continued)

	Note	2015 $000s	2014 $000s
3.4.3 Recognised tax assets and liabilities			
Current income tax			
Opening Balance		12,648	14,134
Charged to income		48,063	38,065
Foreign exchange movements		(537)	(100)
Payments		(47,097)	(39,451)
Closing Balance		13,077	12,648
Deferred income Tax			
Opening Balance		34,556	28,275
Charged to income		8,499	5,966
Foreign exchange movements		3,291	(254)
Charged to equity		(21)	569
Closing Balance		46,325	34,556
Deferred income tax relates to the following:			
Deferred tax assets			
Employee provisions		12,734	10,291
Other provisions		2,132	1,774
Lease incentives		961	1,485
Interest rate swaps		823	692
Unrealised FX losses		236	2,582
Carry forward tax losses	3.4.4	27,622	17,271
Other temporary differences		1,817	461
		46,325	34,556

3.4.4 Carry forward tax losses

Federal and State operating tax losses of $24.3m have been incurred by the Group's US domiciled entities since inception. These losses may be utilized in years through to 2033 for both US federal and US state purposes.

These losses are considered recoverable as the management has determined that it is more likely than not that the Group will utilize these losses through future profitable operations.

3.5 Dividends

	2015 $000s	2014 $000s
3.5.1 Recognised amounts		
Declared and paid during the year		
Dividends on ordinary shares:		
Final franked dividends for 2014: 10.1 cents (2013: 10.2 cents)	37,947	38,288
Interim franked dividend for 2015: 9.4 cents (2014: 9.4 cents)	35,347	35,289
	73,294	73,577
3.5.2 Unrecognised amounts		
Dividends proposed and not recognised as a liability		
Dividends on ordinary shares:		
Final franked dividends for 2015: 10.1 cents (2014:10.1 cents)	38,009	37,947

3.5.3 Franking credits

At balance date the value of franking credits available (at 30%) was $12.5m (2014: $5.0m).

3.6 Earnings per share

	2015	2014
Net profit attributable to equity holders of the parent ($000s)	71,810	51,584
Weighted average number of ordinary shares for earnings per share (Number of shares)	376,053,714	375,490,701

4 Assets and Liabilities

This section shows the assets used to generate the Group's revenue and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 5. Deferred tax assets and liabilities are shown in note 3.4.

On the following pages there are notes covering intangible assets, working capital, other non-current assets and provisions.

4.1 Intangible assets

Accounting policies

Goodwill
Goodwill acquired in a business combination is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.
Each unit or group of units to which the goodwill is so allocated:

1) represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
2) is not larger than an operating segment determined in accordance with AASB8 Operating Segments.

Other Identifiable Intangible Assets
Other identifiable intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an identifiable intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, identifiable intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these identifiable intangible assets are assessed to be either finite or indefinite. Identifiable intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the identifiable intangible asset may be impaired. The amortisation period and the amortisation method for an identifiable intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on identifiable intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Identifiable intangible assets with indefinite useful lives are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

4.1 Intangible assets (continued)

A summary of the policies applied to the Group's identifiable intangible assets is as follows:

	Brand Names (a)	Other (b)
Useful lives	Indefinite	Finite
Amortisation period and method used	Not applicable	Between 10 and 25 years – straight line
Internally generated/acquired	Acquired	Acquired
Recoverable amount testing	Annually and where an indicator of impairment exists.	Where an indicator of impairment exists. Amortisation method reviewed at each financial year end.

(a) Brand Names

Brand names include intangible assets acquired in the SAE business combination. This intangible asset has been assessed as having an indefinite life on the basis of brand strength, ongoing expected profitability and the expectation of minimal ongoing expenditure.

(b) Other

Other includes copyrights and licences acquired through business combinations, principally the acquisition of businesses within the PEP division.

$000s	**Goodwill**	**Brand Names**	**Other**	**Total**
Gross Carrying amount				
Balance at 1 July 2013	306,059	136,000	17,694	459,753
Impact of foreign currency conversion	2,167	-	-	2,167
Balance at 30 June 2014	308,226	136,000	17,694	461,920
Acquisition of controlled entity	6,954	-	-	6,954
Impact of foreign currency conversion	1,494	-	-	1,494
Balance at 30 June 2015	316,674	136,000	17,694	470,368
Accumulated amortisation and impairment losses				
Balance at 1 July 2013	(3,733)	-	(6,821)	(10,554)
Amortisation expense	-	-	(749)	(749)
Impairment of goodwill	(30,448)	-	-	(30,448)
Balance at 30 June 2014	(34,181)	-	(7,570)	(41,751)
Amortisation expense	-	-	(749)	(749)
Impairment of goodwill	(19,542)	-	-	(19,542)
Balance at 30 June 2015	(53,723)	-	(8,319)	(62,042)
Net book value				
At 1 July 2013	302,326	136,000	10,873	449,199
At 1 July 2014	274,045	136,000	10,124	420,169
At 30 June 2015	262,951	136,000	9,375	408,326

Foreign currency conversion of goodwill

Some goodwill balances are denominated in currencies other than Australian Dollars. In particular a substantial portion of goodwill associated with the purchase of the SAE Group is denominated in Euro's. These non-Australian Dollar balances are translated at the rate applicable at the reporting date, into Australian Dollars and fluctuate in line with foreign exchange movements. The exchange differences arising on the translation are taken directly to the foreign currency translation reserve.

4.1 Intangible assets (continued)

4.1.2 Impairment

Accounting policies

Impairment testing is completed at each reporting date for goodwill and intangible assets that have indefinite useful lives or assets that are not ready for use, or more frequently if events or changes in circumstances indicate that the asset may be impaired.

For intangible assets that are subject to amortisation the asset is reviewed for impairment whenever events or changes in circumstances indicate that the asset's carrying amount is greater than its estimated recoverable amount. Indicators of impairment may include changes in technology and business performance.

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

CGUs are the smallest identifiable group of assets that generate cash flows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than an operating segment.

The recoverable amount of an asset or a CGU is the greater of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the risks specific to the asset or CGU and the market's current assessment of the time value of money. An impairment loss is recognised in the income statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then, to reduce the carrying amount of the other assets in the CGU (group of CGUs).

Impairment losses recognised in respect of goodwill are not reversed. Impairment losses recognised in prior periods in respect of intangible assets are assessed at each reporting date for any indications that the impairment loss has decreased or may no longer exist. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised.

Impairment losses recognised

Year ended 30 June 2015
Impairment testing of indefinite useful life assets, using a value in use calculation, for the year ended 30 June 2015 identified goodwill balances of $19.5m that were not considered recoverable. These balances related to the University Program's SIBT ($9.0m) (see below) and Study Overseas (SOL) ($7.4m) businesses and the Navitas Resources Institute (NRI) ($3.1m) in PEP.

SOL, Navitas' Indian based student recruitment arm, was fully impaired following sustained declines in performance over the last few years and the recent announcement that the UK Home Office plans to bar non EU students from part time or post study work rights. NRI goodwill, which primarily related to the acquisition of training entities in 2005 and which formed the NRI business unit, was fully impaired due to sustained losses and the current difficult environment for the Mining and Resources sector. Therefore a goodwill impairment charge of $19.5m was recognised as at 30 June 2015.

Year ended 30 June 2014
Subsequent to balance date Navitas announced that its wholly owned subsidiary, Sydney Institute of Business and Technology (SIBT), had reached agreement with its partner, Macquarie University (Macquarie), that from February 2016 SIBT's on campus pathway programs to students would cease. From this point on Macquarie would offer its own pathway program to students.

Accordingly, Navitas performed a value in use calculation, using a pre tax discount rate of 11.4%, for the SIBT cash generating unit and determined that the recoverable value was $9.0m (2013: $32.3m). Therefore, $23.3m of goodwill recognised on the acquisition of SIBT was not recoverable, and a goodwill impairment charge of $23.3m was recognised as at 30 June 2014. The remaining carrying value of $9.0m was to be impaired during the 2015 financial year.

Further impairment losses of $7.2m were recorded during the year in relation to EduGlobal China and Ausedken (AUSI) reducing the intangible balances associated with these cash generating units to nil.

4.1 Intangible assets (continued)

Impairment testing of goodwill and indefinite life identifiable intangible assets

Carrying amount of goodwill allocated to each of the cash generating units

The carrying amounts of acquired goodwill have been allocated to the following individual cash generating units that have significant amounts of intangibles, for impairment testing, as follows:

Cash generating unit (or group of units)	Carrying amount of Goodwill ($000s)	
	2015	2014
SAE	149,296	141,598
PEP, English and Foundation Skills	31,944	31,944
PEP, ELICOS	13,689	13,689
Sydney Institute of Business & Technology	-	9,047
Deakin College	11,738	11,738
Curtin College	13,089	13,089
Australian College of Applied Psychology	10,804	10,804
Queensland Institute of Business & Technology	9,980	9,980
Multiple units without significant intangibles	22,411	32,156
	262,951	274,045

Value in use calculations for SAE

The recoverable amount of SAE has been determined based on a value in use calculation using cash flow projections covering a five year period, based on bottom up financial forecasts prepared by local management and approved by SAE and Navitas Senior Executives.

The following describes each key assumption on which management has based its value in use calculation for SAE.

- The discount rate applied to pre tax cash flow projections is 12.3%.
- Cash flows beyond the five year period are estimated using a terminal value calculated under standard valuation principles incorporating a long term growth rate of 2.5%.
- Revenue from operations is forecast to increase as a result of increased volumes of students. This has been estimated as 10% on average over the five year forecast period. Weighted average forecast course fees have not been assumed to increase significantly due to conservative estimates and changed country mix. Wage inflation is assumed to be in line with the long run historical average for Australia, and EBITDA margins are forecast to improve in line with the long run average achieved by established SAE schools.
- The impact of working capital has been assumed to increase in line with revenue growth.
- Capital investment required to run the business has been assumed based on detailed estimates for three years then at 5.0% of forecast revenues.

In addition, the cash flow projections for SAE also assumes the continued ability of existing and future students to access government funding (loans) for the purpose of obtaining a qualification from a SAE school. This includes access to Title IV funding in the USA and Fee-Help in Australia.

The implications of the key assumptions for the recoverable amount are:

- Discount rate - Management has considered the possibility that the discount rate used could increase. The recoverable amount of SAE intangible assets would only be impacted if the discount rate increased by 20% or more.
- Long term growth rate - the recoverable amount of SAE intangible assets would only be impacted if the growth rate used was lower than 1.75%.
- Forecast EBITDA for SAE would need to be 15% lower than used in the value in use model, over the five year forecast period, either due to slower than forecast revenue growth or lower EBITDA margin, to result in a recoverable amount lower than the carrying amount of SAE intangible assets.

The recoverable value of the SAE Brand Name of $136m has been assessed using the same methods and assumptions as the related goodwill.

4.1 Intangible assets (continued)

Impairment testing of goodwill and indefinite life identifiable intangible assets

Value in use calculations for other cash generating units

The recoverable amount of these cash-generating units has been determined based on a value in use calculation using cash flow projections covering a five year period, based on financial forecasts approved by Navitas Senior Executives.

The following describes each key assumption on which management has based its value in use calculation for the remaining cash generating units.

- The discount rate applied to pre tax cash flow projections is 11.4% and cash flows beyond the five year period are estimated using a terminal value calculated under standard valuation principles incorporating growth rates ranging from 0% to 3.5%.

- Revenue from operations is forecast to increase due to increased volumes of students and fee growth in line with historical performance. Wage inflation is assumed to be in line with the long run historical average, and forecast EBITDA margins are assumed to be stable, and in line with the long run average achieved by the established cash generating units.

In addition, the cash flow projections for the following cash generating units, also assume that significant partnership or service delivery contracts are renewed at the end of the current fixed contract period. If the contracts are not renewed on substantially the same or similar terms and conditions then goodwill may be impaired.

Cash generating units subject to partnership or service delivery contracts with fixed term, subject to renewal	***Carrying amount of goodwill associated with each cash generating unit ($000s)***
PEP, English and Foundation Skills	31,944
Curtin College	13,089
Deakin College	11,738
Queensland Institute of Business & Technology	9,980
Multiple units without significant intangibles	13,559
	80,310

Except for loss of material contracts, there are no reasonably possible changes in key assumptions that would result in a material impairment of intangible assets for these cash generating units.

4.2 Trade and other receivables

Accounting policies

Trade receivables, which generally have 30 to 60 day terms, are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified.

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of the allowance is measured as the difference between the carrying amount of the trade receivables and the present value of the estimated future cash flows expected to be recovered from the relevant debtors.

	2015 $000s	2014 $000s
Trade receivables	90,786	91,179
Allowance for doubtful debts	(5,121)	(4,571)
	85,665	86,608
Accrued Income	16,298	17,605
Other receivables	5,964	7,623
	107,927	111,836

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The Group is not exposed to significant credit risk due to the nature of revenue which is generally received in advance of the service being provided. The maximum exposure to credit risk is the net carrying amount of receivables.

A significant portion of receivables is for student debts that are funded by monthly installments from Governments under student loan arrangements. Subject to certain criteria being achieved by the student, Government funding has low credit risk.

In situations where revenues are not provided in advance of service, the Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored.

4.3 Property, plant and equipment

Accounting policies

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Information in relation to depreciation of property, plant and equipment is included in section 3.2.

4.3 Property, plant and equipment (continued)

$000s	Plant and equipment	Leasehold Improvements	Total
Gross carrying amount			
Balance at 1 July 2013	37,627	95,456	133,083
Additions	25,165	183	25,348
Disposals	(7,617)	(634)	(8,251)
Transfers	(9)	9	-
Exchange differences	(405)	(173)	(578)
Balance at 1 July 2014	54,761	94,841	149,602
Additions	18,912	19,221	38,133
Acquisition of controlled entity	7,575	-	7,575
Disposals	(4,294)	(1,757)	(6,051)
Exchange differences	6,727	2,310	9,037
Closing balance at 30 June 2015	83,681	114,615	198,296
Accumulated depreciation			
Balance at 1 July 2013	(7,661)	(51,698)	(59,359)
Depreciation expense	(23,186)	(1,407)	(24,593)
Disposals	7,617	634	8,251
Transfers	697	(697)	-
Exchange differences	314	153	467
Balance at 1 July 2014	(22,219)	(53,015)	(75,234)
Depreciation expense	(13,561)	(13,757)	(27,318)
Disposals	4,107	2,247	6,354
Exchange differences	(1,162)	(1,742)	(2,904)
Closing balance at 30 June 2015	(32,835)	(66,267)	(99,102)
Net book value			
At 1 July 2013	29,966	43,758	73,724
At 1 July 2014	32,542	41,826	74,368
At 30 June 2015	50,846	48,348	99,194

4.4 Trade and other payables

Accounting policies

Trade payables and other payables have 30-60 day terms and are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Wages, salaries, annual leave

Liabilities for wages and salaries, including non monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Annual leave expected to be settled more than 12 months after the reporting date is measured as the present value of the expected future payments, adjusted for future wage and salary levels, and are recognised in other payables.

4.4 Trade and other payables

Trade and other payables	2015 $000s	2014 $000s
Current		
Trade payables	20,411	16,097
Other payables	100,995	87,269
Lease incentives	3,651	2,108
	125,057	105,474
Non Current		
Lease incentives	10,793	4,693

4.5 Provisions

Accounting policies

Provisions

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. The increase in the provision due to the passage of time is recognised as a finance cost.

Make good

Under the terms of its lease agreements the Group must restore certain leased premises to their condition as at the commencement of the lease.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

	2015 $000s	2014 $000s
Current		
Make good	348	660
Employee benefits	5,496	4,975
	5,844	5,635
Non Current		
Make good	6,046	3,398
Employee benefits	6,498	5,843
	12,544	9,241

5 Capital structure and financing

This section outlines how the Group manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.

The Directors determine the appropriate capital structure, specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities both now and in the future. The Directors consider the Group's capital structure and dividend policy ahead of announcing results and do so in the context of its ability to continue as a going concern, to execute the strategy and to deliver its business plan.

5.1 Cash and cash equivalents

Accounting policies

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Tuition Fees held in Tuition Protection Service Account in Australia

The Consolidated Entity is required to maintain, in Australia, separate bank accounts for funds received from international students prior to commencement of their course (prepaid fees). As at 30 June 2015, the Consolidated Entity's Australian operations held $46.4m (2014: $47.8m) in prepaid fees for students who had not commenced studies with the Consolidated Entity, with a corresponding amount included in deferred revenue.

These funds are held in separate bank accounts until the student commences their course, at which point the funds may be used to settle normal obligations of the Consolidated Entity. At all times, the Consolidated Entity must ensure that there are sufficient funds in these separate bank accounts to repay prepaid tuition fees to all international students, in respect of whom tuition fees have been paid and who have not yet commenced their course.

5.2 Bank Borrowings

Accounting policies

All loans and borrowings are initially recognised at the fair value of the consideration received. Due to the nature of these borrowings, the carrying amount of the Group's borrowings approximate their fair value.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

5.2.1 Summary of borrowing arrangements

At reporting date, the following banking facilities had been executed and were available.

	2015 $000s	2014 $000s
Total facilities		
Credit facility	400,000	275,000
Facilities unutilised at balance date		
Credit facility	227,598	151,470

A total of $172.402m had been utilized of the total facility, split between lease rental and performance guarantees of $49.263m and borrowings of $123.139m drawn in Euro, US Dollars and Singapore Dollars. The total utilised at 30 June 2014 was $123.530m drawn in Euros and Australian Dollars.

The borrowings of $123.139m (2014: $123.530) include $14.180m (2014: $nil) at floating interest rates and $108.959m (2014: $123.530m) at fixed interest rates (via interest rate swap, see note 5.4.1).

The facilities are unsecured. The weighted average effective interest rate on the facilities was 2.62% (2014: 4.15%). Further details are provided in note 5.3.

5.2.2 Leasing

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating leases- Group as lessee

The Group has entered into commercial leases on certain premises. These leases have an average life of between 3 and 12 years with options to renew in some cases. There are no restrictions placed upon the lessee by entering into these leases.

	2015 $000s	2014 $000s
Future minimum rentals payable		
Within one year	58,225	48,396
After one year but not more than five years	230,590	113,556
More than five years	251,116	36,606
	539,931	198,558

5.3 Capital risk management objectives and policies

When managing capital it is management's objective to maximize the returns to shareholders as measured by Economic Value Added (EVA®), whilst also ensuring that the entity continues to operate as a going concern.

EVA measures the profits earned by the business after charging for the funds invested by both lenders and shareholders. Accordingly management aims to maintain a capital structure that ensures the lowest cost of capital for the Group, and maximizes returns to shareholders from their capital investment.

Management regularly review capital structure to ensure that the Group takes advantage of favourable costs of capital. As the market is constantly changing, management will: actively review the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares, and initiate on market share buy backs, and drawdown on/repay bank borrowings to ensure that capital is managed appropriately.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements.

The group's policy is to borrow centrally, using a variety of currencies, to meet anticipated funding requirements.

Management monitors capital through the combination of leverage ratio (market value of net debt/total market value of capital) and return on capital employed. The Group's target leverage ratio is 10%. Under certain circumstances the actual ratio will be higher or lower than the target, in which case, capital will be managed towards the target.

The Group's leverage ratios at 30 June 2015 and 2014 were as follows:

	2015 $000s	2014 $000s
Total borrowings	123,139	123,530
Less cash and cash equivalents	(87,188)	(71,886)
Net debt	35,951	51,644
Market Capitalisation	1,611,807	2,678,830
Market value of capital	1,647,758	2,730,474
Leverage ratio	2.2%	1.9%

EVA® Is a registered trademark of Stern Stewart & Co.

The leverage ratio at balance date is lower than the average over the financial year as this is the annual low point for net debt. Seasonality is driven by the timing of key student enrolment periods.

Management's target for return on capital employed is a minimum return in excess of the Group's weighted average cost of capital (WACC). For 2015, the Group's WACC was approximately 8% (2014: 8%). Returns on capital employed were 22.8% (2014: 19.9%) from continuing operations; well above the Group's WACC.

5.4 Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, bank loans, cash and cash equivalents and derivatives.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's Treasury policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group may enter into derivative transactions, principally interest rate swaps and forward currency contracts. The purpose is to manage the potential interest rate and currency risks arising from the Group's operations and its sources of finance. Derivatives, specifically in forward currency contracts, may also be entered into. These derivatives provide economic hedges, but do not qualify for hedge accounting and are based on limits approved by the Audit and Risk Committee.

The main risks that may arise from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of potential exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange rates. Where material, ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts and maintenance of appropriate credit facilities.

The Audit and Risk Committee periodically reviews the policies for managing each of these risks as summarised below.

Risk exposures and responses

5.4.1 Interest rate risk

At reporting date the Group had the following mix of financial assets and liabilities exposed to interest rate risk:

	Variable interest rate risk		Fixed Interest rate risk (after interest rate swap)	
	2015 $000s	2014 $000s	2015 $000s	2014 $000s
Financial Assets				
Cash and cash equivalents	87,188	71,886	-	-
Financial Liabilities				
Bank borrowings	14,180	-	108,959	123,530
Net exposure	73,008	71,886	108,959	123,530

The Group's exposure to market interest rates relates primarily to the Group's long term borrowing obligations with a floating interest rate. The level of debt is disclosed in note 5.2. The Groups debt facilities allow borrowings in multiple foreign currencies, accordingly, interest-bearing loans of the Group currently range from 1.3% to 3.4% (2014: 1.6% to 4.9%).

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt, and that between 25% and 75% of core borrowings must be at fixed rates of interest. Core borrowings is defined as the lowest level of borrowings forecast in the Group's forward projections.

In the absence of fixed rate debt the Group's policy allows for the use of interest rate swaps, collars and caps. Where the Group enters into fixed rate debt it is understood that this creates a fair value exposure as a by-product of the Group's attempt to manage its cash flow volatility arising from interest rate changes.

The Group has entered into interest rate swap contracts, in order to protect against rising interest rates, under which it has a right to receive interest at variable rates and to pay interest at fixed rates. At 30 June 2015 the face value of interest rate swap contracts held was $128.959m (2014: $129.030m).

The following swaps have been in place for the current financial year.

- Euro interest swaps at 0.71% maturing in February 2018.
- AUD interest swaps at 3.49% maturing in February 2018.

For the 2014 financial year the Group had Euro interest swaps at 2.08% that matured in February 2014. These swaps were replaced with the Euro and AUD swaps listed above.

Swaps in place cover approximately 118% (2014: 104%) of the principal outstanding at reporting date and are timed to expire at the renewal dates of each loan.

The interest rate swaps require settlement of net interest receivable or payable each month. The settlement dates coincide with the dates on which interest is payable on the underlying debt. All swaps are matched directly against the appropriate loans and interest expense and as such are considered highly effective. They are settled on a net basis. The swaps are measured at fair value and all gains and losses attributable to the hedged risk are taken directly to equity and re-classified into profit or loss when the interest expense is recognised.

The fair value of interest rate swap contracts – cash flow hedges, is as follows:

	2015 $000s	2014 $000s
Current Liabilities - payables		
Interest rate swap contracts - cash flow hedges	2,743	2,307

Interest rate swap contracts are exposed to fair value movements if interest rates change. Under these contracts the group is committed to $1.488m (2014: $1.467m) interest expense within 12 months, $1.488m (2014: $1.467m) interest expense between 1 year and 2 years, and $1.110m (2014: $2.335m) interest expense between 2 years and 5 years, on $128.959m (2014: $129.0m) of notional debt (at rates as per above).

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	2015 $000s	2014 $000s
Judgments of reasonably possible movements		
Post tax profit and equity higher/(lower)		
+1% (100 basis points)	504	503

The movements in profit and equity are due to higher interest revenues from variable rate cash balances, and higher interest expenses on variable rate borrowings. The sensitivity is unchanged compared to 2014 because of an increase in variable rate debt.

Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

5.4 Financial risk management objectives and policies (continued)

5.4.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in different currency from the Group's presentation currency) "Transactional risk", and the Group's net investments in foreign subsidiaries "Translational risk".

5.4.2.1 Transactional risk

During the 2015 financial year the company changed its foreign currency risk policy to only hedge known and committed exposures rather than forecast cashflows over a two year horizon. The policy was changed to benefit the business by increasing certainty and reducing complexity.

5.4.2.2 Translational risk

The Group's policy is to hedge its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies, where the unhedged exposure exceeds $10.0m. This is currently limited to the Group's Euro, US Dollar and Singapore Dollar exposures.

5.4.3 Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, other financial assets and derivative instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group is not exposed to significant credit risk. See note 4.2.

5.4 Financial risk management objectives and policies (continued)

5.4.4 Liquidity risk

The Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of operating cash flows and committed available credit facilities.

During the 2015 financial year, the Group completed a refinancing of the Group's existing debt facilities via a series of five year multi currency bilateral revolving credit facilities. The new facilities increased the total facility limit to $400m (2014: $275m) and increased the term to December 2019 (2014: June 2018). These facilities are split into two tranches. Tranche A is $340m and wholly consists of credit facilities, whereas Tranche B is $60m and can either be used as credit facilities or for guarantee requirements.

A total of $172.402m had been utilized of the total facility, split between lease rental and performance guarantees of $49.263m and borrowings of $123.139m. The total utilised at 30 June 2014 was $123.530m.

Cash flows from operations for 2015 were $141.801m (2014: $140.939m).

The Group's policy is that no more than 50% of credit facilities should mature within the following 12 months. At 30 June 2015, none (2014: 20%) of the Group's credit facilities will mature within the following 12 months.

Contractual maturities

2015	<3 months $000s	3 months to a year $000s	1 – 5 years $000s	Total $000s
Financial assets				
Cash and cash equivalents	87,188	-	-	87,188
Trade and other receivables	101,963	5,964	-	107,927
	189,151	5,964	-	195,115
Financial liabilities				
Trade and other payables	20,411	100,995	-	121,406
Borrowings	-	-	123,319	123,319
Interest rate derivatives	372	1,116	2,598	4,086
	20,783	102,111	125,917	248,811
Net maturity	168,368	(96,147)	(125,917)	(53,696)
2014				
Financial assets				
Cash and cash equivalents	71,886	-	-	71,886
Trade and other receivables	104,213	7,623	-	111,836
Foreign exchange derivatives	63	243	441	747
	176,162	7,866	441	184,469
Financial liabilities				
Trade and other payables	16,097	87,269	-	103,366
Borrowings	-	-	123,530	123,530
Interest rate derivatives	368	1,104	4,222	5,694
Foreign exchange derivatives	132	69	-	201
	16,597	88,442	127,752	232,791
Net maturity	159,565	(80,576)	(127,311)	(48,322)

5.4 Financial risk management objectives and policies (continued)

5.4.4 Liquidity risk

The Group has entered into financial guarantee contracts as disclosed in note 7.1. In the event of default these are at call. Default is considered remote and the Group expect that no payment will be required in the foreseeable future.

The tables above reflect all contractually fixed settlement, repayments, receivables and interest resulting from recognised financial liabilities and assets, including derivative financial instruments, as of 30 June 2015. For derivative financial instruments the gross cash settlement is presented where gross settlement occurs and the net cash settlement is presented where net settlement occurs. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities are based on the earliest possible date for on which the Group can be required to pay. Cash flows for financial assets are based on the terms and conditions existing at the balance sheet date.

Management manages this liquidity risk by the maintenance of appropriate unutilised credit facilities and continued operation of the business as a going concern generating operating cash flows. Whilst operating as a going concern, the material business units of the Group receive operating cash flows prior to the provision of the service. At 30 June 2015, the Group had recognised deferred revenue of $280.584m (2014: $258.401m), representing cash receipted by the Group for which tuition services had yet to be provided. Management have utilised these cash receipts to reduce debt, return capital to shareholders, and to purchase investments. At 30 June 2015, the Group had $123.139m bank debt (2014: $123.530m) and had unutilised credit facilities of $227.598m available (2014: $151.470m). Management is confident this is sufficient to cover any liquidity risk exposure at 30 June.

5.5 Issued Capital

Movements in shares on issue

	2015		2014	
	Shares Number	$000s	Shares Number	$000s
Movements in shares on issue				
At 1 July	375,712,581	197,868	375,367,918	195,375
Dividend reinvestment plan (i)	527,926	2,641	295,671	2,195
Employee share schemes (ii)	90,461	465	48,992	298
At 30 June	376,330,968	200,974	375,712,581	197,868

i) Dividend reinvestment plan

During the year the Company issued 527,926 (2014: 295,671) shares to a value of $2.641m (2014:$2.195m) in lieu of cash dividends.

ii) Employee share schemes

During the year the Company issued 44,419 (2014: 15,987) shares to executive employees (under the terms of the executive share plan) to a value of $0.228m (2014: $0.097m) in settlement of obligations arising from the Company's ValueShare incentive scheme. These obligations were previously recognised in the Company's results for the 30 June 2014 financial year. In addition, the Company issued 46,042 (2014: 33,005) shares valued at $0.237m (2014: $0.201m) to eligible employees in lieu of salaries and wages as part of the Company's Employee Share Ownership Plan.

6 Other notes

6.1 Related party disclosures

6.1.1 Equity interests in related parties

The consolidated financial statements include the financial statements of Navitas Limited its controlled entities. The table below lists the primary operating controlled entities of the Group. Individual controlled entities that do not provide a significant contribution to the Group's revenue, profits or net assets have not been listed. All are owned 100% except as indicated.

Country of incorporation
Name

Australia

ACL Pty Ltd*
Australian Campus Network Pty Limited*
Australian College of English Pty Ltd*
Cadre Design Pty. Limited*
Colleges of Business & Technology (NSW) Pty Ltd*
Colleges of Business and Technology (WA) Pty Ltd*
Cytech Intersearch Pty Limited*
Educational Enterprises Australia Pty. Ltd.*
Educational Services Pty Ltd*
EduGlobal Pty Ltd*
Hawthorn Learning Pty Limited*
Health Skills Australia Pty Ltd*
IBT (Canada) Pty Limited*
IBT (Sydney) Pty Limited*
IBT Education Pty Ltd*
IBT Finance Pty Limited*
Institutes of Business and Technology (UK) Pty Ltd*
LM Training Specialists Pty. Ltd.*
Melbourne Institute of Business and Technology Pty Ltd*
Navitas America Pty Ltd*
Navitas Bundoora Pty Ltd*
Navitas College of Health Pty Ltd*
Navitas College of Public Safety Pty Ltd
Navitas English Pty Limited*
Navitas English Services Pty Limited*
Navitas Professional Institute Pty Ltd*
Navitas Professional Pty Ltd*
Navitas Professional Training Pty Ltd*
Navitas SAE Holdings Pty Ltd*
Navitas USA Pty Ltd*
Newcastle International College Pty Ltd*
Perth Institute of Business and Technology Pty Ltd*
Queensland Institute of Business & Technology Pty Ltd*
SAE Institute Pty Limited*
South Australian Institute of Business and Technology Pty Ltd*
Sydney Institute of Business and Technology Pty Ltd*
The Australian Centre for Languages Pty Ltd*
The Learning Space Pty Ltd*

* indicates member of the closed group

Rest of World

Fraser International College Limited
Curtin Education Centre Pte. Ltd. (90%)
SAE-Institute GmbH

Entities subject to class order relief

Pursuant to ASIC Class Order 98/1418, relief has been granted to certain of the entities which are indicated above as members of the closed group ("closed group entities") from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, Navitas Limited and the closed group entities entered into a Deed of Cross Guarantee on 15 June 2006, as varied from time to time. The effect of the deed is that Navitas Limited has guaranteed to pay any deficiency in the event of winding up of any closed group entity. The closed group entities have also given a similar guarantee in the event that Navitas Limited is wound up.

During the period, no entity has been:

- removed by a revocation deed contemplated by the Deed of Cross Guarantee; or
- the subject of a notice of disposal contemplated by the Deed of Cross Guarantee.

During the period, no entity obtained relief under the Class Order or a previous order at the end of the immediately preceding financial year but which was ineligible for relief in respect of the relevant financial period.

6.1 Related party disclosures (continued)

6.1.2 Closed Group Disclosures

The consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income of the entities which are members of the "closed group" are as follows:

Consolidated statement of financial position

	Closed Group	
	2015 $000s	2014 $000s
Current Assets		
Cash	56,084	45,345
Trade and other receivables	66,003	70,590
Other	14,760	11,412
Total Current Assets	136,847	127,347
Non Current Assets		
Plant & equipment	41,541	43,110
Deferred tax assets	18,821	16,678
Intangible assets	328,116	340,206
Other financial assets	313,064	299,576
Total Non Current Assets	701,542	699,570
Total Assets	838,389	826,917
Current Liabilities		
Trade and other payables	79,490	57,816
Deferred revenue	175,161	167,221
Current tax payables	9,301	9,263
Borrowings	114,466	140,601
Provisions	5,705	4,672
Total Current Liabilities	384,123	379,573
Total Non Current Liabilities		
Trade and other payables	1,257	3,232
Borrowings	123,139	123,529
Provisions	11,796	9,521
Total Non Current Liabilities	136,192	136,282
Total Liabilities	520,315	515,855
Net Assets	318,074	311,062
Equity		
Issued capital	200,974	197,868
Reserves	(1,920)	(1,614)
Retained earnings	119,020	114,808
Total Equity	318,074	311,062

Consolidated Retained Earnings

At 1 July	114,808	124,170
Profit attributable to members of the closed group	77,506	64,215
Dividends	(73,294)	(73,577)
At 30 June	119,020	114,808

6.1 Related party disclosures (continued)

6.1.2 Closed Group Disclosures (continued)

Consolidated statement of profit or loss and other comprehensive income

	Closed Group	
	2015	**2014**
	$000s	**$000s**
Revenue	649,289	608,074
Marketing expenses	(88,155)	(83,310)
Academic expenses	(168,479)	(154,450)
Administration expenses	(270,116)	(270,186)
Finance costs	(6,937)	(9,319)
Profit before income tax expense	**115,602**	**90,809**
Income tax expense	(38,096)	(26,594)
Profit for the year	**77,506**	**64,215**
Other comprehensive income		
Items that may be subsequently classified to profit or loss		
Fair value movements in hedge reserves	(437)	(2,307)
Income tax relating to currency translation difference	131	692
Other comprehensive income for the year	(306)	(1,615)
Total comprehensive income for the year	**77,200**	**62,600**

6.1.3 Transactions with other related parties

Transactions between the Group and its related parties

During the financial year, the following transactions occurred between the Group and its other related parties:

- Minority shareholders were repaid $540,677 (2014: $36,802).
- Hoperidge Advisors Pty Ltd, an entity associated with Mr Rod Jones, is a sub tenant in one of the Group's rented properties. Navitas has recorded income of $67,347 (2014: $37,475) in relation to this contract. This contract is on normal terms and conditions.

The following balances arising from transactions between the Group and its other related parties are outstanding at reporting date:

- Current liabilities totaling $2,881,329 (2014: $2,851,553) are repayable to Mr David Shi and his related entities. Mr Shi is the Managing Director of EduGlobal China Ltd (EGC) and owns the minority shareholding of EGC not owned by Navitas Limited. Repayments of $540,677 (2014: $36,802) were made during the period.

All amounts advanced to or repayable to related parties are unsecured and are subordinate to other liabilities. The amounts outstanding will be settled in cash.

6.1.4 Transactions with Key Management Personnel

A list of key management personnel is provided in the remuneration report on page 68. Aggregate compensation and shareholdings are provided on pages 78 to 80.

6.2 Parent Entity Disclosures

Financial Information	**Parent**	
	2015 $000s	**2014 $000s**
Current Assets	45,808	66,001
Total Assets	609,166	641,630
Current Liabilities	207,978	238,152
Total Liabilities	331,066	362,268
Share holders Equity		
Issued capital	200,974	197,868
Reserves	(1,920)	(1,614)
Retained earnings	79,046	83,108
Total Equity	278,100	279,362
Profit for the year	69,233	152,531
Total comprehensive income	68,927	150,916

6.3 Auditor's remuneration

The auditor of Navitas Limited is Deloitte Touche Tohmatsu.

	2015 $	**2014 $**
Audit services		
Auditor of the Company		
Deloitte Touche Tohmatsu (Australia)		
Audit and review of financial reports	306,000	345,500
Other regulatory audit services	14,900	7,400
Overseas Deloitte Touche Tohmatsu firms		
Audit and review of financial reports	545,464	554,703
Other regulatory audit services	11,730	11,400
	878,094	919,003
Other Auditor		
Audit and review of financial reports	-	-
Other services		
Auditor of the Company		
Deloitte Touche Tohmatsu (Australia)		
Other – consulting services	-	-
Other – tax services	6,129	12,500
	884,223	931,503

7 Unrecognised Items

7.1 Guarantees

The Group has entered into lease rental guarantees with a face value of $25.554m (2014: $20.658m) and performance guarantees with a face value of $80.880m (2014: $65.052m). The fair value of the guarantees has been assessed as nil based on underlying performance of the entities subject to the guarantees.

Cross guarantees between entities in the closed group (see note 6.1.1) have been provided by Navitas Limited and its controlled entities. The fair value of the cross guarantees has been assessed as $nil based on the underlying performance of the entities in the closed group.

7.2 Contingent Liabilities

A UK subsidiary of Navitas is currently in dispute with HM Revenue & Customs in the UK as to whether the subsidiary provides exempt education for the purposes of UK VAT. The matter has been heard by the First-Tier Tribunal (Tax and Chancery Chamber) and the Tribunal ruled in Navitas' favour.

HM Revenue & Customs subsequently sought leave from the First-Tier Tribunal to appeal this decision. This initial request to the First-Tier Tribunal was rejected, although HM Revenue & Customs was granted specific leave to seek permission to appeal to the Upper Tribunal (Tax and Chancery Chamber). HM Revenue & Customs applied for permission to appeal to the Upper Tribunal on 30 June 2014 and on 23 July 2014 this was refused. HM Revenue & Customs applied for this decision to be reconsidered at an oral hearing in 11 December 2014. Permission to appeal to the Upper Tribunal (Tax and Chancery Chamber) was granted subsequent to this hearing. The appeal is set for 1st and 2nd December 2015.

Based on external legal advice, the directors believe that there are good prospects that the Upper Tribunal (Tax and Chancery Chamber) will rule in our favour on appeal. Should the ruling be overturned in favour of HM Revenue & Customs the Group faces a potential VAT liability. As at 30 June 2015 the best estimate of such a liability is $5.190m, with a total potential reduction in profits after tax of $4.100m.

8 Events after balance sheet date

Subsequent to balance sheet date, the directors of the Company declared a final dividend on ordinary shares in respect of the 2015 financial year. The total amount of dividend is $38.009m, which represents a fully franked dividend of 10.1 cents per share. The dividend has not been provided for in the 30 June 2015 financial statements.

9 Changes in the Group's Structure

In July 2014 Navitas acquired Ex'Pression College, a California based creative media company, for $6.796m. Ex'Pression College contributed $2.5m to the Group's EBITDA, before transaction and integration costs.

In June 2015 Navitas acquired a 51% interest in the University of Canberra College for $4.865m. This investment was made under Navitas' joint venture model and will be equity accounted.

Directors' Report

Your Directors submit their report for the year ended 30 June 2015.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Harvey Collins BBus, FCPA, SFFin, FAICD
Non-Executive Chairman
Appointed 9 November 2004

Mr Collins has extensive executive and board experience in a range of industries. From 1986 to 1996 he held senior management roles in Western Australian regional bank, Challenge Bank Limited, including five years as Chief Financial Officer. From 1997 to 2002, he was an executive director of listed investment company, Chieftain Securities Limited. From May 2009 to September 2012, he was the non-executive Chairman of Bank of Western Australia Limited (Bankwest). From February 2004 to 30 June 2013, he was a non-executive director (Deputy Chairman) of Verve Energy (Electricity Generation Corporation). Mr Collins has held board appointments in industries as diverse as financial services, health insurance, telecommunications, equipment hire, mining services, franchising and electricity. He is a past member of the WA State Council of the Australian Institute of Company Directors and has recently been appointed to the ASIC Directors Advisory Panel.

During the past three years, Mr Collins has not served as a director of any other listed companies.

Rod Jones BComm, DEd (Hon) ECowan, MAICD
Group Chief Executive Officer and Managing Director
Appointed 18 June 2004

Mr Jones has 35 years' experience in educational administration and has held a number of senior administrative positions within the Government and the private education sectors. His background covers both secondary and higher education in Australia.

Mr Jones has been involved in international education since 1987 and is recognised as one of the leaders in the successful establishment of the sector in Australia. He is one of the co-founders of Navitas and has been instrumental in the expansion and development of the Navitas model into the various markets in which it now operates.

In April 2007, Mr Jones received an honorary Doctor of Education from Edith Cowan University in recognition of his outstanding contribution to the development of the international education sector both in Australia and overseas, and in 2008 was awarded the Australian Ernst and Young Entrepreneur of the Year. In 2010, Mr Jones was recognised by his colleagues with an International Education Excellence Award from the International Education Association of Australia for his leadership in the field of international education.

Mr Jones is a member of the Business Council of Australia and the Australian Institute of Company Directors. He is also a significant supporter of a number of charitable causes in Australia.

During the past three years, Mr Jones has not served as a director of any other listed companies.

Tony Cipa BBus, Grad Dip Accounting,
Non-Executive Director
Appointed 1 May 2014

Mr Cipa has extensive international business and finance experience including his roles as CFO and Executive Finance Director for CSL Limited, the ASX listed international biopharmaceutical company.

During his time leading the finance function of CSL the company grew from a previously government owned business to a global market leader with over 20 international locations including the USA, UK, Canada and Germany. Mr Cipa was CFO from 1994 to 2000 then served as Executive Finance Director on CSL's Board of Directors from 2000 to 2010.

Mr Cipa is currently the Chairman of the Audit and Risk Committee and a Non-Executive Director of ASX listed Skilled Group. He is also the Chairman of the Audit and Risk Committee and a Non-Executive Director of Healthscope Limited. Mr Cipa is also a Non-Executive Director at Mansfield District Hospital.

During the past three years Mr Cipa has served as a director of the following other listed companies:

- Skilled Group* (from 4 April 2011)
- Healthscope Limited* (from 28 June 2014)

*Denotes current directorship

Diana Eilert BSc Maths & Chemistry, MComm Finance & Marketing
Non-Executive Director
Appointed 28 July 2014

Ms Eilert is a professional non-executive director with extensive board and executive experience gained in a 25 year career across a variety of sectors.

Ms Eilert is currently a non-executive director of Veda (ASX: VED), AMP Life, Network NSW and Queensland Urban Utilities, and was previously a Non-Executive Director of digital business realestate.com.au (ASX:REA) and digital start-ups such as "onthehouse" and OurDeal.

Ms Eilert has held operational roles as Group Executive in Suncorp's entire insurance business and later, Group Executive People, Technology, Marketing and Joint Ventures for Suncorp. She had 10 years' experience with Citibank running retail bank credit and risk, the mortgage business, the retail funds management business, and the Direct Bank, reporting to the Country Head.

Most recently Ms Eilert was Head of Strategy and Corporate Development for News Ltd, where her focus was on digital transformation and emerging business models.

During the past three years Ms Eilert has served as a director of the following other listed companies:

- Veda Group Limited* (from 18 October 2013 to present)
- REA Group Limited (from June 2010 to February 2012)
- Onthehouse Holdings Limited (from 1 July 2012 to 26 November 2013)

*Denotes current directorship

Ted Evans AC, BEcon (Hons), D.Uni (Grif.), D.Econ (h.c.), FAICD
Non-Executive Director
Appointed 9 November 2004, retired 4 November 2014

Mr Evans has extensive experience in the financial sector, having worked with the Australian Treasury from 1969 to 2001, including as Secretary to the Treasury from 1993 to 2001. From 1976 to 1979 he was a member of the Australian Permanent Delegation to the OECD in Paris and, from 1989 to 1993, executive director on the board of the International Monetary Fund, representing Australia and a number of other countries, mainly in the Asia Pacific region. He was a director of the Reserve Bank of Australia from 1993 to 2001 and the Commonwealth Bank of Australia from 1993 to 1996.

During the past three years, Mr Evans has also served as a director of the following other listed companies:

- Westpac Banking Corporation (from 5 November 2001 to 15 December 2011) and as Chairman from April 2007 to December 2011.

Tracey Horton BEcon (Hons) UWA, MBA Stan, Prof Emer, FAICD, FGIA
Non-Executive Director
Appointed 13 June 2012

Ms Horton has extensive international business and education experience most recently as Winthrop Professor and Dean of the University of Western Australia's Business School where she was responsible for leading more than 200 faculty and staff and around 5,000 students.

Prior to this role she completed executive or senior management roles in North America with Bain & Company and across Australia with Poynton and Partners and the Reserve Bank of Australia.

Ms Horton has significant governance experience currently serving on a number of Boards including ASX listed Skilled Group and Automotive Holdings Group. Ms Horton is the Chairman of Presbyterian Ladies College and Fashion Council - WA and President of the Chamber of Commerce and Industry (WA). Ms Horton is also a member of the Australian Takeovers Panel and the Bain & Company Advisory Board. She was previously Chairman of D'Orsogna Ltd and Deputy Chair of the Water Corporation in WA.

During the past three years Ms Horton has served as a director of the following other listed companies:

- Skilled Group* (from 10 February 2011)
- Automotive Holdings Group Limited* (from 3 May 2012)

*Denotes current directorship

James King BComm, FAICD
Non-Executive Director
Appointed 9 November 2004

Mr King brings to the Board of Navitas over thirty years of management and board experience with major multinational corporations in Australia and internationally.

Mr King was with Foster's Group Limited and was Managing Director Carlton & United Breweries and Managing Director Foster's Asia. Prior to joining Foster's in 1997, Mr King was President of Kraft Foods (Asia Pacific) and resided in Hong Kong for six years from 1991.

Mr King is currently a non-executive director of JB Hi-Fi Limited and Pacific Brands Limited. He was previously on the board of The Trust Company Limited, the Council of Xavier College Melbourne and was also Chairman of the Juvenile Diabetes Research Foundation (Vic).

Mr King is a Fellow of the Australian Institute of Company Directors, and is the current Captain of Royal Melbourne Golf Club.

During the past three years, Mr King has served as a director of the following other listed companies:

- JB Hi-Fi Limited* (from 10 May 2004)
- Pacific Brands Limited* (from 4 September 2009)
- The Trust Company Limited (from 1 February 2007 to 18 December 2013)

*Denotes current directorship

Dr Peter Larsen AAP, B AppSc, BEd, MEd, PhD, DEd (Hon)
Non-Executive Director
Appointed 18 June 2004, retired 4 November 2014

Dr Larsen has been a professional educator for in excess of thirty-five years. He has been a teacher, head of department, Principal and Executive Director. He has worked in both the government and private education sectors. His fields of academic expertise are mathematics, mathematics education and educational measurement. He is one of the co-founders of the Navitas group of colleges. Dr Larsen developed the original academic framework within which Navitas pathway colleges now operate.

In March 2008 Dr Larsen was awarded an honorary Doctor of Education from Edith Cowan University for his founding role in increasing participation rates in higher education for national and international students.

During the past three years, Dr Larsen has not served as a director of any other listed companies.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of Navitas Limited were:

Directors	Ordinary shares held
Harvey Collins	43,948
Rod Jones	45,017,995
Tony Cipa	10,000
Diana Eilert*	-
Tracey Horton	2,000
Jim King	50,000

* Appointed 28 July 2014

Directors' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year, and the number of meetings attended by each Director, were as follows:

	Directors' meetings		Meetings of Committees			
			Audit and Risk		People and Remuneration	
	Number of meetings		Number of meetings		Number of meetings	
	held while a director	attended	held while a committee member	attended	held while a committee member	attended
Harvey Collins	8	8	5	5	1	1
Rod Jones	8	8	-	-	-	-
Tony Cipa (i)	8	8	5	5	-	-
Diana Eilert (ii)	7	7	-	-	3	3
Ted Evans (iii)	3	3	1	1	1	1
Tracey Horton (iv)	8	8	-	-	4	4
James King (v)	8	8	5	5	3	3
Peter Larsen (iii)	3	3	-	-	-	-

For references (i) to (v) see below.

All Directors were eligible to attend all meetings held, unless specified.

Committee membership

As at the date of this report, the Company had an Audit and Risk Committee and a People and Remuneration Committee.

Members acting on the committees of the board during the year were:

Audit and Risk		People and Remuneration	
Tony Cipa (i)	(Chairman)	Tracey Horton (iv)	(Chairman)
Harvey Collins		James King (v)	
James King		Diana Eilert (ii)	

(i) Appointed as the Chairman of the Audit and Risk Committee on 29 July 2014
(ii) Appointed to the Board on 28 July 2014 and to the People and Remuneration Committee on 12 September 2014
(iii) Retired on 4 November 2014
(iv) Appointed as the Chairman of the People and Remuneration Committee on 12 September 2014
(v) Appointed to the People and Remuneration Committee on 12 September 2014

Indemnification and insurance of directors and officers

The Company has made an agreement to indemnify all the Directors against any liability incurred by that Director in their capacity as a director of the Company or a subsidiary of the Company. The agreement provides for the Company to pay an amount to indemnify directors only to the extent:

a) the Company is not precluded by law from indemnifying the Directors; and
b) for the amount that the Director is not otherwise entitled to be indemnified and is not actually indemnified by another person (including a related body corporate or an insurer).

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Navitas Limited against any of the following liabilities incurred by the Director as a director, namely:

a) any liability which does not arise out of conduct involving:
   (i) a wilful breach of duty in relation to the Company; and
   (ii) a contravention of section 182 or section 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001; and
b) any liability for costs and expenses incurred by the Director in defending proceedings, whether civil or criminal, whatever their outcome, and without the qualifications set out in clause (a) above.

The total amount of insurance contract premiums paid is $168,411.

Company secretary

Hugh Hangchi, LLB, BComm
Appointed 27 April 2005

Mr Hangchi is a practising lawyer and has experience in providing advice to directors of listed and unlisted public companies in relation to directors' duties, the Corporations Act, the Listing Rules and corporate governance. He has also completed the Company Directors Course Diploma.

Prior to joining the company, Mr Hangchi was a senior associate at a national law firm where he specialised in capital raisings, mergers and acquisitions and regulated takeovers. He has also worked as a solicitor with the Australian Securities and Investments Commission.

Corporate information

Corporate structure

Navitas Limited is a company limited by shares that is registered and domiciled in Australia. Navitas Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as listed in note 6 of the financial statements.

Nature of operations and principal activities

The principal activities during the financial year of the Group were of the provision of educational services to domestic and overseas students. There have been no significant changes in the nature of those activities during the year.

Operating and financial review

A review of the consolidated entities' operations and financial performance has been provided for on pages 2 to 17.

Dividends

	Cents	$000s
Final dividends recommended		
- on ordinary shares	10.1	38,009
Interim dividends paid during the year		
- on ordinary shares	9.4	35,348
Final for 2014 shown as recommended in the 2014 report		
- on ordinary shares	10.1	37,947

Significant changes in the state of affairs

There has been no significant change in the state of affairs of the Company.

Subsequent to balance sheet date, the directors of the Company declared a final dividend on ordinary shares in respect of the 2015 financial year. The total amount of dividend is $38.009m, which represents a fully franked dividend of 10.1 cents per share. The dividend has not been provided for in the 30 June 2015 financial statements.

Future developments

Likely developments in, and expected results of the operations of the Group in subsequent years are referred to elsewhere in this report, particularly on pages 1 to 17. In the opinion of the directors, further information on those matters could prejudice the interests of the company and the Group and has therefore not been included in this report.

Environmental regulation and performance

The Group's operations are not subject to any significant environmental regulations under the government legislation of the countries it operates in. The board believes that the consolidated entity has adequate systems in place for the monitoring of environmental regulations and is not aware of any such regulations that apply to the consolidated entity.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Non audit services

Details of the amounts paid to the auditor of the Company, Deloitte Touche Tohmatsu, and its related practices for audit and non audit services provided during the year are set out in note 6.4.

Auditor's independence declaration

The auditor's independence declaration is set on page 82 and forms part of the directors' report for the financial year ended 30 June 2015.

Remuneration report

This report outlines the remuneration arrangements in place for the key management personnel (directors and executives) of Navitas Limited (the company).

The following were key management personnel at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Harvey Collins	Non-Executive Chairman
Rod Jones	Group Chief Executive Officer and Managing Director
Tony Cipa	Non-Executive Director (appointed 1 May 2014)
Diana Eilert	Non-Executive Director (appointed 28 July 2014)
Ted Evans	Non-Executive Director (retired 4 November 2014)
Tracey Horton	Non-Executive Director
James King	Non-Executive Director
Peter Larsen	Non-Executive Director (retired 4 November 2014)

(ii) Executives

Members of the Navitas Leadership Team,

Patrick Brothers	Group General Manager – Strategy & Business Development (appointed 10 November 2014)
Lyndell Fraser	Chief Executive Officer – Professional and English Programs
Romy Hawatt	Chief Executive Officer – SAE (resigned 31 March 2014)
Neil Hitchcock	Group General Manager – IT (appointed 1 September 2013)
Bryce Houghton	Chief Financial Officer
Scott Jones	Chief Executive Officer – SAE (appointed 1 July 2014)
Rob Lourey	Group General Manager - Human Resources (appointed 1 September 2013)
John Wood	Chief Executive Officer – University Programs

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to Shareholder value;
- Have a significant portion of executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks;
- Mandatory requirement for senior executives of the Company (Navitas Leadership Team) to take at least 50% of all incentive payments in the form of ordinary shares in the Company (until such executives hold a beneficial interest in shares in the Company equal to the value of their fixed remuneration); and
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

People and Remuneration Committee

The People and Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the Group Chief Executive Officer (Group CEO) and the senior management team.

The People and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Use of remuneration consultants

During the year ended 30 June 2015, the Board did not engage any remuneration consultants to provide any recommendations or advice in relation to remuneration matters.

If and when remuneration consultants are engaged by the Board, it has put in place procedures to ensure remuneration recommendations made by remuneration consultants are free from undue influence by those KMP to whom the recommendation relates. These procedures include:

- instructions for preparing remuneration recommendations are only issued to remuneration consultants by the Chairman of the People and Remuneration Committee or another non-executive director;
- the role of employees in any engagement regarding a remuneration recommendation is limited to the provision of information and opinions on current and past practices and does not include any participation in the development of recommendations;
- remuneration recommendations by remuneration consultants are made directly to the People and Remuneration Committee; and
- all remuneration recommendations made by remuneration consultants are required to include a declaration about whether the remuneration recommendation is free from undue influence by the members of the KMP to whom it relates.

Non-executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors should be determined from time to time by a general meeting. The latest determination was made at the company's annual general meeting on 23 November 2013 where shareholders approved an aggregate remuneration of $1,100,000. An amount not exceeding the amount determined is then divided between the Directors as agreed.

The Board considers advice from external consultants as well as fees paid to non-executive directors of comparable companies when determining the remuneration. The amount of aggregate remuneration and the manner of apportionment will be reviewed periodically, and the quantum will be subject to approval by Shareholders.

Each Director receives a fee for being a director of the Company. An additional fee is also paid for each board committee on which a Director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by Directors which serve on one or more committees.

The remuneration of key management personnel, including non-executive Directors, for the year ending 30 June 2015 is detailed on page 79.

Senior manager and executive Director remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of Shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure remuneration is competitive by market standards.

Structure

In determining the level and make up of executive remuneration, the People and Remuneration Committee considers the market levels of remuneration paid to executives of comparable companies.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration (ValueShare Incentive Scheme)

The proportion of fixed remuneration and variable remuneration is established for each senior manager by the People and Remuneration Committee or the Group Chief Executive Officer (as the case may be). The fixed and variable components of the remuneration of the key management personnel are detailed on page 79.

Fixed Remuneration

Objective

The level of fixed remuneration will be reviewed annually accordingly to ensure it is commensurate with Company and individual performance, as well as consistent with market rates for comparable executive roles.

Structure

Fixed remuneration can be received in a variety of forms, including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

Variable Remuneration

Summary of outcomes for 2015

While final incentive payments are subject to Board determination in September each year, at a Group level, the financial performance of the Group during 2015 was above target. As a consequence, above target incentives are expected to be declared for corporate staff in relation to the 2015 year.

Consistent with the rules of the plan, two thirds of above target incentive amounts declared will be deferred and subject to loss in the event of a significant deterioration in financial performance or termination of employment.

Some business units within the Group achieved below target levels of performance and these incentive plan participants will receive amounts below their Target Variable Pay.

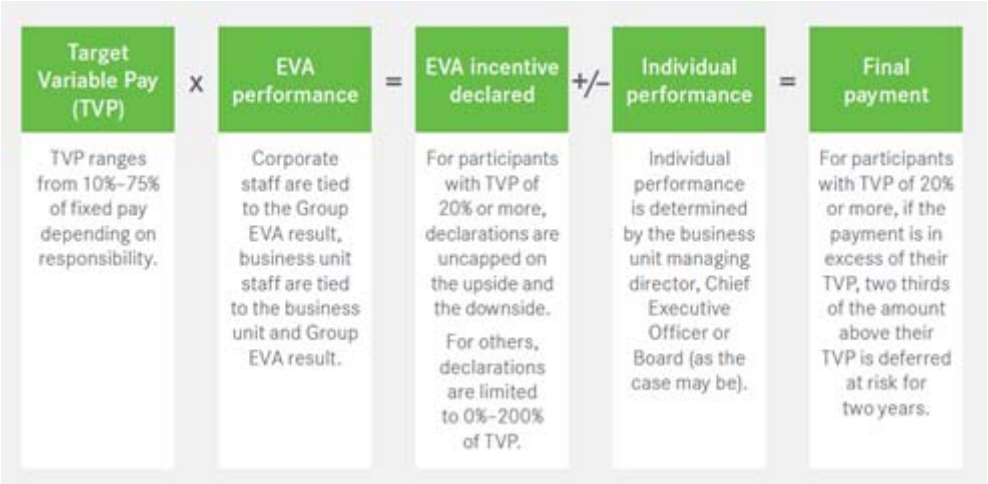
Objective

The ValueShare Incentive Scheme aims to share with participants the financial success enjoyed by the Group and in so doing, align their interests with those of shareholders. It also allows one of the largest costs – staff remuneration – to rise and fall with the performance of the business.

An important part of the Company's ongoing success is its ability to attract and retain the best talent in the education industry and in the ten years since its inception, the ValueShare Incentive Scheme has helped Navitas achieve that goal. For many of our staff, the opportunity to share in the financial success enjoyed by the business makes working at Navitas attractively different from other positions in the education sector.

Structure

The diagram below illustrates the structure of the ValueShare Incentive Scheme. Further detail is provided in the text that follows.



Captures all at-risk pay
Each participant in the ValueShare Incentive Scheme is assigned a level of Target Variable Pay (TVP) which is based on a percentage of their fixed remuneration. The Group's TVP percentages range from 5% to 75% of fixed remuneration, depending on the level of responsibility held by the participant.

It is important to note that the ValueShare Incentive Scheme comprises the entire at-risk opportunity offered to staff; Navitas does not offer any form of equity based remuneration in addition to the ValueShare Scheme, for example.

Based on shareholder value
The ValueShare Incentive Scheme is based on sustained improvements in the financial performance of the Group and its Business Units, as measured by Economic Value Added (EVA®).

EVA measures the profit the business makes above and beyond what investors could expect to earn, had their funds been invested elsewhere at similar risk. As such, it is the value created by the business for shareholders.

EVA is more demanding than other profit measures such as EPS or EBITDA as it requires a reasonable return on equity to be achieved before it becomes positive. Research by independent consultancy Juno Partners shows that only about 50% of the top 300 Australian listed businesses generate positive EVA in any one year.

The Board sets the required return for investors used to calculate EVA annually and may, at its discretion, make amendments to the statutory profit to calculate EVA.

Varies with each business' financial performance
Every three years, the Board sets growth targets for the Group and each business unit. For the 2015-2017 period, the Group's growth target, if achieved, would represent top 30% performance compared to the actual three year EVA growth achieved by the top 300 Australian listed companies over 2009 – 2013[(1)]. The three year target is then broken down into annual growth targets.

At the end of each year, after consideration of the EVA growth achieved by an individual business unit and the Group against their targets, an incentive declaration for each participant is determined.

EVA® is a registered trademark of Stern Stewart & Co.

[(1)] excluding investment companies, as determined by Juno Partners, an independent consultancy appointed by the Board.

For senior staff, above TVP payments are deferred and can be forfeited if not sustained
For participants with a TVP of 20% or more, rewards are uncapped and any amount, positive or negative, may be declared. For these staff, amounts between $0 and their TVP are settled in the current year. Any amount outside this range is settled in three equal parts, the first in the current year and the remainder in the two that follow. Deferred amounts are added to or offset against future declarations and can be lost if the employee's participation in the scheme ends for whatever reason, or if future EVA growth falls substantially below target.

Any deferred amounts do not vest in the employee and are not paid on the termination of their employment.

For senior staff, incentive declarations can be negative
If EVA growth falls substantially below target, participants with a TVP of 20% or more can suffer a negative incentive declaration. In this instance, prior year deferred amounts can be reduced or lost altogether.

Additional requirements for Executive Key Management Personnel
The aggregate of annual ValueShare Incentive Scheme payments to Executive Key Management Personnel is subject to the approval of the Board.

An additional step is taken with the aim of further strengthening the alignment of Executive Key Management Personnel and shareholders in the medium to long term.

For those executives, at least 50% of the incentive payment is used to pay for ordinary shares in the Company (at an issue price calculated as a volume weighted average market price for the 5 trading days immediately before the date of issue) until such executives hold a beneficial interest in shares in the Company equal to the value of their fixed remuneration. This ensures all Executive Key Management Personnel have a meaningful exposure to the performance of Navitas shares, funded out of the proceeds of their incentive payments.

Not a short-term incentive scheme
While payments under the ValueShare Incentive Scheme are made in cash and classified under the accounting standards as 'short-term benefits' (due to the fact that they will be paid within 12 months of year end), there are a number of elements in the Scheme that ensure rewards reflect sustained, multi-year performance. These include:

- payments reflect performance against a set of three year targets;
- two thirds of payments for above target performance are deferred;
- deferred payments are subject to loss if performance deteriorates significantly or the employee ceases to be a participant in the plan for whatever reason;
- for Executive Key Management Personnel, at least 50% of any payment must be used to purchase shares until the executive has established a holding in Navitas equal to the value of their fixed remuneration.

Incentive outcomes in 2015

The growth in EVA enjoyed by the Group during the year exceeded target for the first time since 2010. While final incentive outcomes are subject to review and confirmation by the Board in September of this year, for staff working in a Group position this will likely mean above target incentive amounts will be declared for the year ended 30 June 2015.

As noted above, for staff on TVP of 20% or above, two thirds of any amount above TVP will be deferred and subject to loss in the event of a substantial deterioration in EVA or where the participant's employment is terminated for any reason.

Impact of the loss of the University Programs MQC and SIBT on-campus contracts
Rewards declared under the ValueShare Incentive Scheme are based on the actual financial performance of the business in any one year. As changes to the MQC and SIBT on-campus contracts with Macquarie University had little impact on financial performance in 2015, rewards declared in 2015 were not materially impacted.

However, to the extent that the changes to the MQC and SIBT on-campus contracts reduce EVA growth in coming years, rewards declared will be lower in those years. This is consistent with the objective of the scheme, which is to base rewards on the sustained growth in EVA actually achieved, rather than on estimates of future performance.

Economic Value Added (EVA) calculation

		2015 $000s	2014 $000s
	EBITDA	163,107	144,929
+	Interest	2,200	2,246
-	Depreciation	(27,318)	(24,593)
=	Net Operating Profit Before Tax	137,989	122,582
-	Taxes at 30%	(41,397)	(36,775)
=	Net Operating Profit After Tax (A)	96,592	85,807
	Capital Employed*	421,642	425,350
x	Cost of Capital	8%	8%
=	Capital charge (B)	33,731	34,028
A-B	**Economic Value Added (EVA)**	**62,861**	**51,779**
	Opening EVA	51,779	46,602
	EVA increase	**11,082**	**5,177**

* based on the average of month end net debt and equity balances throughout the year, after adjustments

Cash bonuses for participants have been provided for in the financial statements for 30 June 2015, but as noted above, are subject to review and confirmation by the Board in September.

Relationship of rewards to performance

In the opinion of the directors the Company's remuneration policies have contributed to the Company's success in creating shareholder value, as demonstrated by the following table which has key measures of the Group's earnings and shareholder returns over the last 10 years.

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Economic Value Added (EVA) ($m)	$62.86	$51.78	$46.10	$38.12	$57.88	$54.53	$40.64	$27.29	$20.59	$18.34
Dividends per share - paid and proposed (cents)	19.5	19.5	19.5	19.5	20.7	18.8	14.3	10.9	9.3	9.5
Dividends paid ($m)	$73.3	$72.8	$72.8	$80.3	$68.7	$57.8	$40.1	$33.7	$31.5	$39.5
Closing share price (at 30 June)	$4.29	$7.13	$5.77	$4.34	$4.03	$4.66	$2.73	$2.09	$1.89	$1.88
Earnings per share (cents)	19.1	13.7	19.9	19.5	21.7	18.8	14.3	10.8	9.3	9.1
Earnings per share before amortisation and impairment (cents)	24.5	22.1	20.0	19.8	22.9	19.4	14.6	12.2	10.6	10.2
Net profit after tax attributable to members of the Company ($m)	$71.81	$51.58	$74.58	$73.15	$77.30	$64.20	$49.20	$37.43	$32.25	$31.49
Return on capital employed	23%	20%	19%	19%	50%	59%	47%	34%	27%	40%

Employment Contracts

A summary of the key employment contract terms for the executive key management personnel is provided below. None of the non-executive Directors have an employment contract with the Company.

Key Management Personnel

Executive **Lyndell Fraser, Neil Hitchcock**, **John Wood***

Term No term is specified

Notice Period
Either party may terminate by providing 3 months' written notice.

The employee may terminate by giving 2 months' written notice if there is a material diminution in the employee's responsibilities, or the employee is required to relocate outside their home state ("Material Change"). The Company may terminate within 6 months of a Material Change occurring.

The Company may terminate without notice if the employee is guilty of any criminal or indictable offence, breaches any law in relation to the performance of the employee's duties, commits any serious breach of faith, or act of serious neglect or gross misconduct.

The Company may also terminate without notice if the employee is unable to perform duties due to illness, injury or incapacity.
* For this executive, a Material Change also includes where a third party acquires a controlling interest in the Company.

Termination Provisions
If the employee or the Company terminates due to a Material Change, a final termination payment equivalent to 3 months' remuneration is payable.

If the Company terminates for illness, injury or incapacity, the employee is entitled to any amounts owing as compensation under the employment agreement to the extent earned on a pro-rata basis together with compensation (without loading, bonuses or profit share) that would otherwise have been paid to the end of the then current term of employment, plus reimbursement for any properly incurred (and fully documented) costs.

Executive **Rob Lourey, Scott Jones** (appointed 1 July 2014), **Patrick Brothers** (appointed 11 November 2014)

Term No term is specified

Notice Period
Either party may terminate by providing 3 months' written notice, or such shorter notice as agreed by the parties, or such longer notice as required by law ("Termination with Notice").

The Company may terminate without notice if the employee is guilty of any serious, willful or persistent misconduct, including but not limited to: willful or gross neglect or gross negligence in the performance of the employee's responsibilities; serious incompetence or inefficiency in the performance of the employee's duties; breach of any law relating to the performance of the employee's duties, including any law relating to discrimination, harassment or equal opportunity in an employment context; serious or repeated breaches of the employee's employment agreement or any repudiation of a term in it; disobedience or neglect of any lawful order or direction given by or on behalf of the Company, including any policy or procedure of the Company; habitual use of alcohol or narcotics while engaged in the performance of duties; misappropriation of any property of the Company; engaging in physical violence, abuse or bad language towards any other employee, customer, members of the public or other person having business dealings with the Company; conviction of a criminal offence that, in the opinion of the Company, may detrimentally affect the Company; conduct that, in the reasonable opinion of the Company, may detrimentally affect the Company; or any act of dishonesty or fraud in the course of or in connection with the performance of the employee's duties.

Termination Provisions
If the employee or the Company terminates by giving Termination with Notice, the Company in its discretion may pay the employee the equivalent amount of remuneration in lieu of notice of such termination. If the employee's employment is terminated, the employee has no other claim against the Company for compensation or damages in respect of the termination other than the amounts prescribed by the Termination with Notice.

Executive **Bryce Houghton**

Term
3 years, from 19 July 2013 (being the "Commencement Date").

A review will be held on or before 18 months after the Commencement Date of the employment where the parties may extend the term for a further three year period.

Unless otherwise agreed by the Company and the employee, if the Company does not extend the employment for a further term of three years on terms and conditions at least equivalent to those in place at the review date, or the employee is not willing to accept an offer to extend the employment on revised terms and conditions, then the Company not extending the employment on equivalent terms and conditions will be deemed to constitute giving notice on the date 18 months after the Commencement Date to terminate the employment in accordance with the Employer Termination outlined below.

Notice Period and Termination Provisions
The employee may terminate at any time by giving one month's notice in writing, or such shorter notice as may be agreed by the parties.

The Company may terminate the employee's employment by giving one month's notice in writing. In the event of termination by the Company the employee will be entitled to a final termination payment equivalent to the fixed remuneration of the employee for a maximum of 12 months or the balance of the employment agreement, whichever is greater ("Employer Termination").

Unless otherwise agreed by the parties, the employee may terminate this employment in the event of a Material Change* by giving one month's notice in writing or such shorter notice as may be agreed by the parties ("Employee Notice Period"). Where the employee's employment is terminated by the employee in the event of a Material Change*, at the conclusion of the Employee Notice Period, the Company will pay the employee a final termination payment equivalent to the fixed remuneration of the employee for the balance of the employment agreement.

* For this executive, a Material Change means where there is a material diminution in the remuneration of the employee, or the responsibilities and powers assigned to the employee.

The Company may terminate without notice and without payment in lieu of notice if the employee: is guilty of any criminal or indictable offence or commits any act of dishonesty in relation to the affairs of the Company; is guilty of an offence under the Corporations Act 2001 (Cth); breaches any law in relation to the performance of the employee's duties, including any law relating to discrimination, harassment or equal opportunity in an employment context; commits any serious breach of faith, or act of serious neglect or default or willful disregard of directions or serious professional misconduct or gross misconduct or willful disobedience; is in serious and fundamental breach of the employment agreement and such breach cannot be remedied or it can be remedied but, after being directed in writing by the Company to remedy the breach, the employee fails to do so within two days after the giving of the direction; or performs any act or is guilty of any omission, whether or not in the course of performing the employee's duties, the likely result of which is that the Company, a related body corporate of the Company's business or a material part of the Company's business will be brought into disrepute.

The Company may also terminate without notice if the employee is unable to perform the full range of his duties due to illness, injury or incapacity: i) for a continuous period of three months; ii) for a 3 month period aggregated in any 12 month period; and iii) at least three months has elapsed since the employee first became unable to perform the full range of those duties. If the employee's employment is terminated in this manner, then the employee is entitled to any amounts due and owing as compensation under the employment agreement, on a pro rata basis including compensation (without loading, bonuses, or profit share) that would otherwise have been paid to the end of the then current term of employment, plus reimbursement for any property incurred (and fully documented) costs.

Annual Leave
The employee is entitled to five weeks' paid annual leave per year accruing pro rata.

Executive **Rod Jones**

Term No term is specified

Notice Period
The Company may terminate at any time by giving the employee 6 months written notice.

The employee may terminate his employment at any time by giving the company 6 months written notice.

The Company may terminate the employee's employment immediately without notice, and without payment in lieu of notice, if the employee is guilty of, charged with, or under investigation for, any criminal or indictable offence, is disqualified from holding office under the Corporations Act, has breached any law in relation to the performance of the employee's duties, commits any serious breach of faith, or act of serious neglect or default, or performs any act, or is guilty of any omission, the likely result of which is that the company or the business will be brought into disrepute.

The Company may also terminate immediately without notice and without payment in lieu of notice if the employee is unable to perform duties due to illness, injury or incapacity.

Termination Provisions
If the Company terminates by giving 6 months written notice, the employee has no claim against the company for compensation or damage in respect of the termination other than payment of 6 months of his remuneration.

*Key Management Personnel (*members of the Navitas Leadership Team) *from 1 July 2013 to 30 June2014*

Executive **Romy Hawatt** (resigned 31 March 2014)

This executive was engaged by the Company pursuant to a consultancy agreement.

Term No term is specified

Notice Period
Either party may terminate by providing 3 months' written notice.

If the consultant materially breaches the consultancy agreement or breaches a material term of the consultancy agreement, the Company may give a default notice to the consultant specifying the nature of the breach and requiring the consultant to remedy the breach within 10 business days of receipt of the default notice. If the consultant fails to rectify the breach within this time period, the Company may terminate the consultant's engagement by giving the consultant 10 business days written notice.

The Company may terminate without notice if the consultant engages in any fraud, material misconduct, willfully fails to discharge his obligations under the consultancy agreement, engages in any other conduct which is likely, in the reasonable opinion of the Company, to adversely affect the reputation of the Company or the Group, or the consultant becomes bankrupt or makes an arrangement or composition with creditors.

Termination Provisions
Termination of the consultancy agreement does not entitle the consultant to any form of payment or compensation by the Company, except for payment for services provided under the consultancy agreement up to the date of the termination and subsequently invoiced.

Remuneration and shareholdings of directors and other key management personnel

The aggregate compensation made to key management personnel of the company and the Group is set out below:

	2015 $000s	2014 $000s
Short term benefits	7,289	5,885
Post employment benefits	293	204
Other long term benefits	126	154
	7,708	6,243

The detailed compensation of each member of key management personnel of the Group is set out on the following page.

Shareholdings of key management personnel

The movement during the reporting period in the number of ordinary shares in Navitas Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

(i) Directors

	Balance at 1 July 2013	Additions	Disposals	Balance at 30 June 2014	Additions	Disposals	Balance at 30 June 2015
Harvey Collins	43,948	-	-	43,948	-	-	43,948
Rod Jones	45,017,995	-	-	45,017,995	-	-	45,017,995
Tony Cipa(1)	-	-	-	-	10,000	-	10,000
Diana Eilert (2)	-	-	-	-	-	-	-
Ted Evans (3)	60,000	-	-	60,000	-	-	-
Tracey Horton	-	-	-	-	2,000	-	2,000
James King	50,000	-	-	50,000	-	-	50,000
Peter Larsen (3)	28,727,357	-	(5,293,747)	23,433,610	-	-	-
	73,899,300	-	(5,293,747)	68,605,553	12,000	-	45,123,943

(1) Appointed 1 May 2014
(2) Appointed 28 July 2014
(3) Resigned 4 November 2014

(ii) Executives

	Balance at 1 July 2013	Additions	Disposals	Balance at 30 June 2014	Additions	Disposals	Balance at 30 June 2015
Patrick Brothers (4)	-	-	-	-	-	-	-
Lyndell Fraser	52,476	161	-	52,637	18,352	(25,500)	45,489
Romy Hawatt (5)	-	-	-	-	-	-	-
Neil Hitchcock (6)	-	161	-	103,161	2,309	-	105,470
Bryce Houghton	97,009	-	(10,000)	87,009	-	-	87,009
Scott Jones (7)	-	-	-	-	20,000	-	2,294,580
Rob Lourey (6)	-	1,334	-	1,334	7,562	-	8,896
John Wood	122,160	161	-	122,321	-	-	122,321
	271,645	1,817	(10,000)	366,462	48,223	(25,500)	2,663,765

(4) Appointed 10 November 2014
(5) Resigned 31 March 2014
(6) Appointed to the Navitas Leadership Team effective 1 September 2013. Mr Hitchcock's balance at appointment was 103,000
(7) Appointed to the Navitas Leadership Team effective 1 July 2014. Mr Jones' balance at appointment was 2,274,580

(a) Directors' and Executives' Remuneration

2015 $	Short term benefits Salary & Fees	Cash bonus *(i)*	Non monetary benefits	Post-employment Superannuation	Other long term benefit *(ii)*	Total	Performance related %	Balance of Deferred Cash Balances (*iii*)
Non-executive Directors								
Harvey Collins	234,191	-	-	35,809	-	270,000	-	-
Tony Cipa	126,927	-	-	12,058	-	138,985	-	-
Diana Eilert	107,147	-	-	10,179	-	117,326	-	-
Ted Evans (1)	47,833	-	-	-	-	47,833	-	-
Tracey Horton	125,287	-	-	11,902	-	137,189	-	-
James King	127,014	-	-	-	-	127,014	-	-
Peter Larsen (1)	39,241	-	-	12,625	-	51,866	-	-
	807,640	-	-	82,573	-	890,213	-	-
Executive Director *(iv)*								
Rod Jones	987,069	977,050	6,398	36,533	10,004	2,017,054	48%	79,339
Other Key Management Personnel *(iv)*								
Patrick Brothers (2)	239,220	107,367	19,899	12,209	-	378,695	28%	15,378
Lyndell Fraser	372,520	210,074	-	18,783	42,347	643,724	33%	93,026
Neil Hitchcock	361,634	198,419	588	18,783	13,949	593,373	33%	15,139
Bryce Houghton	435,100	345,710	54,147	35,958	34,820	905,735	38%	25,131
Scott Jones (3)	508,261	215,560	-	18,783	-	742,604	29%	(6,557)
Rob Lourey	397,897	207,145	-	34,608	10,546	650,196	32%	26,659
John Wood	479,234	357,596	588	35,084	13,959	886,461	40%	109,772
	3,780,935	2,618,921	81,620	210,741	125,625	6,817,842	38%	357,887
	4,588,575	2,618,921	81,620	293,314	125,625	7,708,055	34%	357,887

For notes (*i*) through (*iv*) see page 81.

(1) Resigned 4 November 2014
(2) Appointed 10 November 2014
(3) Appointed 1 July 2014. Remuneration is settled in Great British Pound.

(a) Directors' and Executives' Remuneration (continued)

2014 $	Short term benefits Salary & Fees	Cash bonus *(i)*	Non monetary benefits	Post-employment Superannuation	Other long term benefit *(ii)*	Total	Performance related %	Balance of Deferred Cash Balances (*iii*)
Non-executive Directors								
Harvey Collins	211,960	-	-	25,037	-	236,997	-	-
Tony Cipa (3)	15,613	-	-	1,444	-	17,057	-	-
Ted Evans	123,886	-	-	-	-	123,886	-	-
Tracey Horton	93,675	-	-	8,665	-	102,340	-	-
James King	129,272	-	-	-	-	129,272	-	-
Peter Larsen	67,340	-	-	35,000	-	102,340	-	-
	641,746	-	-	70,146	-	711,892	-	-
Executive Director *(iv)*								
Rod Jones	1,025,973	591,845	-	37,960	108,047	1,763,825	34%	153,478
Other Key Management Personnel *(iv)*								
Lyndell Fraser	388,730	217,709	995	19,256	2,781	629,471	35%	78,070
Romy Hawatt (4)	295,660	-	-	-	-	295,660	-	-
Neil Hitchcock (5)	385,100	147,551	3,768	14,812	3,760	554,991	27%	20,049
Bryce Houghton	476,764	259,075	46,243	23,900	21,245	827,227	31%	38,831
Rob Lourey (5)	397,037	130,738	-	20,000	8,553	556,328	24%	-
John Wood	524,973	347,857	2,975	17,775	9,849	903,429	39%	102,463
	3,494,237	1,694,775	53,981	133,703	154,235	5,530,931	31%	392,891
	4,135,983	1,694,775	53,981	203,849	154,235	6,242,823	27%	392,891

For notes (*i*) through (*iv*) see page 81.

(3) Appointed 1 May 2014
(4) Resigned 31 March 2014
(5) Appointed 1 September 2013

Remuneration of directors and other key management personnel (continued)

(i) Cash bonus comprises the annual incentive (ValueShare Incentive Plan) payments payable in September of each financial year after review and confirmation by the Board. Under the terms of the plan payments will only be made if the participant is an employee at the date of payment. The cash bonus includes the amount provided as payable in relation to the 2015 financial year, adjusted for the difference between the amount provided for the in the 2014 financial year and the actual amount paid in September 2014.

(*ii*) Other long term benefits include movements in Long Service Leave.

(*iii*) Deferred Cash balances are the balances for key management persons (KMP) who hold a position as KMP at 30 June, and who are participants in the incentive scheme. As noted on page 72 of the Directors' Report, for some participants in the ValueShare Incentive Scheme, rewards outside of the range of $0 to the participant's Target Variable Pay are settled in three equal parts, the first in the current year and the remainder in the two that follow. The Balance of Deferred Cash Bonuses is the total of these deferred amounts. It does not vest with the executive. The executive is not entitled to any portion of the Balance of Deferred Cash Bonuses upon termination. For the purposes of the remuneration report the Balance of Deferred Cash Bonuses does not form part of compensation for the year.

(*iv*) For these executives, at least 50% of the incentive payment will be used to pay for ordinary shares in the Company (at an issue price calculated as a volume weighted average market price for the 5 trading days immediately before the date of issue) until such executives hold a beneficial interest in shares in the Company equal to the value of their fixed remuneration. This requirement will be determined based on shareholdings in the Company as disclosed by these executives in August of each financial year. It is therefore not currently possible to quantify the component of the cash bonus that will be used to buy ordinary shares in the Company.

Independent Audit and Remuneration Report

The required disclosures as included on pages 68 to 81 of this remuneration report have been audited by Deloitte Touche Tohmatsu.

The directors' report, including the remuneration report, is signed in accordance with a resolution of the Directors.

R Jones
Group Chief Executive Officer and Managing Director

Perth, Western Australia, 24 July 2015

Deloitte Touche Tohmatsu
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The Board of Directors
Navitas Limited
Level 8, Brookfield Place
125 St Georges Terrace
Perth WA 6000

24 July 2015

Dear Directors

Navitas Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Navitas Limited.

As lead audit partner for the audit of the financial statements of Navitas Limited for the financial year ended 30 June 2015, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants

Navitas Limited

Directors' Declaration

In accordance with a resolution of the directors of Navitas Limited, I state that:

1. In the opinion of the Directors:

(a) the financial statements and notes are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position as at 30 June 2015 and the performance for the year ended on that date of the consolidated entity; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

(b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1.1 to the financial statements; and

(c) there are reasonable grounds to believe that the Company will be able to pays its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 6.2 will, as a group, be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

R Jones
Group Chief Executive Officer and Managing Director

Perth, Western Australia, 24 July 2015

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Navitas Limited

Report on the Financial Report

We have audited the accompanying financial report of Navitas Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the 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 year's end or from time to time during the financial year as set out on pages 28 to 61 and 83.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 Navitas Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Navitas Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 68 to 81 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion the Remuneration Report of Navitas Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants
Perth, 24 July 2015

Glossary

ACAP	Australian College of Applied Psychology Pty Limited
ACBT	Australian College of Business and Technology Pvt Ltd
AMEP	Adult Migrant English Program
AQTF	Australian Quality Training Framework
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
ASX Listing Rules	The official listing rules of the ASX
ATTC	Australian TESOL Training Centre
BAC	British Accreditation Council
BCUIC	Birmingham City University International College
Board	The board of directors of Navitas
CELUSA	Centre for English Language at the University of South Australia
Constitution	The constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
CRIC	Cambridge Ruskin International College Limited
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
Curtin College	Colleges of Business and Technology Pty Ltd trading as Curtin College
Curtin Singapore or Curtin Singapore Campus	Curtin University of Technology Singapore Campus
Curtin Sydney or CUS	Curtin University of Technology Sydney Campus
Deakin College	Melbourne Institute of Business and Technology Pty Ltd trading as Deakin College
DIBP	Department of Immigration and Border Protection
Directors	Directors of Navitas
DoET	Department of Education and Training
EBITDA	Earnings before interest, taxation, depreciation, amortisation and goodwill impairment
EduGlobal	EduGlobal China Limited
ELICOS	English Language Intensive Courses for Overseas Students
EOL	Employment Overseas Limited
EPS	Earnings per share
ESOS Act	Education Services for Overseas Students Act 2000 (Cth)
EVA®	Economic Value Added®
Eynesbury	Educational Enterprises Australia Pty Ltd trading as Eynesbury International
FAU	Navitas at Florida Atlantic University
FEE-HELP	A government loan scheme to help eligible non-Commonwealth supported (fee paying) students pay their tuition fees

Glossary

FIC	Fraser International College
Group or Navitas Group	Navitas and its subsidiary companies
GMAT	Graduate Management Admission Test
GRE	Graduate Record Examination
Hawthorn-Melbourne	Hawthorn Learning Pty Ltd trading as Hawthorn-Melbourne
HIC	HIBT Limited trading as Hertfordshire International College
HSA	Health Skills Australia Pty Ltd
HSS	Humanitarian Settlement Services
HTS	Highly Trusted Sponsor
ICM	International College of Manitoba
ICP	International College Portsmouth Limited
ICRGU	International College Robert Gordon University
ICWS	International College Wales Limited
KPI	Key Performance Indicator
LIBT	London IBT Limited
LLNP	Language, Literacy and Numeracy Program
LTM	La Trobe Melbourne
LTUSC	La Trobe University Sydney Campus
MOOC	Massive Open Online Courses
MQC	Macquarie City Campus
Navitas or Company	Navitas Limited ABN 69 109 613 309
Navitas at UNH	Navitas at the University of New Hampshire
NRI	Navitas Resources Institute
NCPS	Navitas College of Public Safety Pty Ltd
NPAT	Net profit after tax
NQF	National Qualifications Framework
pcp	prior comparative period
PDIC	Plymouth Devon International College Limited
PEP	Professional and English Programs
PIBT	Perth Institute of Business and Technology Pty Ltd
PIBT IEC	PIBT International English Centre
PY	Professional Year
QAA	Quality Assurance Agency for higher education
QIBT	Queensland Institute of Business & Technology Pty Ltd
RTO	Registered training organisation
SAE	SAE Institute
SEE	Skills for Education and Employment

Glossary

Shareholder	A holder of a Share
Shares	Fully paid ordinary shares in the capital of the Company
SIBT	Sydney Institute of Business and Technology Pty Ltd
SOL	Study Overseas Limited
SPP	Special Preparatory Program
StudyLink	Learning Information Systems Pty Ltd trading as StudyLink
TEQSA	Tertiary Education Quality and Standards Agency
TESOL	Teachers of English to Speakers of Other Languages
TVP	Target variable pay
UCC	University of Canberra College
UCIC	UC International College
UMass Boston	Navitas at University of Massachusetts Boston
UMass Dartmouth	Navitas at University of Massachusetts Dartmouth
UMass Lowell	Navitas at University of Massachusetts Lowell
UNIC	University of Northampton International College
UKBA	UK Border Agency
UPD	University Programs Division
UWSIC	University of Western Sydney International College
VET	Vocational education and training
WACC	Weighted average cost of capital
WKU	Navitas at Western Kentucky University

Corporate Information

Directors

Executive Directors

Mr Rod Jones

Non-Executive Directors

Mr Harvey Collins

Mr Tony Cipa

Ms Diana Eilert

Ms Tracey Horton

Mr James King

Company Secretary

Mr Hugh Hangchi

Registered Office

Navitas Limited
Level 8, Brookfield Place
125 St Georges Terrace
Perth WA 6000

Share Registrar

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000

Auditor

Deloitte Touche Tohmatsu
240 St Georges Terrace
Perth WA 6000

Internet Address

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