navitas

Shaping the Future

NAVITAS LIMITED
ANNUAL REPORT 2013

"With Navitas, I am improving my skills and knowledge as well as my English language. Now I am able to think critically and analyse different issues. I think I have changed a lot."

Hasan Mustafa
Pakistan

Contents

Navitas exists to foster relationships and provide people around the world with the opportunity to realise their ambitions through lifelong education and training.

We do this by anticipating the world's learning needs, creating and delivering a comprehensive range of education options, equipping people with essential skills and experiences.

At Navitas, we are **shaping the future.**

Vision

To be recognised universally as one of the most trusted learning organisations.

Mission

Navitas is passionate about creating opportunities through lifelong learning and being a global leader in delivering better learning solutions.

Values

We have **conviction** to our purpose and potential.

We demonstrate **drive** by achieving and advancing together.

We are **adventurous** in mind and spirit.

We demonstrate **rigour** in enhancing our professional reputation and credibility.

We are **genuine** in the way we behave and deliver.

We show **respect** by celebrating, valuing and caring for people and the environment.

Europe

Amsterdam, Athens, Belgrade, Barcelona, Berlin, Bochum, Brussels, Bucharest, Cologne, Frankfurt, Geneva, Hamburg, Istanbul, Leipzig, Ljubljana, Madrid, Milan, Munich, Paris, Rotterdam, Stockholm, Stuttgart, Vienna, Zurich

United Kingdom

Aberdeen, Birmingham, Cambridge, Edinburgh, Glasgow, Hertfordshire, Liverpool, London, Oxford, Plymouth, Portsmouth, Swansea

- **Colleges and Campuses (Region)**
- **Colleges and Campuses (City)**
- **Offshore Marketing Offices (Region)**

  Colombia, China, Hong Kong, India, Japan, Kenya, Middle East, Nigeria, Pakistan, Russia, South Korea, Taiwan, Turkey, UK, Vietnam

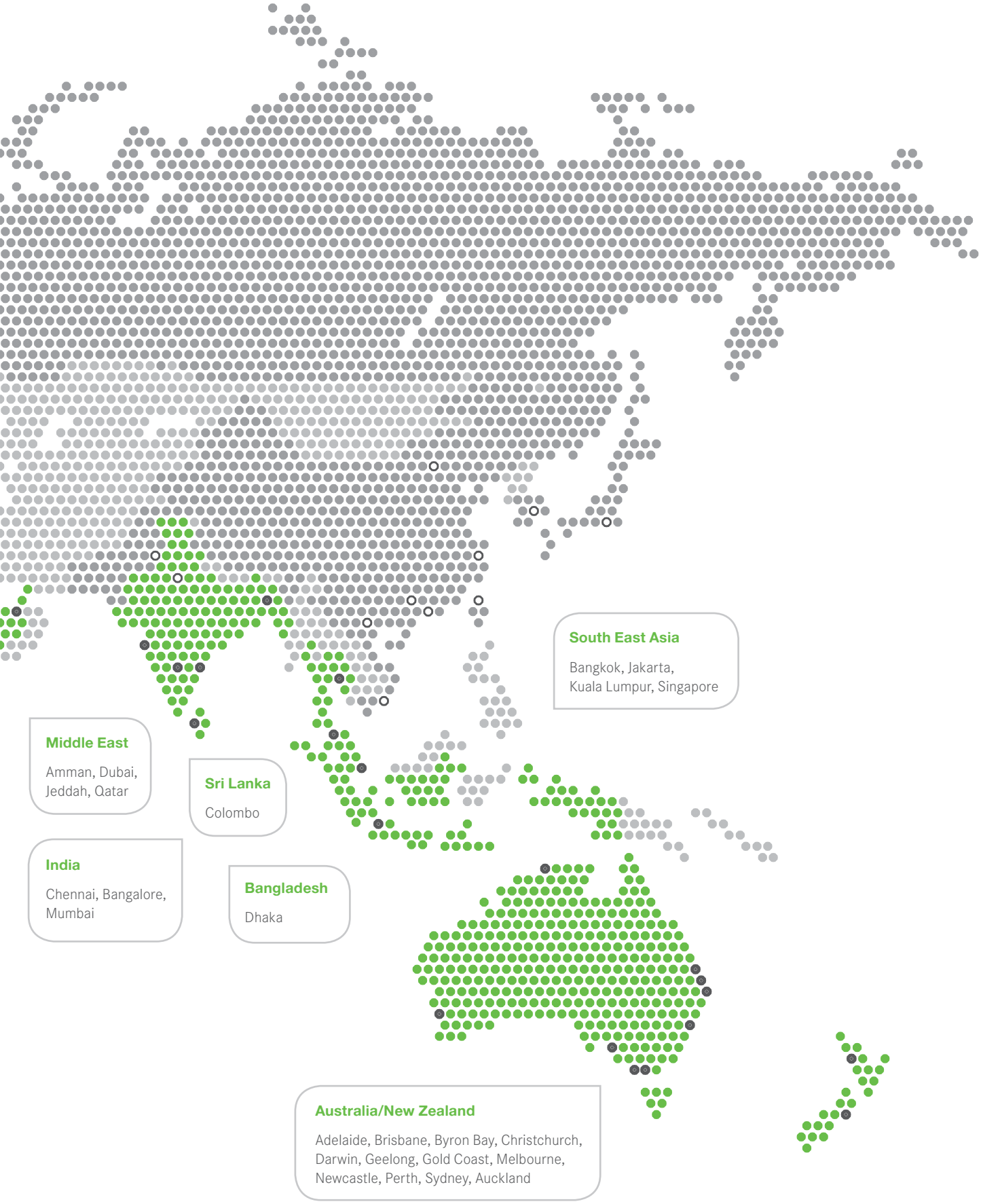
- **Offshore Marketing Offices (City)**

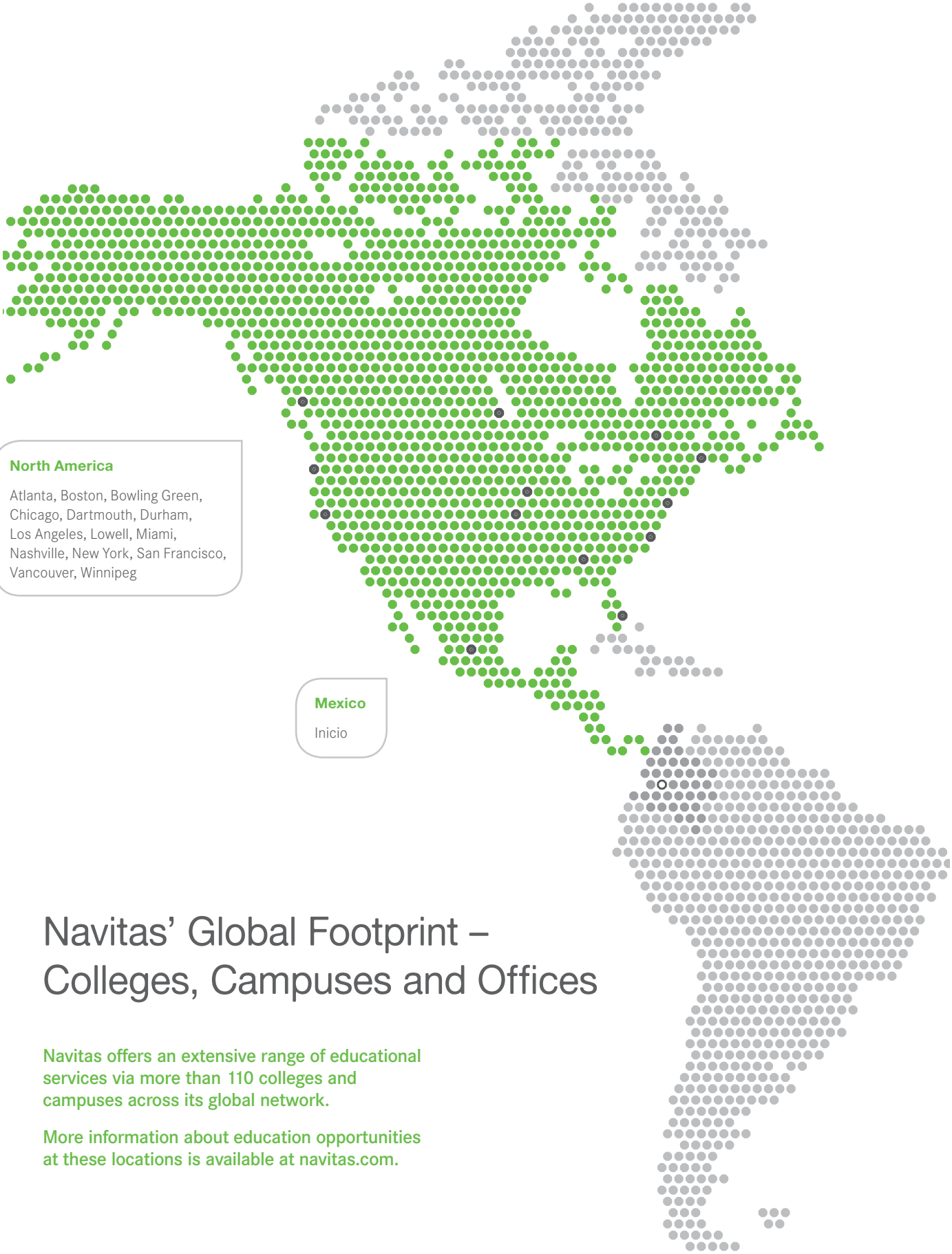
  Beijing, Dubai, Guangzhou, Hanoi, Ho Chi Minh City, Hong Kong, Istanbul, Jakarta, Lagos, Lahore, London, Manizales, Moscow, Nairobi, New Delhi, Seoul, Shanghai, Taipei, Tokyo

"With over 110 colleges and campuses across the globe and 80,000 students currently studying with us, we understand the world's learning needs."

Africa

Cape Town, Nairobi


South East Asia
Bangkok, Jakarta,
Kuala Lumpur, Singapore
Middle East
Amman, Dubai,
Jeddah, Qatar
Sri Lanka
Colombo
India
Chennai, Bangalore,
Mumbai
Bangladesh
Dhaka
Australia/New Zealand
Adelaide, Brisbane, Byron Bay, Christchurch,
Darwin, Geelong, Gold Coast, Melbourne,
Newcastle, Perth, Sydney, Auckland



Navitas' Global Footprint – Colleges, Campuses and Offices

Navitas offers an extensive range of educational services via more than 110 colleges and campuses across its global network.

More information about education opportunities at these locations is available at navitas.com.

Highlights and Achievements

Key Highlights

Return to student enrolment growth in University Programs during the year;

Signed agreement with University of Canterbury to establish first University Programs College in New Zealand;

Enhanced SAE leadership team and expansion of new courses and qualifications;

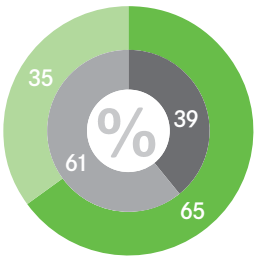
Merger of English and Professional Divisions to create Professional and English Programs;

Continued growth in education businesses and government contracts drives strong Professional and English Programs' results; and

Commencement of implementation of key strategic and structural review recommendations.

Corporate Responsibility

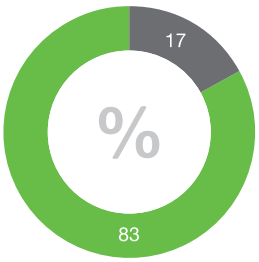
Diversity–Management



Staff
- Female
- Male

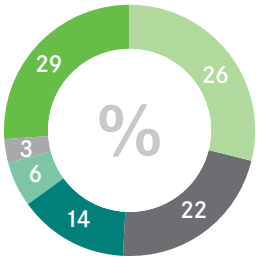
Management
- Female
- Male

Diversity–Board



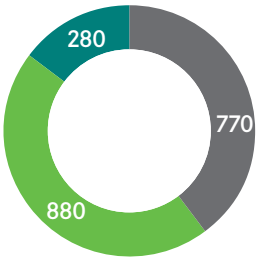
- Male
- Female

Wealth Distributed



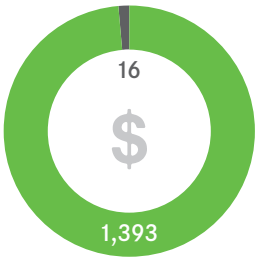
- Teaching and academic employees
- University and consortium partners
- Other employees
- Shareholders – dividends
- Governments – income taxes
- Reinvested as depreciation, amortisation and retained earnings

Volunteer Hours



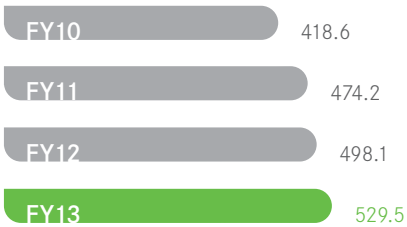
- ABCN
- Management
- Other

Donations ($000)



- Scholarships
- Fundraising

Wealth Distributed ($m)



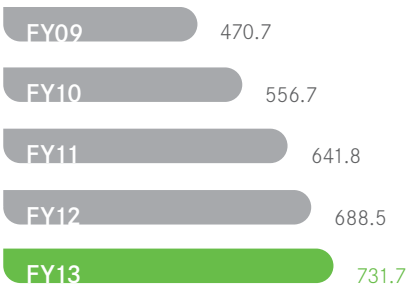
"Enrolling at Navitas has been the best decision for my education. My parents are very proud of me. Whilst doing my Diploma, I have improved my English and met new people from different cultures."

Alejandra Charry
Colombia

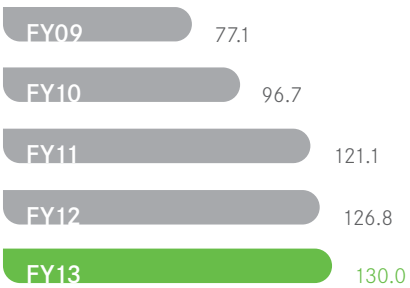
Financial Summary

	2013 $000s	2012 $000s	2011 $000s	2010 $000s	2009 $000s	2008 $000s	% Change 13/12
Revenues	731,734	688,530	643,812	556,743	470,696	345,438	6%
EBITDA	**130,002**	**126,817**	**121,144**	**96,700**	**77,059**	**63,443**	**3%**
Profit attributable to members of Navitas	**74,575**	**73,149**	**77,392**	**64,251**	**49,191**	**37,430**	**2%**
Basic earnings per Share (cents)	19.9	19.5	21.7	18.8	14.3	10.8	2%
Interim dividend per Share (cents) (fully franked)	9.3	9.4	8.7	8.1	5.5	4.7	-1%
Final dividend per Share (cents)	10.2	10.1	12.0	10.7	8.8	6.2	1%
EVA created	**46,088**	**38,124**	**58,630**	**54,573**	**40,551**	**27,288**	**21%**
Operating Cashflows	**126,819**	**73,859**	**69,458**	**86,504**	**104,344**	**78,609**	**72%**
Total equity	**235,747**	**233,560**	**239,213**	**103,446**	**98,576**	**93,980**	**1%**
Return on capital employed	**19.0%**	**19.4%**	**50.0%**	**60.0%**	**47.3%**	**33.6%**	**-2%**

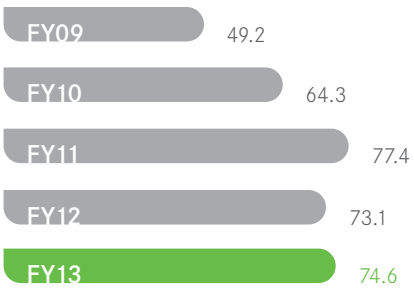
Revenue ($m)



EBITDA ($m)



NPAT ($m)



Board of Directors

Pictured left to right: Dr Peter Larsen, Ted Evans, Rod Jones, Harvey Collins, James King and Tracey Horton.

"FY13 was a year of consolidation for Navitas as the company continued to recover from the largely policy driven headwinds of the last few years and implemented some major structural changes following the recent strategic review."

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.

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

- Brierty Limited (from 25 October 2007 to 22 February 2010).

Rod Jones

BComm, Hon EdD ECowan, MAICD

Group Chief Executive Officer and Managing Director

Appointed 18 June 2004

Mr Jones has 30 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 university education including being Deputy Director of the Tertiary Institutions Service Centre and the Secondary Education Authority in Western 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 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 Australian Ernst and Young Entrepreneur of the Year. In 2010 Rod 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.

Rod is a councillor for the Australian Business Arts Foundation and is a member of the Business Council of Australia. Rod is also a supporter of the West Australian Ballet and the Art Gallery of WA.

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

Ted Evans

AC, BEcon (Hons), DUni (Grif), D Econ h.c., FAICD

Non-Executive Director

Appointed 9 November 2004

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 2012) and as Chairman from April 2007 to December 2012.

Board of Directors continued

Tracey Horton

BEcon (Hons) UWA, MBA Stan,
Prof Emer, MAICD

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 the not-for-profit Western Australian Museum Foundation, Presbyterian Ladies College and Perth Fashion Festival and Vice President of the Chamber of Commerce and Industry (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)

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.

Until 2003, 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, Pacific Brands Limited and The Trust Company Limited. He is currently on the Council of Xavier College Melbourne and is also past Chairman of the Juvenile Diabetes Research Foundation (Vic).

Mr King is a Fellow of the Australian Institute of Company Directors.

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)

Dr Peter Larsen

AAP, B AppSc, BEd, MEd, PhD,
Hon EdD ECowan

Non-Executive Director

Appointed 18 June 2004

Dr Larsen has been a professional educator for in excess of thirty 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.

*Denotes current directorship

Navitas Leadership Team






Pictured left to right, top to bottom: Rod Jones, Bryce Houghton, John Wood, Lyndell Fraser, Romy Hawatt, Helen Zimmerman.

"Navitas is now positioned for improved performance across all Divisions in FY14 and beyond."

Rod Jones

BComm, Hon EdD ECowan, MAICD

Group Chief Executive Officer and Managing Director

19 years at Navitas

Mr Jones has 30 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 university education including being Deputy Director of the Tertiary Institutions Service Centre and the Secondary Education Authority in Western 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 was the 2008 Australian Ernst and Young Entrepreneur of the Year. In 2010 Rod 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.

Rod has a longstanding relationship with the John Curtin Gallery at Curtin University and has more recently become a councillor for the Australian Business Arts Foundation. Rod is also a supporter of the West Australian Ballet and the Art Gallery of WA.

Bryce Houghton

BCA, ICANZ, INFINZ, MAICD

Chief Financial Officer

8 years at Navitas

Bryce joined Navitas in January 2005 as CFO and is responsible for board and external financial reporting, capital management, tax planning, investor relations, performance measurement, property and advising on mergers and acquisitions.

He has previously held positions at Price Waterhouse, National Bank of New Zealand Ltd and Fonterra Cooperative Group Ltd.

Bryce holds a Bachelor of Business of Commerce and Administration from Victoria University of Wellington and has also completed Columbia University's Senior Executive Program. He is a member of the Australian Institute of Company Directors, the Institute of Chartered Accountants of New Zealand and the Institute of Finance Professionals New Zealand Inc.

Bryce is Chairman of Hagar Australia, a not-for-profit organisation dedicated to restoring the lives of exploited and abused women and children in Cambodia and Afghanistan.

John Wood

BEcon (Hons), DPhil

Chief Executive Officer, University Programs

6 years at Navitas

John has overall responsibility to lead and grow the operations of Navitas' university programmes division and also oversees the relationships with Navitas' partner universities.

He was the Deputy Vice-Chancellor at Edith Cowan University and previously the Foundation Dean of the College of Business at the University of Notre Dame, Perth, Western Australia, where he was also the Deputy Vice-Chancellor (Academic).

John graduated with first class honours in Economics from the University of Western Australia and from Oxford with a Doctorate in Economics and he has undertaken Harvard's strategic management programme. He has taught at universities throughout the world, including at Oxford, the American International University of Europe and Stanford.

John has held executive leadership positions including in the Office of the Prime Minister and in State Government in the Departments of Premier and Cabinet; Transport, Employment and Training; State Development and Commerce and Trade. He has served Ministers from all major political parties. He also held senior private sector positions, including a period as Chief Economist and Strategist with Ernst & Young.

John also served on a range of boards as the chair of Perth Education City, the WA Chair of the Committee of Economic Development of Australia and was on the Board of HBF for 11 years. In 2011 John was appointed by the State and Federal Ministers to the Australian Qualifications Framework Council.

Navitas Leadership Team (continued)

Lyndell Fraser

BEcon (Hons), MEcon (Hons), MBA

Chief Executive Officer, Professional and English Programs

4 years at Navitas

Lyndell joined the Navitas Group in 2009 and has overall responsibility to lead and grow the operations of Navitas' Professional and English Programs Division.

Lyndell has held senior appointments in the financial services industry with key line and portfolio responsibilities in banking and general insurance with major Australian institutions as well as in areas of strategy, distribution and corporate and government relations.

She has served on the board of the Insurance Council of Australia and on various taskforces of the Australian Bankers' Association, and currently is a board member of the environmental organisation, Planet Ark and foundations.(au) which is committed to building positive, sustainable futures for orphaned and vulnerable children in Uganda.

Romy Hawatt

Chief Executive Officer, SAE

2 years at Navitas

Romy brings to Navitas more than 30 years of business, management and negotiation experience from across a wide range of product and industry groups. Since 1997, he has been involved with SAE in various capacities and was originally engaged to support the expansion and development of the Australian college network as it moved from a vocational educational focus to a higher education offering.

With SAE's growth his role expanded across Europe, the US and Asia and included strategic acquisitions, the development of new markets and managing the evolution of the business into a multi-national model.

More recently Romy led the team managing the sale of SAE to Navitas and has since played a core role in the integration of SAE with Navitas.

In his current role as CEO of SAE, Romy is focused on overseeing the day to day administration and operations, refining strategies for long term growth and driving and supporting new business development and market opportunities.

Helen Zimmerman

BA (Hons), Grad Dip Ed, Grad Dip Adult Ed, FAICD

Executive General Manager, English

8 years at Navitas

Helen has worked in leadership roles in Australian education for 30 years. She is accountable for the leadership and growth of Navitas' English language and settlement programs. She is currently President of the International Education Association of Australia Inc and a board member of the Australian Business and Community Network Inc, as well as secretary of the not-for-profit children's charity foundation.(au).

From 2002 to 2008 Helen was a member of the NSW Vocational Education and Training Board. She has also been a director of the National ELT Accreditation Scheme and of the peak industry body English Australia. In 2004 and 2005 Helen served on an industry advisory body, appointed by the then Minister for Education, Science and Training, to advise on strategic issues of national significance facing international education in Australia. Helen has been a member of the International Education Association of Australia Board since 2004.

Helen graduated with first class honours in Asian Studies from the Australian National University. She holds a Diploma in Education and a Graduate Diploma in Adult Education. She is a Fellow of the Australian Institute of Company Directors and has a Diploma in Company Directorship. In 2000 Helen won the Private Sector Award for the Telstra NSW Businesswoman of the Year. In 2010 she was one of five national finalists for the Equal Opportunity for Women in the Workplace Agency's award of Leading CEO for the Advancement of Women. She was also named as a Paul Harris Fellow by the Rotary Foundation of Rotary International in 2010.

As of 1 July 2013 Helen has taken on the new role of Group General Manager, Government and Stakeholder Relations.

Chairman and Group Chief Executive Officer Report

Following some of the most challenging years in Navitas' history we are pleased to report that the 2013 financial year was a period of recovery and consolidation with improvement across the majority of the Group.

This recovery can be attributed to the steps Navitas took to mitigate the recent headwinds, such as reducing controllable costs, and more positive operating conditions in our key market of Australia, as several important regulatory changes contributed to an overall improvement in Australia's attractiveness to international students. The more favourable environment has positively affected the operational performance of Navitas in FY13 while the full economic impact will be realised in future years.

The Company recorded 6% revenue growth to $731.7m (FY12: $688.5m) and EBITDA growth of 3% to $130.0m (FY12: $126.8m) resulting in modest profit growth of 2% to $74.6m (FY12: $73.1m).

Earnings per Share increased by 2% to 19.9 cents per Share and the full year dividend remains at 19.5 cents per Share fully franked in accordance with the transition arrangements as the Group moves to an 80% payout ratio.

Business Operations

The University Programs Division recorded EBITDA of $106.1m (FY12: $102.9m) as total enrolments returned to growth during the year. This growth was partly offset by the inclusion of Student Recruitment into the Division.

Changes to Australia's regulatory regime fostered a more favourable environment in early 2012 but total Australian University Programs enrolments only returned to growth in the second semester of 2013 with the positive impact expected to benefit Navitas for several years to come.

Improved performance in all offshore regions also supported the general recovery of the Division from FY12 with colleges in the UK, Canada and Singapore providing significant growth. Favourable exchange rates supported solid enrolment and earnings growth in the UK while Canadian colleges continued to perform well, though incremental growth rates are now moderating.

The US colleges continued to improve from their slow start, reducing investment costs by $2.5m. While loss making, we expect this group of colleges to be profitable in FY14.

Pictured left to right: Rod Jones, Group Chief Executive Officer and Harvey Collins, Chairman.

Wealth Distributed	Increase in Revenue	Increase in Operating Cashflows
$529.5m	6%	72%

SAE recorded EBITDA of $25.1m (FY12: $26.4m) in a year of consolidation and investment in new campuses, people and systems. SAE's Australian campuses performed well but overall earnings were affected by start-up losses, volatile licencing income and the impacts of the strong Australian dollar.

The newly formed Professional and English Programs Division delivered impressive 39% growth with EBITDA of $19.3m (FY12: $13.9m) as government programs and education based business delivered strong returns. Corporate training programs were restructured to focus on core areas which have sustainable demand, including resources and related sectors.

Operating cash flows increased strongly by 72% to $126.8m for the year ended 30 June 2013 (FY12: $73.9m) reflecting strong growth in receipts from customers as a result of emerging new student growth.

Operating Environment

The 2013 financial year was a period of recovery for Australian international education as students began to respond to a number of more positive regulatory reforms such as Streamlined Visa Processing and Post Study Work Rights developed for the Higher Education sector.

These reforms were targeted at universities and extended to their nominated partners including all of Navitas' University Programs colleges.

These two measures, and other changes, produced positive effects in FY13 but the bulk of the financial impact will be felt in FY14 and beyond as Australia's market reputation of being a welcoming and high quality international education destination returns.

Student visa reform in the UK has not been as positive, however all Navitas UK colleges continue to meet all regulatory requirements.

Globally, demand for international education continues to grow with the number of students enrolled outside their country of citizenship continuing to rise, from 2.1m worldwide in 2000 to 4.3m in 2011. 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 8m by 2025. In terms of international student market share the US and UK continue to dominate the rankings while Australia has slipped to fifth place behind France and Germany following several years of decline.*

Strategic Developments

Following the completion of the FY12 Parthenon Review Navitas has revised its strategy to utilise a balanced scorecard approach, centred on the three key metrics of:

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

Navitas also implemented key recommendations of its Parthenon strategic and structural review in FY13 including:

- The commencement of the next stage of University Programs expansion in the US market;
- Improvement of internal capability and products by SAE US;
- Implementing changes from the review of Navitas' Sales and Marketing function with an expansion of in-country resources;
- Merging of the Professional and English Divisions;
- Integration of Student Recruitment businesses into the University Programs Division; and
- Strengthening senior management capability across Divisions and Corporate.

Navitas and its Communities

Navitas made significant progress in FY13 developing and implementing a corporate responsibility strategy, measuring existing activity for the first time and initiating a number of education based projects with established not for profit organisations.

We are proud to report that Navitas distributed more than 230 scholarships in FY13 worth more than $1.9m and almost 2,000 hours of employee and student time was dedicated to volunteering programs around the world.

In addition the Navitas Education Trust is funding two projects in FY14 aimed at improving the lives of children and teenagers through education. The first, developed with Room to Read, will create 20 libraries and reading programs in existing schools in Sri Lanka, Nepal and Vietnam.

The second, delivered in partnership with the Australian Business and Community Network (ABCN), will focus on providing three year scholarships to at risk students to support them to stay in high school and progress through to tertiary education. More information about these projects and Navitas' broader corporate responsibility strategy can be found on page 32 of this report.

* Education at a Glance, OECD, 2013.

Chairman and Group Chief Executive Officer Report (continued)

The Board

After eight years of service on the Board, Peter Campbell announced his retirement as Non-Executive Director in November 2012. As well as founding several of our most successful colleges Peter has been a valued Director of the Company and has contributed strongly to the success of Navitas.

Outlook

Navitas is now positioned for improved performance across all Divisions in FY14 and beyond.

As a result of the more favourable operating environment, Australian University Programs colleges reported increasing levels of new student growth throughout FY13 culminating in a return to overall Australian enrolment growth by the second semester of 2013.

This growth, combined with improved enrolments across several other key University Programs regions and recent price increases, positions the Division well for the medium term. Additionally, planned expansion of the US network of colleges, the establishment of new colleges in New Zealand and the UK and continued growth of recently opened colleges are all expected to contribute to the long-run performance of the Division.

FY14 should see a positive increase in earnings for SAE as investments made in recent years materialise and return is gained from significant expansion of courses and qualifications across all regions.

In particular the US region has grown revenues by 16% in H2 FY13 and will play a key part in the Division's growth as access to Title IV funding supports student enrolment increases and the range of courses and qualifications is expanded.

It is anticipated that the Professional and English Programs Division will improve on its FY13 performance as efficiencies are gained from the merged Division and first half corporate training issues are mitigated. However income from government contracts is expected to be flat as the number of clients moderates. In addition there may be potential short-term disruption to migrant numbers as the upcoming Australian Federal election affects migrant intake.

With Navitas now operating in generally more favourable conditions, with growing global demand for high quality education and benefits flowing from the implementation of identified strategic opportunities, the Company is well positioned to return to historical growth rates in the coming years.

Harvey Collins
Chairman

Rod Jones
Group Chief Executive Officer

Chief Financial Officer's Report

We are pleased to provide the following report detailing the 2013 financial year.

Navitas Financial Performance

Navitas' (the "Group" or "NVT") results for the year ended 30 June 2013 and the prior corresponding period (pcp) are shown below.

	Year ended 30 June 2013	Year ended 30 June 2012	Change %
Total revenue ($m)	731.7	688.5	6
EBITDA ($m)	130.0	126.8	3
NPAT ($m)	74.6	73.1	2
EPS (cents)	19.9	19.5	2
Full year dividend (cents per share)	19.5	19.5	-

In an improving operating environment Navitas has maintained its record of revenue and EBITDA growth while also returning to modest NPAT growth. (See Financial Highlights opposite).

The full year fully franked dividend of 19.5 cents per Share is identical to pcp and represents 98% of tax paid earnings for the year, marking the beginning of the transition from a 100% to 80% payout ratio. The final dividend for the year is 10.2 cents per Share (FY12: 10.1 cents per Share).

Total revenue increased by 6% to $731.7m (FY12: $688.5m) with growth recorded in all Divisions as the operating environment in the key Australian market continued to recover. The University Programs Division recorded revenue growth of 9%, two thirds of which related to price growth. The Professional and English Programs Division also grew revenues following strong performance from government contracts and education businesses.

Group EBITDA rose 3% to $130.0m (FY12: $126.8m) again largely driven by Professional and English Programs while the Group EBITDA margin decreased by 0.6% to 17.8% (FY12: 18.4%) due to:

- Year-end foreign exchange hedging; and
- Increases in the EVA based ValueShare incentives predominantly due to prior year credits related to below target FY12 performance.

These two factors were key contributors to Group H2 FY13 earnings being weaker than the underlying performance of the Divisions.

Divisional EBITDA results are as follows:

	Year ended 30 June 2013 $m	Year ended 30 June 2012* $m	Change $m	Change %
University Programs	106.1	102.9	3.2	3
SAE	25.1	26.4	(1.3)	(5)
Professional and English Programs	19.3	13.9	5.4	39
Divisional EBITDA	**150.5**	**143.2**	**7.3**	**5**
Corporate costs and consolidation items	(20.5)	(16.4)	(4.1)	25
Group EBITDA	**130.0**	**126.8**	**3.2**	**3**

*As a result of the Divisional restructure the Group sales and marketing function was integrated into the University Programs Division. Accordingly, comparative disclosure has been adjusted resulting in a $2.6m earnings reallocation from the Professional and English Programs Division to the University Programs Division.

Pictured: Bryce Houghton, Chief Financial Officer

"In an improving operating environment Navitas has maintained its record of revenue and EBITDA growth while also returning to modest NPAT growth."

Bryce Houghton
CFO

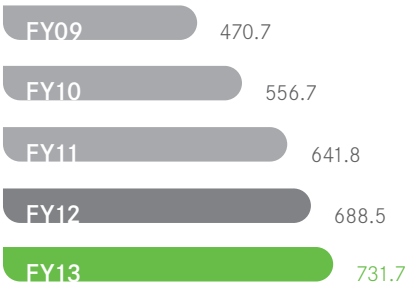
Navitas' Business Model

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

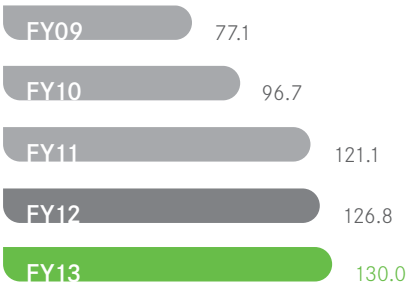
- Teachers are employed on either a permanent or casual basis;
- Students requiring face-to-face teaching are accommodated in facilities either leased from third parties or provided by institutions under various partnership agreements;
- Curricula are either developed and submitted for accreditation by Navitas or secured under partnership agreements;
- Commissions are often paid to independent student recruitment agents who provide counselling to students and progress them through the student visa process;
- Fixed costs include salaries and travel, marketing and administration costs; and
- In many cases tuition fees are received in advance which drives Navitas' negative working capital model.

Financial Highlights

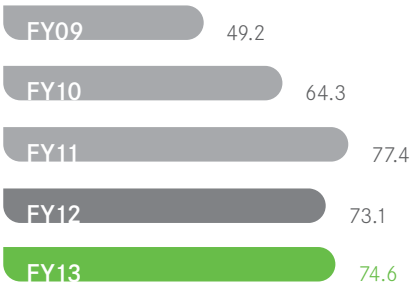
Revenue ($m)



EBITDA ($m)



NPAT ($m)



Chief Financial Officer's Report (continued)

University Programs Division

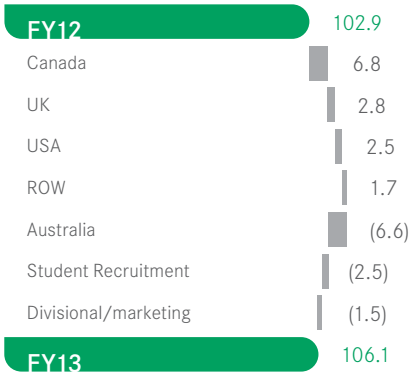
The University Programs Division stabilised in FY13 as total enrolments returned to growth, largely driven by gains in Canada, UK, US and Singapore.

In the key market of Australia, the external operating environment improved following the introduction of favourable government policies as a result of the Knight Review.

However the impact of these policies was only progressively felt with the Australian network of colleges only reaching breakeven compared to pcp in the final semester of the financial year (201301). As a result, earnings from the Australian colleges were substantially down on pcp.

While the $2.5m reduction in US losses is pleasing we note that the region did not achieve breakeven in FY13. We look forward to positive earnings from the existing five colleges in FY14, however this will be offset by costs incurred in further development of the market as the year progresses.

EBITDA $m

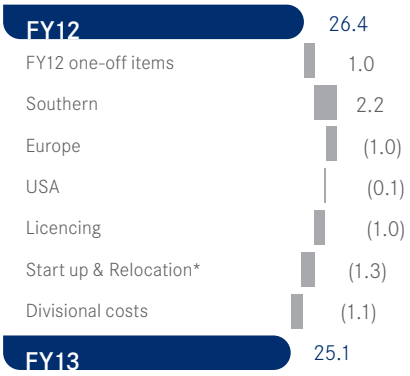


SAE Division

While SAE's EBITDA contribution of $25.1m was $1.3m lower than pcp we believe there has been an improvement in the quality of earnings as follows:

- In the US market $1.3m of costs were incurred in the establishment of the new Chicago campus (which will open in September 2013 with associate degree awarding status) and relocation of the profitable New York campus to larger and more suitable premises;
- While underlying SAE USA earnings were relatively stable, revenue growth for the year was 12% (6% in H1 FY13 and 16% H2 FY13) largely as a result of securing Title IV. Additional costs have been incurred, offsetting this revenue growth, in the areas of curriculum development, accreditation and management capability which positions the business well for FY14 and beyond;
- The Southern region, which is the Division's largest, grew considerably, primarily as a result of fee growth and cost reduction;
- In SAE Licencing, upfront and one-off earnings from the sale of new licences in non-core regions have decreased by $1m; and
- Divisional costs have increased by $1m reflecting a considerable investment in management capability and process which are expected to underpin future growth.

EBITDA $m



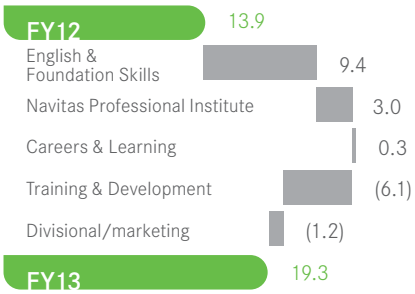
*Chicago and New York

Professional and English Programs Division

The newly merged Professional and English Programs Division delivered significant EBITDA growth of 39% against pcp largely due to the strong performance of Navitas Professional Institute businesses such as ACAP, HSA and NCPS and the English and Foundation Skills area.

H1 losses incurred across Training and Development businesses were mitigated by the restructuring of corporate training to focus on core areas with sustainable demand, including resources and related sectors.

EBITDA $m

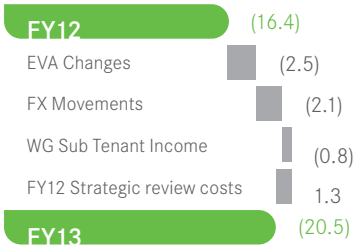


Corporate Costs

Corporate costs were 25% higher than pcp at $20.5m (FY12: $16.4m) due to an increases in staff incentive payments as Group EVA returned to normal patterns and the impact of the revaluation of the foreign currency position following devaluation of the Australian dollar.

A reduction in sub tenant rental income at Wynyard Green further impacted costs however the one-off nature of the FY12 strategic review costs provided a favourable variance.

EBITDA $m



Balance Sheet

Net debt at 30 June 2013 was $94.9m (30 June 2012: $117.0m). The $22.1m decrease is attributable to record operating cash flows arising from growth in University Programs new student recruitment and was partly offset by an unfavourable balance sheet foreign exchange impact of $13.5m. Net debt is now just 0.73x EBITDA which is considered very conservative.

Navitas refinanced its existing bank facilities in FY13 with a $275m unsecured club facility with one, three and five year terms, providing the Group with funding for working capital and general corporate purposes. The increased tenor reduces Navitas' liquidity risks and was achieved at similar pricing to the previous three year facilities.

Shareholders' funds at 30 June 2013 were $235.7m (30 June 2012: $233.6m). The marginal increase is due to the higher level of H2 FY13 earnings relative to pcp which flows into the retained earnings balance.

Deferred revenue at 30 June 2013 was $222.7m (30 June 2012: $179.9m). The 24% positive variance reflects the upward trend in new enrolments in the core University Programs business, together with commensurate growth in SAE and Professional and English Programs.

Cash Flows

Operating cash flows increased by 72% to $126.8m for the year ended 30 June 2013 (FY12: $73.9m). This reflects strong growth in receipts from customers as a result of emerging new student growth and the Group's negative working capital model.

Capex for the year was $20.3m (FY12: $19.3m), 5% higher than pcp. SAE accounted for $12.5m of the spend with key projects in New York, Brisbane and Milan undertaken while the Chicago campus was also completed.

Shareholder Value

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 FY13 was $46.6m which, after adjusting for a reduction in WACC to 8%, was similar to FY12. Further details about the calculation of EVA® can be found on pages 38 and 39 of this report

Dividend

The Directors have declared a fully franked final dividend of 10.2 cents per Share (FY12: 10.1 cents). This takes the full year dividend to 19.5 cents (FY12: 19.5 cents) which is in-line with the Group's commitment to hold dividends steady while transitioning to an 80% payout ratio.

The Directors have approved the establishment of a Navitas Dividend Re-investment Plan (DRP) under which shareholders can opt to receive their dividend as Navitas Shares rather than cash with no transaction fees or brokerage costs being incurred.

Many ASX 200 companies have DRP's in place as they act as a liquidity management tool and also increase invested capital in the company. The Board anticipates the DRP will be available for the March 2014 interim dividend.

Bryce Houghton
Chief Financial Officer

Shaping Education

"Completion of my studies with Navitas will allow me entry into Griffith University to further my studies and obtain my degree."

Lisa Colbran
Australia

Review of Operations

navitas
University Programs

Key Highlights

Return to student enrolment growth across the Division;

Signed agreement with University of Canterbury to establish the first University Programs college in New Zealand;

Continued excellent academic outcomes confirmed by tracer studies and benchmarking; and

Contract renewal with Brunel University and Curtin University.

Financial Highlights

- EBITDA ($m)
- Revenue ($m)

Colleges

- Australia
- UK
- US
- Canada
- Singapore
- Sri Lanka
- Kenya

University Programs Division

Overview of Operations

The University Programs Division is a global leader in pre-university, managed campus and university pathway programs offering students the support to create opportunities through lifelong learning.

The pathway program model focuses on providing pre and first year university courses to international students who do not qualify for direct entry to partner universities due to either language or academic record. The Navitas program is 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 pastoral care. Upon completion students can then qualify to enter the second year program at the partner university and upon completion will receive a qualification from the university.

In FY13 the Division offered Certificate, Diploma, Associate Degree, Bachelor and Masters programs to more than 21,000 students in 30 colleges and managed campuses across Australia, Singapore, the UK, USA, Canada, Sri Lanka and Kenya. (See Global College Breakdown opposite).

Two colleges are due to open in FY14; Birmingham City University International College in Birmingham, UK and University of Canterbury International College in Christchurch, New Zealand.

Financial Outcomes

The operating environment in the Division's key Australian market became more favourable throughout the year with total Australian University Programs enrolments returning to growth in the second semester of 2013. However the full economic effect of this positive impact is not expected to benefit Navitas until FY14 and beyond.

FY13 also saw a return to growth in overall enrolment numbers for the whole Division with improving new student enrolment in all markets. This gradual improvement of market conditions resulted in a 9% increase in revenues to $415.7m (FY12: $382.5m). Earnings grew by a more modest 3% to $106.1m (FY12: $102.9m), reflecting the inclusion of Student Recruitment which offset the increase from University Programs by $2.5m. The University Programs Division generated 70% of Navitas' earnings in FY13.

Activities and Achievements

In FY13 the Division maintained its focus on providing quality academic outcomes to students and university partners as well as developing growth strategies in new and existing regions.

Other key achievements included:

- Strong new student enrolment growth across Australian colleges;
- Consolidating the performance of UK colleges;
- Continuing to settle US operations; and
- Successful interim audit of Curtin Singapore by local regulating body, EduTrust and positive results from Quality Assurance Agency Audits of the UK Colleges.

Business Development

In many ways FY13 was a period of consolidation with the Division reviewing and refining various internal functions to prepare for growth in FY14 and beyond. Highlights include:

- Under Navitas structural review changes the Student Recruitment Division joined the University Programs Division;
- Realisation of the expansion of QIBT to the Gold Coast campus;
- Growth in Australian domestic student recruitment;
- Agreement signed with the University of Canterbury to establish the first University Programs College in New Zealand; and
- Renewal of the LIBT contract with Brunel University and Curtin University Sydney contract with Curtin University.

Academic Outcomes and Student Services

The Division remains focused on academic quality and student outcomes working with partner universities to enhance academic and support services to students. As in previous years, academic outcomes demonstrated that Navitas students performed as well as international students who had gained direct entry to university.

Over 7,000 current students and recent graduates participated in student satisfaction surveys.

Highlights include:

- Over 97% of surveyed students were satisfied with their teaching experience; and
- 88% of surveyed students (graduates) were satisfied with the overall quality of their program of study at a Navitas University Programs College.

The Regulatory Environment

The 2013 financial year saw international students begin to respond to a number of more positive Australian regulatory reforms such as Streamlined Visa Processing (SVP) and Post Study Work Rights.

SVP was implemented in March 2012 and removed a number of barriers for international students applying for student visas to study at universities in Australia, making the process cheaper and quicker than in previous years and allowing the universities more control over who can be offered a visa.

Post Study Work Rights came into effect in March 2013 and allow international students who gain undergraduate qualifications with Australian universities to stay in Australia and work for up to two years after graduation with a maximum of four years for doctorate qualifications. This is proving especially popular as the vast majority of international students aim to return home after gaining a qualification and some work experience in Australia. The effect of these policies, and generally more favourable operating conditions, saw Australian colleges record 5% enrolment growth in the last semester of FY13 following several years of enrolment declines.

Student visa reform in the UK is still ongoing but has not been as positive as Australia.

Outlook

It is anticipated that improvement in new student enrolment, particularly in the core market of Australia, will deliver strong total enrolment growth in FY14 which, combined with price increases over recent years, will bring earnings growth in FY14 and beyond.

Planned expansion of the US network of colleges, the establishment of new colleges in New Zealand and the UK and continued growth of recently opened colleges are all also expected to contribute to the long-run performance of the Division.

SAE INSTITUTE

Key Highlights

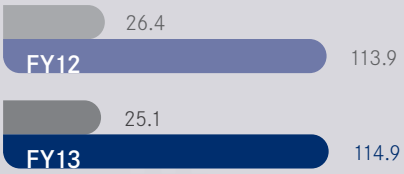
Enhanced leadership team;

Improved reporting and benchmarking systems;

New courses and qualifications for US campuses leading to positive trends in enrolments; and

New campuses in Chicago and Jakarta.

Financial Highlights



- EBITDA ($m)
- Revenue ($m)

SAE Division

Overview of Operations

SAE (comprising SAE and Qantm campuses) is one of the world's largest media technology education institutes, with 57 campuses across 27 countries. The Division offers a range of predominantly Higher Education opportunities including Certificate, Diploma, Degree and Masters programs across three major fields of study: audio production, film production and interactive media. SAE also licences its programs to third party providers.

Financial Outcomes

SAE recorded revenue of $114.9m (FY12: $113.9m) and EBITDA of $25.1m (FY12: $26.4m). Earnings improved across Australian campuses due to price increases but the results were affected by start-up losses at the new Chicago campus and the relocation of the New York campus.

A $1.0m decline in volatile licencing income and the impacts of the strong Australia dollar also impacted earnings. SAE generated 17% of Navitas' earnings in FY13.

Activities and Achievements

FY13 was a year of investment and consolidation for SAE with significant growth in terms of people, systems and processes over the year.

Significant investments included:

- New campuses in Jakarta and Chicago;
- The introduction of SAE's Oxford Head Office has allowed greater internal coordination as well improved integration progression with Navitas;
- The roll out of systems such as Oracle and Hyperion. In addition SAE is first in line to receive Navitas' upgraded student management system;
- Strengthening SAE's leadership with the appointment of a number of senior roles; and
- Continuing to improve academic quality and consistency via the formation of the Academic Coordination Group.

Across the Division SAE has continued to expand the number of courses and qualifications offered and to ensure greater consistency between campuses. An online presence has also been established for many of these units.

Several campuses were relocated to allow for larger or improved facilities in FY13 including Brisbane and New York with more relocations planned for FY14.

Finally SAE's US operations continued to improve with student enquiries and conversions growing across the region. As the breadth and depth of course offerings also grows it is anticipated that significant student enrolment expansion will be achieved.

Outlook

FY14 should see an increase in earnings for SAE as investments made in recent years materialise and return is gained from the expansion of courses and qualifications across all regions.

In particular the US region has grown revenues by 16% in H2 FY13 and will play a key part in the Division's growth as access to Title IV funding supports student enrolment increases and the range of courses and qualifications is expanded.

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Professional and English Programs

Key Highlights

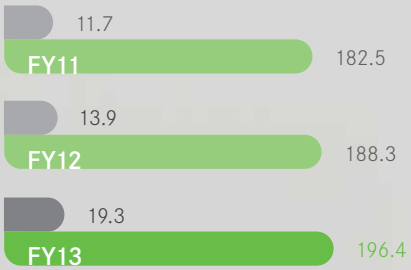
Merger of Professional and English Divisions to create the Professional and English Programs Division;

Strong performance from education businesses and government contracts due to client base expansion; and

New and extended contracts to deliver training and language programs; and

Restructure of corporate training activities to focus on core areas with sustainable demand.

Financial Highlights



- EBITDA ($m)
- Revenue ($m)

Professional and English Programs Division

Overview of Operations

The creation of the Professional and English Programs Division was announced during FY13 with an operational start date of 1 July 2013. The new Division is comprised of four business units:

- English and Foundation Skills: focused on the English learning, foundation and settlement needs of students and clients. English and Foundation Skills contains AMEP, LLNP and HSS programs.
- Careers and Learning Skills: prepares students for further learning and enables students and clients to gain work experience, and ultimately employment, through offering English language courses, work skills and career services. Careers and Learning Skills contains General and Academic English programs, Careers and Internships, Employment Pathways Unit and the Navitas English Test Centre.
- Navitas Professional Institute: focuses on the delivery of programs to build and enhance careers in the Social and Community, Health and Education sectors. The unit includes ACAP, NCPS, HSA and ATTC.
- Training and Development: focuses on building capacity, core skills and employee effectiveness in the resources sector and related industries. Training and Development includes the Navitas Resources Institute, Business Skills and Cadre.

Financial Outcomes

The Division reported significant earnings growth in FY13 with a 39% increase in EBITDA to $19.3m (FY12: $13.9m) from revenues of $196.4m (FY12: $188.3m). This result was largely driven by English and Foundation Skills following improvement in government contracts as well as solid performance by Navitas Professional Institute businesses such as ACAP, HSA and NCPS.

The overall result was impacted by a first half reduction in demand for corporate training and the effects of legislative changes made to the Professional Year Program in the prior period. However the former Professional division recovered well recording FY13 earnings of $1.4m. Professional and English Programs generated 13% of Navitas' earnings in FY13.

Activities and Achievements

The most significant achievement of the year was the integration of the former Professional and Navitas English Divisions into a single division.

Although some of this work still continues the majority of the reviewing, planning and implementation occurred during FY13 with the Division now operating under a new structure as outlined above.

Other highlights include:

- Strong performance by all Navitas Professional Institute businesses (ACAP, HSA, NCPS and ATTC);
- Development of an NBN-enabled AMEP Virtual Classroom for distance learning with enrolments growing strongly;
- Extension and expansion of Language, Literacy and Numeracy contracts;
- Expanded blended and online learning capability;
- Restructuring of corporate training to focus on core areas with sustainable demand, including resources; and
- A return to normal intake patterns for the Professional Year program following a first half impacted by significant legislative change in the prior year.

Outlook

The Professional and English Programs Division is anticipated to improve on its FY13 performance as efficiencies are gained from the merged Division and first half corporate training issues are mitigated.

However income from government contracts is expected to be flat as the number of clients moderates. In addition there may be potential short-term disruption to migrant numbers as the upcoming Australian Federal election affects migrant intake.

Strategy and Corporate Responsibility

It is Navitas' vision to be recognised universally as one of the most trusted learning organisations in the world.

Our strategic objectives are communicated and monitored using a balanced scorecard model which is divided into four key sections: (see diagram on page 33).

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 partners outcomes – understanding and delivering desired outcomes for our students and partners.
- Strategic relationships – we will add value to key strategic partners.

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

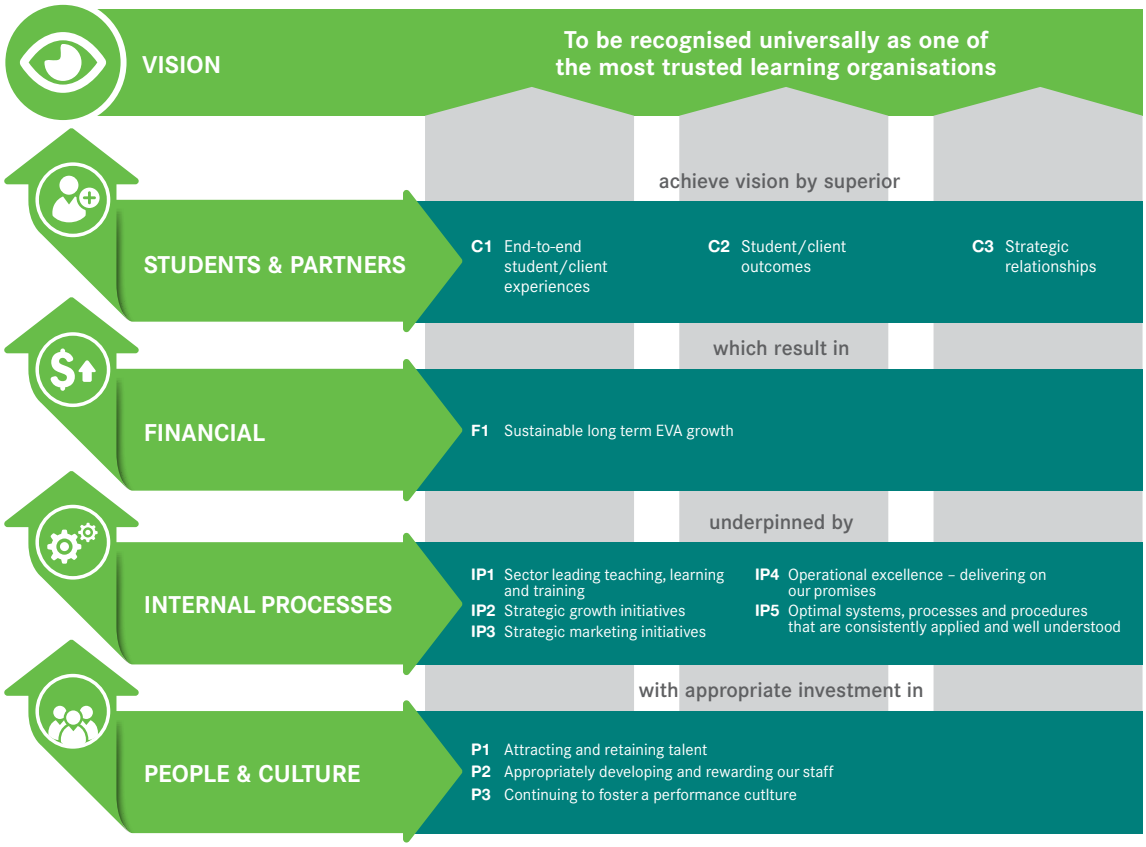
Our people and culture are our most important assets, we will invest in:

- Attracting and retaining talent – as we continue to grow and become more diverse, our 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.

Navitas also implemented key recommendations of its Parthenon strategic and structural review in FY13 including*:

Initiative	Strategic focus
The commencement of the next stage of University Programs expansion in the US market	Internal Processes
SAE US improvement of internal capability and product expansion	Internal Processes, People and Culture
Implementing changes from the review of Navitas' Sales and Marketing function with an expansion of in-country resources	Internal Processes, Students and Partners
Merging of the Professional and English Divisions	Internal Processes
Integration of Student Recruitment businesses into the University Programs Division	Internal Processes
Strengthening senior management capability across Divisions and Corporate	People and Culture
Rollout of a balanced scorecard approach to measuring and communicating strategy	Internal Processes, Financial

* 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.



Risks

Material business risks which might impair Navitas' ability to achieve strategic objectives can be summarised as:

1. Ability to optimise performance from growth opportunities;
2. Protecting the Navitas brand and relationships with key stakeholders; and
3. Ability to predict, influence or manage change (including political, regulatory and technological change).

Navitas manages each of these risks as follows:

- Ability to optimise performance from growth opportunities – All relevant stakeholders and business units within Navitas are working towards implementing the recommendations from the strategic and structural review and Navitas Group Internal Audit will conduct an audit at the appropriate time to ensure that review recommendations are actually implemented by management.
- Protecting the Navitas brand and relationships with key stakeholders – Various policies regarding media and social media as well as multiple systems and processes to manage reputational issues have been embedded into the Group, as well as Navitas' risk management system. 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 health of such relationships.
- Ability to predict, influence or manage change (including political, regulatory and technological change) – a new role of Group General Manager, Government and Stakeholder Relations has been created 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.

More information about Navitas' risk management framework is available on pages 49 and 50.

Corporate Responsibility

Navitas has been very active in some areas of Corporate Responsibility for some time but has never incorporated all corporate responsibility activities and tactics under one overarching strategy. This is partly due to the fact that a significant amount of activity has already been occurring but also because Navitas has always been considered a highly socially responsible organisation due to its commitment to, and record of, high quality academic outcomes.

Navitas has now defined a broader corporate responsibility strategy for the Group which covers the wider categories of communities, employees, the environment and our customers. The creation of a corporate responsibility strategy aligns with current business objectives and is also reflective of the significant interaction and involvement

Strategy and Corporate Responsibility (continued)

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.

Contributing positively to our community

Navitas has always been actively involved in its communities however much of this activity has been done at a college, campus, or office level, with limited coordination or reporting across the Company.

Navitas' Board recently approved the creation of the Navitas Education Trust (NET) 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 CEO, approved two initiatives for the 2014 financial year:

1. Partnering with Room to Read to build libraries in Sri Lanka, Nepal and Vietnam; and
2. Developing a scholarship program with the Australian Business and Community Network (ABCN) to support Australian students from disadvantaged backgrounds to enter tertiary education.

Room to Read

In the 2014 financial year Navitas is partnering with Room to Read to establish 20 libraries in existing schools in developing countries; 10 in Sri Lanka, five in Nepal and five in Vietnam.

Under this program, separate libraries will be established to utilise an available, designated room in the school to create a child-friendly environment complete with books, library materials, furniture, and stationery. The teachers and the school director will also be supported with a 3-year training plan.

ABCN

In the 2014 financial year Navitas is partnering with ABCN to develop a scholarship program to support a number of students across Australia from high needs schools to complete high school and enter tertiary education.

Each scholarship will be for a three year duration starting in year 11 and continuing until the end of the first year of tertiary education. Under the scholarships a Navitas employee will mentor each student and the students will also benefit from attending managed workshops and courses designed to support continued education. Scholarship recipients will also receive a small amount of financial support each year.

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

- Across more than 110 colleges and campuses Navitas supported 237 academic scholarships worth almost $1.4m and raised a further $16,000 for various charities and causes;

Navitas Corporate Responsibility Strategy

Corporate Responsibility Goal

We show respect by celebrating, valuing and caring for people, our communities and the environment.

Corporate Responsibility Principles

- Aligned with Navitas strategy and business objectives
- Aligned to Navitas values, vision and mission
- Evidence based and regularly measured and communicated
- Delivering benefits to our people, customers, communities and the environment
- Ethical and committed to quality

- Navitas sponsored 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;
- 104 employees volunteered more than 880 hours across Australia participating in primary and high school mentor programs in partnership with ABCN. An additional 770 staff and student hours were volunteered across a variety of other community based projects in FY13; and
- More than 280 management hours were committed to support corporate responsibility activity in FY13.

Supporting Our People and Being a Good Employer

Navitas is committed to providing a safe and productive workplace for its more than 5,000 employees around the world and this year has reported on gender representation via its diversity section on pages 46 and 47. Further data will be provided in future reports.

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.

In the 2012 financial year Navitas conducted a company-wide staff engagement survey with 59% of staff surveyed feeling 'engaged' with Navitas with another 24% 'nearly engaged'. This result is consistent with the benchmark set by the global education sector.

It was also found that Navitas staff take great pride in working with our students and clients with 85% finding the relationships very rewarding and 80% of staff gaining a sense of accomplishment from their work.

Ensuring Environmental Awareness and Sustainability

Although Navitas has a network of more than 110 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 and will report on these in future years.

Ensuring Positive Outcomes for Students, Clients and Partners

Student Experience and Outcomes

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 2012 calendar year both of these targets were achieved.

Navitas routinely participates in global student surveys as a way of benchmarking our performance against the sector in all key countries. In the 2012 financial year i-graduate survey of more than 1.3 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.

Navitas Wealth Distribution

In the 2013 financial year Navitas' colleges paid more than $98m in royalty revenue to partner universities taking the total royalties paid to partners since 1994 to more than $798m.

Ensuring environmental awareness and sustainability

Wynyard Green Independent Learning Area

Navitas undertook a refurbishment of the independent learning centre in its Sydney Wynyard Green education hub utilising a number of ecologically sustainable practices to reduce the impact of the new area.

- recycled plastic bottle carpets
- conversion of lighting to halve power consumption from 14 dual watt compact
- extensive use of recycled materials
- furniture and other fittings were sourced from accredited ISO 14001 companies, utilising leading best practice environmental standards

Strategy and Corporate Responsibility (continued)

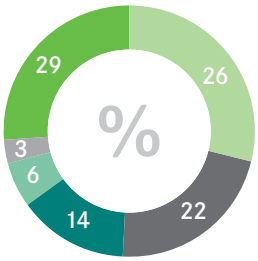
Affirming Navitas' commitment to its partners, 26% of generated wealth is channelled to university and consortia partners under royalty and contract agreements. Following these payments university partners stand to generate substantial further income as approximately 90% of students graduating from Navitas colleges enter partner university programs.

Highlighting Navitas' focus on academic outcomes and commitment to quality, 29% of wealth is paid to academic and teaching staff, a further 22% of wealth created is paid to other employees.

Payments to Shareholders via dividends relating to FY13 equates to 14% of wealth distribution. Payments to governments via income tax represent 6% of wealth distribution and depreciation and amortisation costs equal 3%. This breakdown is illustrated in the following chart:

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:

	FY13 $m	FY12 $m	Change %
Operating revenue	731.7	688.5	6
External and services costs	(202.2)	(190.4)	6
Total wealth created	**529.5**	**498.1**	**6**
Payments to university and consortia partners	135.2	128.5	5
Payments to teaching and academic staff	156.8	147.9	6
Payments to other employees	115.6	102.8	12
Payments to shareholders – dividends	73.2	73.3	-
Payments to governments – income taxes	31.0	30.5	2
Reinvested as depreciation, amortisation and retained earnings	17.7	15.1	17
Total wealth distributed	**529.5**	**498.1**	**6**



- Teaching and academic employees
- University and consortium partners
- Other employees
- Shareholders – dividends
- Governments – income taxes
- Reinvested as depreciation, amortisation and retained earnings

Supporting our people and being a good employer

Global Corporate Challenge

Navitas has supported its staff to participate in the Global Corporate Challenge (GCC), a 16 week long global corporate health and wellness initiative aimed at improving employee wellbeing via the promotion of daily activity and a healthy lifestyle, since 2011.

In the 2013 financial year 469 employees took part in the initiative with:

- 74% of employees meeting or exceeding the 10,000 steps per day level, prior to the GCC it was 16%
- 71% of employees reporting a decrease in stress at work or home
- 61% of employees reporting daily sleep to be good or excellent, 38% prior to the GCC

In the 2013 calendar year 497 employees have signed up to the GCC.

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 eight 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 we enjoy; and
- rewards sustained gains and so 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 can afford to 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.

Fairly Shares with Staff the Financial Success we Enjoy

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

The ValueShare Scheme shares success with staff which in turn further drives our success

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.

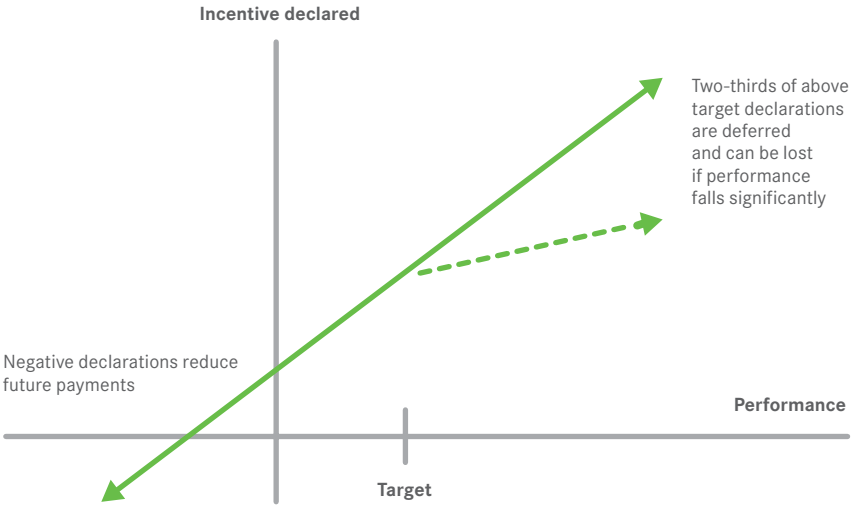
We call the profit above and beyond what investors could expect to earn elsewhere our 'Economic Value Added' or EVA© for short and rewards under the ValueShare Scheme are linked to year on year growth in EVA.

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 2013 Financial Year

Full details of the outcomes of the ValueShare Scheme in 2013 are included in the Remuneration Report, as part of the Directors Report.

Rewards are unlimited for some staff, but can be lost if performance falls significantly



Economic Value Added measures the value we create for shareholders


Shaping
Experiences

"Studying with Navitas has allowed me to get to know other cultures more and broaden my mind and understanding of them."

Marion Turla
Philippines

Corporate Governance Statement

Corporate Governance Statement

The Board of Navitas Limited is responsible for the corporate governance of Navitas and its subsidiary companies. The Board determines all matters relating to the strategic direction, academic quality and governance, policies, practices, management and operations of Navitas with the aim of protecting the interests of its Shareholders and other stakeholders, including employees, students and partners, and creating value for them.

The ASX Corporate Governance Council's (Council) "Corporate Governance Principles and Recommendations" (Principles and Recommendations) articulate eight core corporate governance Principles, with commentary about implementation of those Principles in the form of Recommendations.

Under ASX Listing Rule 4.10.3, Navitas is required to provide a statement in its annual report disclosing the extent to which it has followed the Recommendations in the reporting period. Where a Recommendation has not been followed, the fact must be disclosed, together with reasons for departure from the Recommendation. In addition, a number of the Recommendations require the disclosure of specific information in the corporate governance statement of the annual report.

Navitas' corporate governance statement is structured with reference to the Council's Principles and Recommendations, which Principles are as follows:

Principle 1
Lay solid foundations for management and oversight

Principle 2
Structure the Board to add value

Principle 3
Promote ethical and responsible decision-making

Principle 4
Safeguard integrity in financial reporting

Principle 5
Make timely and balanced disclosure

Principle 6
Respect the rights of Shareholders

Principle 7
Recognise and manage risk

Principle 8
Remunerate fairly and responsibly

Details of Navitas' compliance with the Recommendations for the year ended 30 June 2013 are disclosed in this statement.

For further information on the corporate governance policies adopted by Navitas, please refer to the Company's website: navitas.com/investor_centre.html.

The Role of the Board

The Company has established the functions reserved to the Board pursuant to the Board Charter approved on 6 December 2005 and the Delegation of Authority Policy and associated Procedures Manual adopted on 31 July 2007.

Under the Board Charter, the Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. Without limiting this general role, the specific functions and responsibilities of the Board include:

- oversight of the Company, including its control and accountability systems;
- input into the final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Under the Delegation of Authority Policy and Procedures Manual, authority has been reserved to the Board with respect to various matters, including:

- activities relating to strategic planning for the Group as a whole;
- activities relating to governance;
- joint venture or partnering agreements;
- Group-wide policies related to treasury, corporate governance, risk and compliance;
- purchase of businesses outside the Navitas Group;
- annual report; and
- forecasts and rolling plans for the Navitas Group.

Certain functions have been delegated to the Group CEO under the Board Charter and the Delegation of Authority Policy and Procedures Manual. The Group CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board. The Group CEO's responsibilities include:

- developing with the Board, a consensus for the Company's vision and direction;
- constructing, with the Company's management team, programs to implement this vision;
- appointing the senior management team;
- providing strong leadership to, and effective management of, the Company in order to:
  - encourage co-operation and teamwork;
  - build and maintain staff morale at a high level; and
  - build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
- ensuring a safe workplace for all personnel;
- ensuring a culture of compliance generally, and specifically in relation to environmental matters;
- carrying out the day-to-day management of the Company;
- keeping the Board informed, at an appropriate level, of all the activities of the Company;
- ensuring that all personnel act with the highest degree of ethics and probity; and
- reporting performance and profit figures, and undertaking all other public relations activities.

The Board has also formally delegated the power to the Group CEO to authorise all expenditures as approved in the budget, subject to certain exceptions. Under the Delegation of Authority Policy and Procedures Manual, authority has been delegated to the Group CEO with respect to various matters, including:

- activities relating to strategic planning for the Group's individual Divisions;
- significant administrative changes affecting more than one entity within the Navitas Group;

- Group-wide policies related to ASX/ASIC governance;
- risk management plans across the Navitas Group;
- official Navitas publications for external use specific to the Navitas Group;
- forecasts and rolling plans for Navitas' Divisions;
- operating expenditure in relation to more than one entity within the Navitas Group;
- capital expenditure up to a maximum of $1m for one item, or where such expenditure is in relation to more than one entity within the Navitas Group;
- media contact and media releases; and
- marketing and advertising material at the Navitas Group level.

The Company has also established those functions delegated to senior executives pursuant to the Delegation of Authority Policy and associated Procedures Manual, including:

- activities relating to strategic planning for individual business units;
- Navitas Group policies other than those requiring Board or Group CEO approval;
- establishment and/or amendment of any rules and/or regulations specifying the governance of specific Navitas entities, as well as facilities;
- appointment of new staff, promotions, remuneration adjustments and redundancies not detailed in the entity's rolling plan;
- industrial relations matters including appointment of mediators and resolution of equal opportunities or industrial disputes;
- entity risk management plans;
- new occupational health and safety policies and amendments;
- forecasts and rolling plans for Navitas business units;
- media releases, editorials and articles with respect to positive media coverage;
- marketing and advertising material at the Divisional level; and
- entity specific governance arrangements, quality assurance processes and staffing profile.

The Board Charter, the Delegation of Authority Policy and Delegation of Authority Procedures Manual are all publicly available on the Company's website: navitas.com/investor_centre.html.

Corporate Governance Statement (continued)

Structure, Composition and Operation of the Board

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of this report are included in the Directors' Report starting on page 113.

Independence of Directors

A Director is considered to be independent where he or she is a non-executive Director, is not a member of management and is free of any relationship that could, or could reasonably be perceived to, materially interfere with the independent exercise of their judgment. The existence of the following relationships may affect independent status, if the Director:

- is a substantial Shareholder of Navitas or an officer of, or otherwise associated directly with a substantial Shareholder of Navitas (as defined in section 9 of the Corporations Act);
- is employed, or has previously been employed in an executive capacity by the Navitas Group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional adviser or a material consultant to the Navitas Group, or an employee materially associated with the services provided;
- is a material supplier or customer of the Navitas Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Navitas Group other than as a Director.

Directors are expected to bring independent views and judgement to the Board's deliberations. The Board Charter requires that at least one half of the Directors of Navitas will be non-executive (preferably independent) Directors and that the Chair will be an independent, non-executive Director.

In the context of Director independence, "materiality" is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount, being the monetary value of the transaction or item in question. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it.

In accordance with the definition of independence above, and the materiality thresholds set, the Board reviewed the positions and associations of each of the six Directors in office at the date of this statement and considers that four of the Directors are independent as follows:

Name	Position
Harvey Collins	Non-Executive Chairman
Ted Evans	Non-Executive Director
Tracey Horton	Non-Executive Director
James King	Non-Executive Director

The Board will assess the independence of new Directors upon appointment, and the independence of other Directors, as appropriate. As at 30 June 2013, the majority of Board is independent. To facilitate independent judgement in decision making, each Director has the right to seek independent professional advice at Navitas' expense. However, prior approval from the Chair is required, which may not be unreasonably withheld.

The term in office held by each Director in office at the date of this statement is as follows:

Name	Term in office
Harvey Collins	8 years
Ted Evans	8 years
Rod Jones	9 years
Tracey Horton	1 year
James King	8 years
Peter Larsen	9 years

Retirement and Re-election of Directors

Rule 5.1 of the Constitution requires that at each annual general meeting of the Company, one third (or the number nearest to but not exceeding one third) of the Directors and any Director who has held office for 3 years or more must retire from office and no Director may retain office for more than 3 years without submitting himself or herself for re-election. Rule 5.4 of the Constitution provides that a retiring director is eligible for re-election without the necessity of giving any previous notice of his or her intention to submit him or herself for re-election. The Managing Director is not subject to retirement by rotation. The resolution for re-election of a Director is included in the Company's notice of annual general meeting and voted upon by Shareholders at that meeting.

The relevant Board policy, entitled "Procedures governing the Selection and Appointment of Directors" is publicly available on the Company's website: navitas.com/investor_centre.html.

Performance Evaluation

The performance of the Board and its individual Directors is reviewed regularly.

The Chairman of the Board conducts individual performance evaluations of the Directors, involving an assessment of each Board member's performance. During the reporting period, performance evaluations of each Board member were conducted in accordance with this process.

A formal review of board effectiveness was conducted in the first half of 2013 by an independent specialist. The process included a wide-ranging review of the Board, its Committees and each Director.

The process involved the completion of questionnaires by Directors and group executives. The independent specialist also interviewed each Director on a range of topics relating to the Board's effectiveness. Senior executives were interviewed to obtain their perspectives, including about the relationship between the Board and management.

A report was prepared on the findings, and then discussed with both the Chairman and the whole Board. The Board subsequently

agreed on actions to continue to develop its effectiveness, particularly relating to areas of composition, process and focus. Each Director was also provided with feedback on his or her contribution.

The performance of key executives is reviewed internally on an annual basis pursuant to a Navitas-wide performance planning and review process. Key performance indicators are agreed on an individual basis for such executives and performance against these indicators is then reviewed by the Group Chief Executive Officer. The performance review also takes into account the extent to which the executive's behaviour is aligned with Navitas' values. The outcome of the review then provides the basis for a professional development plan for the key executive.

As noted above, performance evaluations for individual Directors and key executives were conducted during the reporting period in accordance with the above processes.

Remuneration

It is Navitas' objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant market conditions.

For a full discussion of Navitas' remuneration philosophy and framework and the remuneration received by Directors in the current period please refer to the remuneration report, which is contained in the Director's Report, starting on page 113.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

Nomination and Remuneration Committee

Role of the Nomination and Remuneration Committee

The Board established a Nomination and Remuneration Committee on 18 February 2005 that operates under a charter approved by the Board. The purpose of the Nomination and Remuneration Committee is to provide advice, recommendations and assistance to the Board with respect to nomination and remuneration matters.

The Nomination and Remuneration Committee is responsible for:

- identifying specific individuals for nomination for directorship and key executive roles and providing advice and recommendations to the Board with respect to the appointment and removal of Directors and key executives;
- providing the Board with advice and recommendations regarding identifying, assessing and enhancing Director competencies and a succession plan;
- ensuring that the Board is of a size and composition that allows for decisions to be made expediently, a range of different skills and perspectives are brought to Board deliberations and Board decisions are made in the best interests of Navitas;
- monitoring, on an ongoing basis, the time required for non-executive Directors to adequately fulfil their duties and the extent to which non-executive Directors are meeting these time requirements;
- implementing an effective induction process for new Board appointees and key executives;
- evaluating and reviewing the performance of the Board as a whole and individual Directors against both measurable and qualitative indicators;
- providing the Board with advice and recommendations regarding an executive remuneration policy, incentive schemes, non-executive remuneration and termination and redundancy policies;
- reviewing and providing recommendations to the Board with respect to the remuneration packages of senior management and executive directors;
- maintaining a framework to ensure that employees of Navitas do not unduly influence any remuneration recommendation a remuneration consultant may provide;
- reviewing the relative proportion of women and men in Navitas' workforce on an annual basis; and
- providing the Board with advice and recommendations regarding remuneration by gender.

The Nomination and Remuneration Committee comprised the following members:

- Ted Evans (Chair)
- Harvey Collins
- Peter Campbell*
- Tracey Horton†

For details of Directors' attendance at meetings of the Nomination and Remuneration Committee, please refer to page 114 of the Directors' Report.

The Charter of the Nomination and Remuneration Committee is publicly available on the Company's website: navitas.com/investor_centre.html.

Selection and Appointment of New Directors

A description of the procedure for the selection and appointment of new Directors and of the Board's policy for the nomination and appointment of Directors is set out below.

The Nomination and Remuneration Committee reviews:

- the composition of the Board taking into account the number of appointed Directors;
- the performance of the Board and individual Directors of the Company;
- the business and strategic objectives and needs of the Company;
- the skills, experience, knowledge and diversity required on the Board and the extent to which each competency is represented, maintained and developed by the Board;
- the opportunities to appoint non-executive Directors and obtain the services of particular persons with desirable skills, experience and knowledge at the time of their availability;
- the need to cater for the replacement or scheduled retirement of Directors ahead of each annual general meeting; and
- succession planning for the Board,

to enable it to determine whether it is necessary to recruit any additional Directors

* Retired as a non-executive Director of the Board and member of the Nomination and Remuneration Committee on 15 November 2012
† Appointed a member of the Nomination and Remuneration Committee on 14 December 2012

Corporate Governance Statement (continued)

to the Board or desirable to reduce the number of existing Directors. The Committee reports to the Board setting out the results of these reviews.

If the Nomination and Remuneration Committee determines that it is necessary to recruit an additional Director to the Board, or the Board so determines, the Committee:

- will determine the particular skills, experience, expertise and personal qualities required to best complement the Board's effectiveness;
- will determine the most appropriate formal and transparent procedure to identify candidates with the skills and experience required by the Board; and
- may engage the services of an independent consultant to perform an advisory role in relation to its review considerations and the required Director competencies.

The Committee seeks to achieve a balance between long serving Directors with an extensive understanding of Navitas' businesses and corporate history, and new Directors who bring fresh perspectives to the role. The Board values diversity, including gender and differences in background and life experience, education, communication styles, and problem-solving skills.

Following receipt of nominations for Directorship from candidates, the Nomination and Remuneration Committee may prepare a short list of candidates to determine the candidates in their opinion who best fulfil the Director competencies. The Committee will interview each of the short listed candidates and require each candidate to disclose the nature and extent of their other appointments, commitments and activities.

When considering candidates for appointment as a Director, the Committee values candidates who contribute to the diversity of the Board and demonstrate skills, experience and knowledge of the industry, market and regulatory environment in which the Company operates. The Board considers that skills, experience and knowledge in education, finance, governance, management or marketing are relevant.

The Nomination and Remuneration Committee will provide an update to the Board at all appropriate times during the selection process and provide the Board with an opportunity to meet with the preferred candidate(s). The Committee shall make a formal recommendation to the Board concerning appropriate candidates to fill any vacancy for consideration by the Board.

Each candidate for election as a Director must:

- be proposed by a person entered in the register of members as a member for the time being of the Company, or its nominated representative in the case of a corporate member; and
- be seconded by another member or the nominated representative of another corporate member.

A nomination of a candidate for election by a member must be in writing; be signed by the candidate; and be signed by the proposer and seconder. A nomination of a candidate for election must be received at the registered office of the Company not later than 5pm on the day which is 35 business days prior to the annual general meeting at which the candidate seeks election.

The Board may also appoint a Director to fill a casual vacancy, or as an addition to the existing Directors at any time, provided that any such Director holds office only until the next annual general meeting and is eligible for re-election at the meeting.

Each candidate must also deliver to the Company a consent to act as Director of the Company. The Company must receive this no later than (if applicable) the date of appointment of the candidate as a Director. The consent to act as a Director must include all details required by the Corporations Act and Listing Rules.

As announced to the ASX on 15 November 2012, Peter Campbell retired as a non-executive Director of the Board.

Diversity

On 20 March 2012, Navitas adopted a Diversity Policy and set measurable objectives for achieving gender diversity.

The Nomination and Remuneration Committee is accountable to the Board for ensuring the Diversity Policy is implemented in respect of the Board and the process for identifying and selecting new Directors. The Managing Director is accountable to the Board for ensuring the Diversity Policy is implemented throughout the Navitas' workforce. Senior executives and all personnel involved in recruitment are expected to ensure this Policy is implemented and integrated into all of Navitas' activities.

Navitas recognises that a talented and diverse workforce is a key competitive advantage and that Navitas' success is a reflection of the quality and skills of its people. Navitas is committed to promoting a workplace that recognises and embraces the skills, characteristics and experiences that people bring to the Group. Accordingly, Navitas has adopted a diversity strategy document for the purposes of implementing initiatives to achieve greater diversity.

The diversity strategy document outlines measurable objectives to achieve gender diversity. During the year, Navitas developed and adopted the Diversity Policy, assigned responsibility for the Diversity Policy and its administration, monitoring and review, reviewed and amended the Charter of the Nomination and Remuneration Committee to reflect its obligations in relation to gender diversity, and investigated the reporting capacity of business units for the purposes of determining diversity targets.

The Board has set specific gender diversity targets as follows:

Target	Date for completion
At least one of the next 2 Board appointments desirably should be female with appropriate skills and attributes	When it is appropriate to expand or refresh the Board
At least 50% of the next senior executive* appointments desirably should be female with appropriate skills and attributes	When it is appropriate to expand or refresh the senior executive team
At least 33% of employees should be female with appropriate skills and attributes.	Annually by 30 June each year

*Senior executives are defined as members of the Navitas Leadership Team, the Senior Management Team, the Executive General Management ("EGM") and the senior direct reports to the EGM of the operating Divisions.

Navitas has achieved its targets in relation to appointments of Board members, senior executives and full-time and part-time employees during the year.

Of 6 Board positions, 5 (83.3%) were held by men, and 1 (16.7%) was held by a woman. These figures do not include Peter Campbell who retired as a Director on 15 November 2012.

Of 79 senior executive positions, 51 (64.6%) were held by men and 28 (35.4%) were held by women.

Of 1,241 full-time employees, 746 (60.1%) were women and 495 (39.3%) were men. Of 437 part-time employees, 314 (71.9%) were women and 123 (28.1%) were men.

As at 10 July 2013, the proportion of women employed by the Navitas Group is set out in the graphs along the bottom of the page.

In accordance with the requirements of the Workplace Gender Equality Act 2012, the Navitas Group workplace profile for Australia only is set out in the table following:

Workplace Profile – Navitas Group

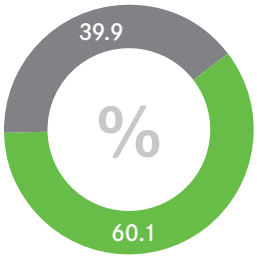
	Women		Men		Women	Men			
	Full time	Part time	Full time	Part time	Casual		**Total Staff**	Women %	Men %
Board	1	-	5	-	-	-	**6**	**1**	**5**
								16.7%	83.3%
NLT	2	-	4	-	-	-	**6**	**2**	**4**
								33.3%	66.6%
GLT/EGM	2	-	14	-	-	-	**16**	**2**	**14**
								12.5%	87.5%
Management	141	12	114	4	-	1	**272**	**153**	**119**
								56.3%	43.8%
Administration/ Professional Staff	424	117	191	26	357	186	**1301**	**898**	**403**
								69.0%	31.0%
Teaching	177	185	169	93	868	474	1966	**1230**	**736**
								62.6%	37.4%
Total	747	314	497	123	1225	661	**3567**	**2286**	**1281**
								64.1%	35.9%

Following the adoption of the Diversity Policy, regular updates on the progress of achieving various strategies, initiatives and targets are to be provided to the Board and Nomination and Remuneration Committee.

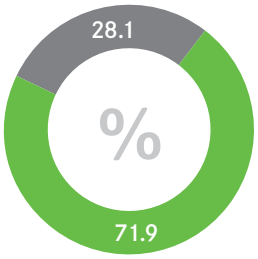
The Diversity Policy is publicly available on the Company's website: navitas.com/investor_centre.html.

Percentages of Employees

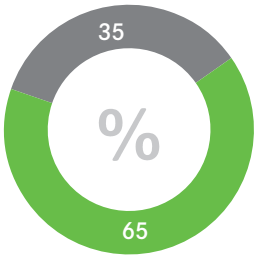
Full time



Part time



Casual



- Male
- Female

Corporate Governance Statement (continued)

Audit and Risk Committee

Role of the Audit and Risk Committee

The Board established an Audit and Risk Committee on 28 January 2005 that operates under a charter approved by the Board. The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities by:

- monitoring and reviewing the:
  - integrity of the financial statements;
  - effectiveness of internal financial controls;
  - independence, objectivity and competency of internal and external auditors;
  - policies on risk oversight and management;
  - execution of the treasury and insurance functions; and
- making recommendations to the Board in relation to the appointment of external auditors and approving the remuneration and their terms of engagement.

The Audit and Risk Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of risk oversight and management policies that set out the roles and respective accountabilities of the Board, the Audit and Risk Committee and the internal audit function.

The Audit and Risk Committee comprised the following members:

- James King (Chair)
- Ted Evans
- Harvey Collins
- Tracey Horton*

James King BComm, FAICD, has over 30 years of board and management experience with major multi-national companies in Australia and internationally. He is the Chairman of the Audit and Risk Committee.

Ted Evans AC, BEcon (Hons), D.Uni (Grif), D.Econ (h.c.), FAICD, has significant experience in the financial sector, having joined the Australian Treasury in 1969. He was a director of the Reserve Bank of Australia from 1993 to 2001 and the Commonwealth Bank of Australia from 1993 to 1996. He was a former director and Chairman of Westpac Banking Corporation. He is a member of the Audit and Risk Committee.

Harvey Collins BBus, FCPA, SFFin, FAICD, has extensive executive and board experience in a range of industries including financial services, health insurance, telecommunications, equipment hire, mining services franchising and electricity. He is a member of the Audit and Risk Committee.

Tracey Horton, BEcon(Hons), MBA Stan, Prof Emer, AICD 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. She was a member of the Audit and Risk Committee for the 21 June 2013 meeting only.

For details on the number of meetings of the Audit and Risk Committee held during the year and the attendees at those meetings, please refer to page 114 of the Directors' Report.

The Charter of the Audit and Risk Committee is publicly available on the Company's website: navitas.com/investor_centre.html.

Selection, Appointment and Rotation of External Auditor

The procedures for the selection, appointment and rotation of external audit engagement partners are as follows.

The Audit and Risk Committee re-evaluates the appointment of its external auditors on a regular basis, and considers whether it is appropriate to tender the audit as it deems necessary. Such re-evaluations are performed no less than once every five years, and may be considered annually post the completion of the audit process (as part of the audit debrief process). As a minimum, the re-evaluations and decisions to put the audit to tender (if any) will take into account such factors as:

- service delivery;
- quality of service;
- independence of the external auditor and whether the independence of the audit function has been maintained having regard to the provision of non-audit services;
- effectiveness of the audit/client relationship; and
- fees/value.

In tender situations the Audit and Risk Committee will nominate an Audit Tender Evaluation Committee to undertake the task of selecting a new auditor. The Audit Tender Evaluation Committee will be comprised of the Chairman of the Audit and Risk Committee, the Group Chief Executive Officer, the Chief Financial Officer and other representatives of the Audit and Risk Committee and management as deemed appropriate. Auditor selection will be based on the satisfactory demonstration of the factors listed above. Removal of the auditor may result if the auditor fails to demonstrate satisfactory outcomes in relation to the above factors.

Auditor appointment will be made by the Board at the Audit and Risk Committee's recommendation after the successful completion of the selection process, and in conjunction with statutory guidelines.

In respect of the rotation of external audit engagement partners, it is the Company's policy that a partner should not serve the Company in the position of audit client service partner for more than five successive years. A partner should not be re-assigned to the Company in the role of audit partner for at least two years after reaching the maximum period of continuous service. Further, a partner should not be re-assigned to the Company in the role of audit client service partner if this would equate to the partner serving in this role for more than five out of seven successive years. As part of the audit plan presented to the Audit and Risk Committee, the audit partner considers the need for rotation in accordance with these policies.

The relevant policies, entitled "Selection and Appointment of External Auditor Policy" and "Rotation of External Audit Engagement Partners" are available on the Company's website: navitas.com/investor_centre.html.

* Appointed as the Chair of the Audit and Risk Committee for the 21 June 2013 meeting only.

Risk Management

Navitas recognises the importance of risk management and has a formal risk management framework, including policies for the oversight and management of material business risks.

The Navitas Board is ultimately responsible for risk management in Navitas and must satisfy itself that significant risks faced by the Navitas Group are being managed appropriately and that the system of risk management within the Navitas Group is robust enough to respond to changes in Navitas' business environment.

The Audit and Risk Committee has the following responsibilities in regard to risk management:

- assessing the internal process for determining and managing key risk areas;
- confirming management's risk appetite and tolerance;
- ensuring that the Navitas Group has an effective risk management system and that macro risks to the Navitas Group are reported at least twice a year to the Board;
- evaluating the process Navitas has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk;
- assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk; and
- ensuring the continuous development of risk management in the Navitas Group and for supervising the implementation of risk management in compliance with the risk management policy and guidelines.

Each business unit is responsible for the identification, assessment, control, reporting and on-going monitoring of risks within its own responsibility. Business units are responsible for implanting the requirements of this policy and for providing assurance to the Board of Directors that it has done so. The business unit, where deemed appropriate, may enhance its own organisational structure provided that such enhancements further assist the achievement of the objectives of this policy.

Management is responsible for identifying and evaluating risks within their area of

responsibility, implementing agreed actions to manage risk and for reporting as well as monitoring any activity or circumstance that may give risk to new or changed risks.

Internal audit is responsible for managing the risk management system and collating the business units' risk assessments and tolerance for periodic reports to the Audit and Risk Committee. Internal audit also facilitates twice-yearly assessments by senior management of strategic risks.

The Board has required management to design and implement a risk management and internal control system to manage Navitas' material business risks, and to report to it on whether those risks are being managed effectively.

In summary, the Navitas risk management and internal control system comprises:

- A Group Risk Management Policy Statement and methodology based on the International Standard for Risk Management ISO 31000. This Policy has been placed on the Navitas website and is therefore accessible by all Navitas staff. The Policy outlines Navitas' approach to managing risk including a description of responsibilities;
- The Audit and Risk Committee has endorsed the risk management methodology which includes an integrated risk management, control self-assessment and internal audit process managed by Group Internal Audit and Risk Management;
- The risk management system includes a Group-wide risk register of all key material inherent risks, an assessment of control effectiveness, comparison of residual risks to target risks and a data base of actions to reduce any residual risks to the desired level;
- This information underpins senior management's control self-assessment certificates, which are used to provide assurance to the Board that they are managing risks appropriately, and enables Group Internal Audit to concentrate its activities on material risks and adapt its approach accordingly. The Audit and Risk Committee approves the annual audit plan, as amended from time to time to reflect the dynamic nature of the business, and receives all audit reports;
- Senior management and the Audit and Risk Committee regularly review the risk register to ensure that material risks are correctly identified, that the target risks are acceptable and any remedial action is in progress. The Audit and Risk Committee reports every six months to the Board on the management of the risks contained in the risk register;
- Management understanding and acceptance of its responsibility to implement appropriate systems of internal control to effectively manage potential risks;

Corporate Governance Statement (continued)

- Ongoing management oversight of strategic matters by management and of operational matters by business unit management;
- Various policies and procedures covering areas such as Share Dealing, Human Resources, Information Technology, Critical Incidents and Delegations of Authority, such policies are centrally located via an intranet;
- Monthly reporting and review of financial and budgetary information;
- External auditors independently evaluating Navitas' compliance with the International Financial Reporting Standards on an annual basis;
- An internal audit function, which is designed to provide assurance to the Audit and Risk Committee on the effectiveness of the risk management and internal control procedures and mechanisms in place to mitigate risks across the Navitas Group, that risks are being adequately and appropriately identified and that the principles and requirements of managing risk are consistently adopted throughout the Navitas Group. Internal audit also recommends improvements to the system of risk management; and
- Independent and regular external reviews by various industry accreditation bodies to ensure compliance with relevant legislation, regulation and state and national codes of practice.

The Company has identified a series of material business risks which the Company believes to be inherent in the industry in which the Company operates, and being the categories of risk reported on or referred to in this financial report. In 2013, these were:

- ability to optimise performance from growth opportunities;
- protecting the Navitas brand and relationships with key stakeholders; and
- ability to predict, influence or manage change (including political, regulatory and technological change).

The Board has received a formal report from management under Recommendation 7.2 as to the effectiveness of Navitas' management of its material business risks with respect to the reporting period. Upon due consideration of Navitas' risk management and internal control system, management formally reported that, with respect to the financial year ending 30 June 2013, Navitas is, in its assessment, effectively managing its material business risks through its risk management and internal control system.

In addition, the Board has received a written assurance from the Group Chief Executive Officer and the Chief Financial Officer that, to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks. The Board understands that these assurances regarding the internal control systems provide a reasonable level of assurance only and do not imply a guarantee against adverse events, or losses, or more volatile outcomes arising in the future and that the design and operation of the internal control systems relating to financial reporting has been assessed primarily through the use of declarations by process owners who are responsible for those systems. Internal audit activity has also assisted with this assessment.

The Group Risk Management Policy is publicly available on the Company's website: navitas.com/investor_centre.html.

Other Policies

Continuous Disclosure

Navitas has established written policies designed to ensure:

- compliance with ASX Listing Rule disclosure; and
- accountability at a senior executive level for that compliance.

The relevant policy, entitled "Corporate Governance Policy – Continuous Disclosure" is publicly available on the Company's website: navitas.com/investor_centre.html.

Securities Trading Policies

The Company has established policies concerning trading in its securities by Directors, senior executives and employees.

These policies, entitled "Directors and Senior Executives Dealing In Securities Policy" and "Employees Dealing In Securities Policy" are publicly available on the Company's website: navitas.com/investor_centre.html.

A summary of the Company's policy on prohibiting transactions in associated products which limit risk of participating in unvested entitlement under any equity based remuneration schemes is set out in these securities trading policies.

Ethical and Responsible Decision-Making

Navitas has established codes of conduct as to the:

- practices necessary to maintain confidence in the Company's integrity;
- practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

These codes of conduct, entitled "Code of Conduct for Directors and Key Officers" and "Code of Conduct – The Company's Obligations to Stakeholders" are publicly available on the Company's website: navitas.com/investor_centre.html.

Communications with Shareholders

The Company has designed a communications policy:

- for promoting effective communication with Shareholders; and
- encouraging Shareholder participation at AGMs.

The Company has a platform by which senior managers who are authorised to speak to analysts (the Group CEO, the CFO and the Group Manager Public and Investor Relations) are able to record details of the meeting including time and place, attendees and file notes of what was discussed.

The policy, entitled "Corporate Governance Policy – Communications Strategy", is publicly available on the Company's website: navitas.com/investor_centre.html.

Summary

In summary, Navitas concludes that it substantially complied with all of the Recommendations.

Shaping Direction

"Since commencing my studies with Navitas, my life has changed significantly. I have become more responsible and independent. And I look forward to returning home to assist my Dad with opening a hotel."

Maya Datukishvili
Georgia

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Note	2013 $000s	2012 $000s
Revenue	5	731,734	688,530
Marketing expenses		(102,369)	(96,862)
Academic expenses		(156,773)	(147,909)
Administration expenses		(356,772)	(331,655)
Finance costs	6	(9,763)	(7,987)
Profit before income tax expense		**106,057**	**104,117**
Income tax expense	7	(31,006)	(30,497)
Profit for the year		**75,051**	**73,620**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Net currency translation differences		(3,229)	1,904
Fair value movement in hedge instruments		1,198	(1,864)
Income tax relating to other comprehensive income		2,522	359
Other comprehensive income for the year		491	399
Total comprehensive income for the year		**75,542**	**74,019**
Profit attributable to:			
Owners of the parent	19	74,575	73,149
Non controlling interest	20	476	471
		75,051	73,620
Total comprehensive income attributable to:			
Owners of the parent		75,287	73,728
Non controlling interest		255	291
		75,542	**74,019**
		Cents	**Cents**
Earnings per share	9		
Basic		19.9	19.5
Diluted		19.9	19.5

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

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	2013 $000s	2012 $000s
ASSETS			
Current Assets			
Cash and cash equivalents	10	56,332	19,162
Trade and other receivables	11	96,230	87,614
Other	12	18,310	14,817
Total Current Assets		**170,872**	**121,593**
Non Current Assets			
Property, plant and equipment	13	73,724	66,062
Deferred tax assets	7	28,275	16,856
Intangible assets	14	449,199	438,274
Total Non Current Assets		**551,198**	**521,192**
TOTAL ASSETS		**722,070**	**642,785**
LIABILITIES			
Current Liabilities			
Trade and other payables	15	81,895	72,714
Deferred revenue		222,700	179,894
Current tax payable	7	14,134	4,119
Borrowings	16	2,979	2,839
Provisions	17	4,355	3,242
Total Current Liabilities		**326,063**	**262,808**
Non Current Liabilities			
Trade and other payables	15	4,971	6,459
Borrowings	16	148,226	133,308
Provisions	17	7,063	6,650
Total Non Current Liabilities		**160,260**	**146,417**
TOTAL LIABILITIES		**486,323**	**409,225**
NET ASSETS		**235,747**	**233,560**
EQUITY			
Issued capital	18	195,375	195,175
Reserves	19	1,790	1,299
Retained earnings	19	39,966	37,986
Equity attributable to owners of the parent		**237,131**	**234,460**
Non controlling interests	20	(1,384)	(900)
TOTAL EQUITY		**235,747**	**233,560**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Issued Capital $000s	Reserves $000s	Retained earnings $000s	Non-controlling interests $000s	Total equity $000s
Balance at 1 July 2011	194,851	720	45,145	(1,503)	239,213
Profit for the year	-	-	73,149	471	73,620
Fair value movement in hedge instruments (after tax)	-	(1,505)	-	-	(1,505)
Net currency translation differences	-	2,084	-	(180)	1,904
Total comprehensive income for the year	**-**	**579**	**73,149**	**291**	**74,019**
Transfer from general reserve	-	-	-	-	-
Employee share plan purchase	324	-	-	-	324
Acquisition of non-controlling interest share	-	-	-	392	392
Dividends paid	-	-	(80,308)	(80)	(80,388)
Balance at 30 June 2012	**195,175**	**1,299**	**37,986**	**(900)**	**233,560**
Total attributable to:					
Non controlling interests	-	-	-	(900)	(900)
Owners of the parent entity	195,175	1,299	37,986	-	234,460
Balance at 1 July 2012	195,175	1,299	37,986	(900)	233,560
Profit for the year	-	-	74,575	476	75,051
Fair value movement in hedge instruments (after tax)	-	839	-	-	839
Net currency translation differences	-	(127)	-	(221)	(348)
Total comprehensive income for the year	**-**	**712**	**74,575**	**255**	**75,542**
Transfer from general reserve		(221)	221	-	-
Employee share plan purchase	200	-	-	-	200
Acquisition of non-controlling interest share	-	-	-	-	-
Dividends paid	-	-	(72,816)	(739)	(73,555)
Balance at 30 June 2013	**195,375**	**1,790**	**39,966**	**(1,384)**	**235,747**
Total attributable to:					
Non controlling interests	-	-	-	(1,384)	(1,384)
Owners of the parent entity	195,375	1,790	39,966	-	237,131

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 $000s	2012 $000s
Cash flows from operating activities			
Receipts from customers		763,045	687,751
Payments to suppliers and employees		(596,403)	(575,519)
Interest received		2,138	375
Interest paid		(9,763)	(7,987)
Income tax paid		(32,198)	(30,761)
Net cash flows from operating activities	10	**126,819**	**73,859**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(20,004)	(19,340)
Net cash flows used in investing activities		**(20,004)**	**(19,340)**
Cash flows from financing activities			
Proceeds from borrowings		441,567	245,938
Repayment of borrowings		(440,156)	(236,431)
Payments to non controlling interests		(226)	(420)
Payment of dividends	8	(72,816)	(80,308)
Payment of dividends to non controlling interests		(739)	(80)
Net cash flows used in financing activities		(72,370)	(71,301)
Net increase/(decrease) in cash and cash equivalents		34,445	(16,782)
Net foreign exchange differences		2,725	(363)
Cash and cash equivalents at beginning of the financial year		19,162	36,307
Cash and cash equivalents at the end of the financial year	10	**56,332**	**19,162**

Notes to the Financial Statements

For the year ended 30 June 2013

1 Corporate information

The financial report of Navitas Limited (the "Company") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of directors dated 29 July 2013.

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

The nature of the operations and principal activities of the Group are described in note 4.

2 Summary of significant accounting policies

(a) Basis of preparation

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 for available-for-sale and held-for-trading financial assets which have been revalued at fair value.

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

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 ($000s) unless otherwise stated.

(b) 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.

(i) Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations 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 changes to the Group's accounting policies and has no significant affect on the amounts reported for the current or prior periods.

(ii) Accounting Standards and Interpretations issued but not yet effective

Accounting Standards and Interpretations, including those issued by the IASB/IFRIC where an Australian equivalent has not yet been made by the AASB, that have recently been issued or amended but are not yet effective that have not been adopted for the annual reporting period ended 30 June 2013, but would be relevant to its operations, are:

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] .	1 January 2015	30 June 2016
AASB 10 "Consolidated Financial Statements", AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'.	1 January 2013	30 June 2014
AASB 127 Separate Financial Statements (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'.	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'.	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'.	1 January 2013	30 June 2014

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(b) Statement of compliance (continued)

(ii) Accounting Standards and Interpretations issued but not yet effective

Affected Standards and Interpretations	Application date (reporting period commences on or after)	Application date for Group
AASB 128 'Investments in Associates and Joint Ventures' (2011).	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13.	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'.	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'.	1 January 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'.	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'.	1 January 2012	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'.	1 July 2012	30 June 2013
AASB 2012-3 'Amendments to Australian Accounting Standards-Offsetting Financial Assets and Financial Liabilities'.	1 January 2014	30 June 2015
AASB 2012-2 'Amendments to Australian Accounting Standards-Disclosures – Offsetting Financial Assets and Financial Liabilities'.	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards-Transition Guidance and Other Amendments'.	1 January 2013	30 June 2014

[1] The AASB has issued the following versions of AASB 9 and the relevant amending standards:

- AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'.
- AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9' (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'.

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 there will be no significant changes in the Group's accounting policies.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Navitas Limited and its subsidiaries (as outlined in note 26) as at and for the period ended 30 June each year (the Group). Interests in associates are equity accounted and are not part of the consolidated Group (see note 2(i) below).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, 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.

Investments in subsidiaries held by Navitas Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in profit or loss of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 2(d)).

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

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.

If the Group loses control over a subsidiary, it

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies to profit or loss or transfers directly to retained earnings, as appropriate, the parent's share of components previously recognised in other comprehensive income.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(d) Business combinations

Business combinations are accounted for using the acquisition method. Transaction costs directly attributable to the acquisition are expensed under the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, less the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 in profit or loss. If the contingent consideration is classified as equity, it shall not be remeasured.

(e) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. 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 have been identified based on the information provided to the chief operating decision maker – being the Chief Executive Officer.

The group may aggregate two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services; and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(f) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Navitas Limited and its Australian subsidiaries is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the non Australian Group companies is the national currency of the country of operation.

(ii) 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 retranslated at the rate of exchange ruling at the balance sheet date. Foreign currency differences arising on retranslation 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.

(iii) Translation of Group companies' functional currency to presentation currency

As at the reporting date the assets and liabilities of these foreign subsidiaries are translated into the presentation currency of Navitas Limited 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.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is reclassified to profit or loss.

(g) Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities on the statement of financial position.

(h) Trade and other receivables

Trade receivables, which generally have 30 to 60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest 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 raised when there is objective evidence that the Group will not be able to collect the debt.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(i) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets at initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date (i.e. the date that the Group commits to purchase the asset). Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Subsequent to initial recognition, investments in subsidiaries and associates are measured at cost in the company financial statements.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost less impairment. This amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel 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.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale assets are measured at fair value with gains or losses being recognised as a separate component of equity until the asset is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of assets that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(v) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(j) Plant and equipment

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

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; and
- 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.

(i) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

(k) Leases

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.

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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.

Lease incentives

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.

(ii) Group as a lessor

Leases where the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(l) Impairment of non-financial assets other than goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value less costs to sell. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at fair value (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value on a systematic basis over its remaining useful life.

(m) Goodwill and intangible assets

(i) 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 AASB 8 Operating Segments.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(m) Goodwill and intangible assets (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(ii) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an 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 intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles 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.

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

	Licences	Brand Names	Copyrights
Useful lives	Finite	Indefinite	Finite
Method used	Contract life (no longer than 10 years)	Not applicable	25 years – straight line
Internally generated/acquired	Acquired	Acquired	Acquired
Recoverable amount testing	Where an indicator of impairment exists. Amortisation method reviewed at each financial year end.	Annually and where an indicator of impairment exists.	Where an indicator of impairment exists. Amortisation method reviewed at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(n) Trade and other payables

Trade payables and other payables 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.

Liabilities for trade payables and other payables generally have 30-60 day terms.

(o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

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.

(p) Provisions and employee leave benefits

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

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.

(ii) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, and annual leave and accumulating sick 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. Liabilities for non accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

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 national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(q) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). The Group does not provide cash settled share based payments.

The cost of equity settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the market price of the company's shares on the Australian Securities Exchange.

The cost of equity settled transactions are recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised for the period.

No cumulative expense is recognised for awards that ultimately do not vest (in respect of non-market vesting conditions).

(r) Issued Capital

Ordinary shares are classified as equity, and are recognised at the fair value of the consideration received by the company.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(s) Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of education services

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. 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.

(ii) Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(iii) Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(t) Income tax and other taxes

(i) 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 income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

(t) Income tax and other taxes (continued)

(ii) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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.

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

(u) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares,

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Financial Statements

For the year ended 30 June 2013

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:

(a) 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:

(i) Investment in controlled entities

Where the Group has a 50% or less effective shareholding in a company, it assesses on a case by case basis whether control exists and accounts for the investment as appropriate under AASB 127 Consolidated and Separate Financial Statements.

(ii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(b) 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:

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the intangibles and the cash generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount of goodwill and intangibles with indefinite useful lives are discussed in note 14.

(ii) Long service leave provision

As discussed in note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, estimated attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Statements

For the year ended 30 June 2013

4 Segment information

(a) Reportable Segments

During the year ended 30 June 2013 Navitas completed a review to identify opportunities for future growth and ensure organisational and leadership structures could deliver that growth.

One of the outcomes of the review was a reduction in the number of Divisions that the Group operates through, to University Programs, SAE and Professional and English Programs (PEP).

The previous Student Recruitment Division was integrated with University Programs, and the English and Workforce Divisions have been merged into PEP.

Accordingly, the Group has reviewed its operating segments, in accordance with AASB 8 Operating Segments, based on the revised internal reporting structures that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

This review has determined that the new operating segments for Navitas are:

University Programs:	The University Programs business delivers education programmes, via pathway colleges and managed campuses, to students requiring an university education.
SAE:	The SAE business delivers education programmes in the area of creative Media including courses in audio, film and 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.

Operating segments that applied for the 2012 financial year were:

University Programs:	The University Programs business delivers education programmes, via pathway colleges and managed campuses, to students requiring an university education.
SAE:	The SAE business delivers education programmes in the area of creative Media including courses in audio, film and media.
English:	The English business delivers English language tuition.
Workforce:	The Workforce business delivers vocational and job skills training.
Student Recruitment:	The Student Recruitment business delivers student recruitment services to students seeking international education experience.
Corporate:	Corporate is the aggregation of the Group's corporate functions.

The following tables present revenue and profit information by reportable segment for the years ended 30 June 2013 and 30 June 2012. The 2012 comparatives have been adjusted to reflect the new operating segments, and reclassification of related activities, adopted for 2013.

Notes to the Financial Statements

For the year ended 30 June 2013

4 Segment information (continued)

(a) Reportable segments (continued)

	University Programs		SAE		Professional and English Programs		Corporate		Total	
	2013 $000s	2012 $000s	**2013 $000s**	2012 $000s	**2013 $000s**	2012 $000s	**2013 $000s**	2012 $000s	**2013 $000s**	2012 $000s
Revenue										
Sales to external customers	415,713	382,479	114,934	113,864	196,377	188,306	2,537	3,497	729,561	688,146
Total segment revenue	415,713	382,479	114,934	113,864	196,377	188,306	2,537	3,497	729,561	688,146
Interest (Other Corporations)									2,173	384
Total consolidated revenue									731,734	688,530
Result										
EBITDA*	106,123	102,897	25,102	26,419	19,311	13,871	(20,534)	(16,370)	130,002	126,817
Depreciation	(3,527)	(3,752)	(6,640)	(5,527)	(2,840)	(2,516)	(2,485)	(2,325)	(15,492)	(14,120)
Amortisation	-	-	-	-	(863)	(977)	-	-	(863)	(977)
Profit before tax and net finance income	102,596	99,145	18,462	20,892	15,608	10,378	(18,049)	(14,045)	113,647	111,720
Net finance expense									(7,590)	(7,603)
Profit before income tax									106,057	104,117
Income tax expense									(31,006)	(30,497)
Profit for the year									75,051	73,620

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

Notes to the Financial Statements

For the year ended 30 June 2013

4 Segment information (continued)

(b) Geographical areas

The Group operates in the following Geographical areas.

	External Operating Revenue		Non Current Assets	
	2013 $000s	2012 $000s	**2013 $000s**	2012 $000s
Australia	518,472	502,400	386,836	324,955
United Kingdom	48,166	39,625	12,679	12,129
Europe	44,729	46,670	90,749	139,733
Asia	43,981	43,004	20,374	19,602
Canada	42,708	32,695	249	25
United States	27,394	18,487	10,706	6,367
Rest of World	4,111	5,265	1,331	1,525
Total	729,561	688,146	522,924	504,336

(c) Segment accounting policies

The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices. 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 described in Note 2. During the financial period, there were no changes in segment accounting policies that had a material effect on the segment information.

(d) Major Customers

The Group delivers services to a range of diverse individual customers, no individual customer is considered material.

5 Revenue

	2013 $000s	2012 $000s
Tuition services	666,817	636,106
Other services	62,744	52,040
Interest – Other corporations	2,173	384
	731,734	688,530

Notes to the Financial Statements

For the year ended 30 June 2013

6 Expenses

		Note	2013 $000s	2012 $000s
(a)	**Finance costs**			
	Bank loans and overdrafts		9,763	7,987
(b)	**Depreciation and amortisation**			
	Depreciation	13	15,492	14,120
	Amortisation			
	Licences		258	372
	Copyrights		605	605
	Total amortisation	14	863	977
			16,355	15,097
(c)	**Lease payments**			
	Minimum lease payments – operating lease		42,987	41,352
(d)	**Employee benefits expense**			
	Employee benefits		247,725	226,535
	Post Employment benefits		16,579	17,053
			264,304	243,588
(e)	**Losses and gains**			
	Net (gain)/loss on disposal of property, plant and equipment		(176)	120
	Foreign exchange (loss/(gain)		1,143	(1,502)
			967	(1,382)

7 Income tax

		2013 $000s	2012 $000s
(a)	**Income tax expense**		
	The major components of income tax expense are:		
	Income tax recognised in profit or loss		
	Current income Tax		
	Current income tax charge	(41,745)	(27,059)
	Adjustments in respect of current income tax of previous years	(955)	(2,180)
	Deferred income tax		
	Relating to the origination and reversal of temporary differences	11,694	(1,258)
	Income Tax reported in the statement of comprehensive income	(31,006)	(30,497)

Notes to the Financial Statements

For the year ended 30 June 2013

7 Income tax (continued)

(b) Numerical reconciliation between aggregate tax expenses recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate

	Note	2013 $000s	2012 $000s
Accounting profit before tax		106,057	104,117
At the Group's statutory income tax rate of 30%		(31,817)	(31,235)
Adjustments in respect of current income tax of previous years		(955)	(2,180)
Sundry items		1,766	2,918
Income Tax reported in the statement of comprehensive income		(31,006)	(30,497)

(c) Recognised tax assets and liabilities

Current Income tax			
Opening Balance		4,119	5,641
Acquisitions		42,700	29,239
Charged to income		(487)	-
Other payments		(32,198)	(30,761)
Closing Balance		14,134	4,119
Deferred Income Tax			
Opening balance		16,856	17,876
Acquisitions		11,694	(1,258)
Charged to income		206	-
Charged to equity		(481)	238
Closing balance		28,275	16,856
Deferred income tax relates to the following:			
Deferred tax assets			
Employee provisions		6,684	5,972
Other provisions		1,128	1,077
Lease incentives		1,855	1,907
Equity raising costs		294	417
Interest Rate Swaps		-	359
Unrealised FX losses/(gains)		2,856	-
Carry forward tax losses		13,923	6,478
Other temporary differences		1,665	853
		28,405	17,063
Deferred tax liabilities			
Intangible assets acquired		(130)	(207)
		28,275	16,856

Notes to the Financial Statements

For the year ended 30 June 2013

7 Income tax (continued)

(d) Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Effective 5 November 2004, for the purposes of income taxation, Navitas Limited and its 100% owned Australian subsidiaries formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Navitas Limited.

(ii) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their "tax effected" accounting profit for the period. Allocations under the tax funding agreement are recognised on a monthly basis.

The allocation of taxes under the tax funding agreement is recognised as a change in the subsidiaries' intercompany accounts with the tax consolidated group head entity, Navitas Limited. The group has applied the separate taxpayer within group approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group.

8 Dividends paid and proposed

	2013 $000s	2012 $000s
(a) Recognised amounts		
Declared and paid during the year		
Dividends on ordinary shares:		
Final franked dividends for 2012: 10.1 cents (2011: 12.0 cents)	37,907	45,028
Interim franked dividend for 2013: 9.3 cents (2012: 9.4 cents)	34,909	35,280
	72,816	80,308
(b) Unrecognised amounts		
Dividends proposed and not recognised as a liability		
Dividends on ordinary shares:		
Final franked dividends for 2013: 10.2 cents (2012:10.1 cents)	38,288	37,907
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30%	8,933	15,016
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	10,278	3,528
Impact on the franking account of dividends proposed before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(16,409)	(16,280)
	2,802	2,264

Notes to the Financial Statements

For the year ended 30 June 2013

(d) **Tax rates**

The tax rate at which dividends have been franked is 30%. Dividends proposed will be 100% franked at the rate of 30%.

9 Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2013	2012
(a) **Earnings used in calculating earnings per share**		
Basic earnings per share		
Dividends on ordinary shares:		
Net profit attributable to equity holders of the parent ($000s)	74,575	73,149
(b) **Weighted average number of shares**		
Weighted average number of ordinary shares for basic earnings per share (Number of shares)	375,355,764	375,298,743

(c) **Diluted Earnings Per Share**

There are no adjustments to net profit or weighted average number of ordinary shares for calculating diluted earnings per share.

(d) **Other transactions**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2013

10 Cash and cash equivalents

	Note	2013 $000s	2012 $000s
Cash at bank and in hand		56,332	19,162
(a) Reconciliation to statement of cash flows			
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:			
Cash and cash equivalents		56,332	19,162
(b) Reconciliation of profit for the period to net cash flows from operating activities			
Net profit for the period		75,051	73,620
Non cash items			
Depreciation		15,492	14,120
Amortisation		863	977
Lease incentives		(912)	855
Net (gain)/loss on disposal of property, plant and equipment		(176)	120
Net exchange (gain)/loss		(826)	50
Other non cash items		3,625	67
Decrease/(increase) in assets			
Trade and other receivables		(13,283)	(9,024)
Prepayments and other assets		(2,529)	1,668
Deferred tax assets		(11,213)	(1,024)
Increase/(decrease) in liabilities			
Trade and other payables		7,477	(15,060)
Deferred revenues		41,804	6,148
Current tax liabilities		10,502	539
Provisions		944	803
Net cash flows from operating activities		126,819	73,859

(c) Tuition Fees held in Tuition Protection Service Account in Australia

During 2012 the Education Services for Overseas Student Act 2000 ("ESOS Act") was amended to provide additional protection for international students studying in Australia. With effect from 1 July 2012, the Consolidated Entity is now 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 2013, the Consolidated Entity's Australian operations held $38.5 million 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.

Notes to the Financial Statements

For the year ended 30 June 2013

10 Cash and cash equivalents (continued)

(d) Financing activities

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

	Note	2013 $000s	2012 $000s
Total facilities			
Credit facility	16	275,000	225,000
Facilities utilised at balance date			
Credit facility	16	148,226	133,308
Facilities unutilised at balance date			
Credit facility		126,774	91,692

(3) Non cash financing and investing activities

Refer to notes 18 and 24 for disclosures of non cash financing and investing activities (including business acquisitions).

11 Trade and other receivables

	Note	2013 $000s	2012 $000s
Trade receivables		76,828	69,910
Allowance for doubtful debts		(3,474)	(2,923)
		73,354	66,987
Accrued Income		16,006	13,342
Other receivables		6,870	7,285
		96,230	87,614

(a) Allowance for doubtful debts

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. An additional expense of $0.354m (2012: $0.042m) has been recognised for the current year for specific debtors for which such evidence exists. The amount of the allowance has been 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.

Notes to the Financial Statements

For the year ended 30 June 2013

11 Trade and other receivables (continued)

(a) Allowance for doubtful debts (continued)

Movements in the allowance for doubtful debts were as follows:

	Note	2013 $000s	2012 $000s
Opening balance		2,923	2,926
Exchange differences		198	(45)
Charge for the year		353	42
Closing balance		3,474	2,923

As at 30 June, the ageing of trade receivables is as follows:

Consolidated	Total	0-30 days	31-60 days	+60 days PDNI*	+60 days CI†
2013	76,828	51,127	8,928	13,544	3,229
2012	69,910	55,268	2,758	9,370	2,514

* Past due not impaired (PDNI)
† Considered impaired (CI)

Receivables past due but not considered impaired are disclosed above. Each business unit has been in contact with the relevant debtor and is satisfied that payment will be received in full. Receivables considered impaired are disclosed above. Each business unit has provided for these receivables whilst actively managing their recovery.

Other balances within trade and other receivables (except as disclosed below) do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(b) Related party receivables

Refer to note 26 for terms and conditions of related party receivables.

(c) Fair value and credit risk

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

The maximum exposure to credit risk is the net carrying amount of receivables. No collateral is held as security.

Refer to note 23 for further disclosures on credit risk.

(d) Foreign exchange and interest rate risk

Refer to note 23 for disclosures on foreign exchange and interest rate risk.

12 Other assets

	Note	2013 $000s	2012 $000s
Current			
Prepayments		13,110	12,025
Other		5,200	2,792
		18,310	14,817

Notes to the Financial Statements

For the year ended 30 June 2013

13 Property, plant and equipment

(a) Reconciliation of carrying amounts at the beginning and end of period

$000s	Plant and equipment	Leasehold Improvements	Total
Gross carrying amount			
Balance at 1 July 2011	49,085	38,809	87,894
Additions	16,607	2,759	19,366
Adjustments	3,207	-	3,207
Disposals	(670)	-	(670)
Transfers	10,287	(10,287)	-
Exchange differences	(431)	(49)	(480)
Balance at 1 July 2012	78,085	31,232	109,317
Additions	19,817	477	20,294
Disposals	(1,167)	(72)	(1,239)
Transfers	4,483	(4,483)	-
Exchange differences	1,394	3,317	4,711
Closing balance at 30 June 2013	102,612	30,471	133,083
Accumulated depreciation			
Balance at 1 July 2011	(12,793)	(13,733)	(26,526)
Depreciation expense	(12,290)	(1,830)	(14,120)
Adjustments	(3,207)	-	(3,207)
Disposals	563	-	563
Transfers	(4,130)	4,130	-
Exchange differences	56	(21)	35
Balance at 1 July 2012	(31,801)	(11,454)	(43,255)
Depreciation expense	(13,704)	(1,788)	(15,492)
Disposals	1,056	68	1,124
Transfers	(1,460)	1,460	-
Exchange differences	(393)	(1,343)	(1,736)
Closing balance at 30 June 2013	(46,302)	(13,057)	(59,359)
Net book value			
At 1 July 2011	36,292	25,076	61,368
At 1 July 2012	46,284	19,778	66,062
At 30 June 2013	56,310	17,414	73,724

(b) Plant and equipment under lease

The Group has no assets under finance lease.

(c) Impairment losses

No impairment loss was recognised in relation to property, plant and equipment during 2013 and 2012.

Notes to the Financial Statements

For the year ended 30 June 2013

14 Intangible assets

(a) Reconciliation of carrying amounts at the beginning and end of period

$000s	Goodwill	Brand Names	Copyrights	Licences	Total
Gross Carrying amount					
Balance at 1 July 2011	303,753	136,000	15,113	2,581	457,447
Impact of foreign currency conversion	(9,482)	-	-	-	(9,482)
Balance at 30 June 2012	294,271	136,000	15,113	2,581	447,965
Impact of foreign currency conversion	11,788	-	-	-	11,788
Balance at 30 June 2013	306,059	136,000	15,113	2,581	459,753
Accumulated amortisation and impairment losses					
Balance at 1 July 2011	(3,733)	-	(3,462)	(1,519)	(8,714)
Amortisation expense	-	-	(605)	(372)	(977)
Balance at 30 June 2012	(3,733)	-	(4,067)	(1,891)	(9,691)
Amortisation expense	-	-	(605)	(258)	(863)
Balance at 30 June 2013	(3,733)	-	(4,672)	(2,149)	(10,554)
Net book value					
At 1 July 2011	300,020	136,000	11,651	1,062	448,733
At 1 July 2012	290,538	136,000	11,046	690	438,274
At 30 June 2013	302,326	136,000	10,441	432	449,199

(b) Description of the Group's intangible assets

(i) Brand Names

Brand names include intangible assets acquired through business combination. This intangible asset has been assessed as having indefinite lives on the basis of strong brand resilience, ongoing expected profitability and the expectation of minimal ongoing expenditure.

(ii) Copyrights

Copyrights include intangible assets acquired through business combinations. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 25 years. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that recoverable amount is lower than the carrying amount.

(iii) Licences

Licences include intangible assets acquired through business combinations. These intangible assets have been assessed as having a finite life and are amortised using the straight line method over a period of 5 to 10 years. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that recoverable amount is lower than the carrying amount.

Notes to the Financial Statements

For the year ended 30 June 2013

14 Intangible assets (continued)

(b) Description of the Group's intangible assets (continued)

(iv) Goodwill

Goodwill is not amortised but is subject to annual impairment testing (see note 14(d).

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 into Australian Dollars and fluctuate in line with foreign exchange movements. In the 2013 financial year Goodwill increased by $11.8m (2012: $9.5m decrease) due to translation of foreign currency denominated goodwill.

(c) Impairment losses recognised

No impairment losses were recorded during the year (2012: $nil).

(d) Impairment testing of goodwill and indefinite life intangible assets

(i) 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:

	Carrying amount of Goodwill	
$000s	**2013**	**2012**
SAE Group	139,935	128,799
Navitas English	45,633	45,633
Sydney Institute of Business & Technology Pty Ltd	32,332	32,332
Melbourne Institute of Business & Technology Pty Ltd	11,738	11,738
Colleges of Business & Technology (WA) Pty Ltd	13,089	13,089
Australian College of Applied Psychology Pty Ltd	10,804	10,804
Multiple units without significant intangibles	48,795	48,143
	302,326	290,538

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 budgets approved by senior management.

The discount rate applied to pre tax cash flow projections is 11.4% (2012: 14.6%) and cash flows beyond the five year period are estimated using a terminal value calculated under standard valuation principles incorporating a growth rate of 3.5% (2012: 3.5%).

(ii) Key assumptions used in value in use calculations for 30 June 2013 and 30 June 2012

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of the listed cash generating units.

Budgeted gross margins – the basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, increased for expected volume/efficiency improvements based on historical trends. Thus values assigned to gross margins reflect past experience.

Wage inflation – the basis used to determine the value assigned to wages inflation is the forecast inflation index during the budget year for Australia. Values assigned to the key assumption are consistent with external sources of information.

(iii) Indefinite life intangible assets

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

Notes to the Financial Statements

For the year ended 30 June 2013

15 Trade and other payables

	Note	2013 $000s	2012 $000s
Current			
Trade payables		10,289	13,671
Other payables		69,501	57,094
Lease incentives		2,105	1,949
		81,895	72,714
Non Current			
Lease incentives		4,971	6,459

(a) Fair value

Due to the short term nature of these payables (excluding lease incentives), their carrying value is assumed to approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Refer to note 23 for disclosures on interest rate, foreign exchange and liquidity risk.

16 Borrowings

	Note	2013 $000s	2012 $000s
At amortised cost			
Current			
Loans from other related parties		2,979	2,839
Non Current			
Lease incentives		148,226	133,308

(a) Fair value

Due to the nature of these borrowings, the carrying amount of the Group's borrowings approximate their fair value.

(b) Interest rate, foreign exchange and liquidity risk

Refer to note 23 for disclosures on interest rate, foreign exchange and liquidity risk.

(c) Assets pledged as security

Bank credit facilities are unsecured. Refer to note 10 for further information.

(d) Summary of borrowing arrangements

The Group has bank borrowing facilities of $275m at 30 June 2013 (2012: $225m). The total utilised at 30 June was $148.226m (2012: $133.308m) drawn as Euro and Australian Dollars.

The facilities are unsecured. The weighted average effective interest rate on the facilities was 4.22% (2012: 4.43%). Further details are provided in note 23.

(e) Loans from other related parties

Refer to note 26 for terms and conditions of loans from other related parties.

(f) Defaults and breaches

During the current and prior years, there were no defaults or breaches of any loans.

Notes to the Financial Statements

For the year ended 30 June 2013

17 Provisions

	Note	2013 $000s	2012 $000s
Current			
Make good provision		365	233
Long service leave		3,990	3,009
		4,355	3,242
Non Current			
Make good provision		2,514	2,269
Long service leave		4,549	4,381
		7,063	6,650

(a) Nature and timing of provisions

(i) Long service leave

Refer to notes 2 and 3 for the relevant accounting policy and a discussion of the significant estimates and assumptions applied in the measurement of this provision.

(ii) Make good provisions

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

(b) Movements in provisions (other than employee benefits)

	Note	2013 $000s	2012 $000s
Make good provision			
At 1 July		2,502	2,282
Additions		377	220
At 30 June		2,879	2,502
Current		365	233
Non current		2,514	2,269

Notes to the Financial Statements

For the year ended 30 June 2013

18 Issued Capital

	Note	2013 $000s	2012 $000s
Ordinary shares		195,375	195,175

(a) Terms and conditions of ordinary shares

Ordinary shares have no par value and have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts of paid shares held.

The company does not have a limited amount of authorised capital.

Ordinary shares entitle their holders to one vote, in person or by proxy, at a meeting of the company.

(b) Movements in shares on issue

	Note	2013		2012	
		Share Number	$000s	Share Number	$000s
Movements in shares on issue					
At 1 July		375,318,628	195,175	375,230,115	194,851
Employee share schemes (i)		49,290	200	88,513	324
At 30 June		375,367,918	195,375	375,318,628	195,175

(i) Employee share schemes

During the year the Company issued 14,503 (2012: 37,735) shares to executive employees (under the terms of the executive share plan) to a value of $0.060m (2012: $0.138m) 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 2012 financial year. In addition, the Company issued 34,787 (2012: 50,778) shares valued at $0.14m (2012: $0.186m) to eligible employees in lieu of salaries and wages as part of the Company's Employee Share Ownership Plan.

(c) Capital management

Refer to note 22 for further disclosures in relation to the Group's capital management activity.

19 Reserves and retained earnings

	Note	2013 $000s	2012 $000s
Foreign currency translation reserve		1,790	1,917
Cash flow hedge reserve		-	(839)
General reserve		-	221
		1,790	1,299
Retained earnings		39,966	37,986

Notes to the Financial Statements

For the year ended 30 June 2013

19 Reserves and retained earnings (continued)

(a) Movements in reserves and retained earnings

A reconciliation of the carrying amounts of reserves and retained earnings at the beginning and end of the financial year.

	Note	2013 $000s	2012 $000s
Foreign currency translation reserve			
At 1 July		1,917	(167)
Currency translation differences (net of tax)		(127)	2,084
At 30 June		1,790	1,917
Cash flow hedge reserve			
At 1 July		(839)	666
Changes in fair value of interest rate swap (net of tax)		839	(1,505)
At 30 June		-	(839)
General reserve			
At 1 July		221	221
Transfer to retained earnings		(221)	-
At 30 June		-	221
Retained earnings			
At 1 July		37,986	45,145
Transfer from general reserve		221	-
Profit attributable to members of the parent entity		74,575	73,149
Dividends	8	(72,816)	(80,308)
At 30 June		39,966	37,986

(b) Nature and purpose of reserves

(i) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

It is also used to record gains and losses on hedges of the net investments in foreign operations.

(ii) Cash flow hedge reserve

This 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.

(iii) General reserve

The general reserve is used to record amounts retained in equity as required by local laws relevant to subsidiary operations.

Notes to the Financial Statements

For the year ended 30 June 2013

20 Non controlling interest

	Note	2013 $000s	2012 $000s
Non controlling interest		(1,384)	(900)

(a) Movements in non controlling interest

A reconciliation of the non controlling interest at the beginning and end of the financial year.

	Note	2013 $000s	2012 $000s
Non controlling interest			
At 1 July		(900)	(1,503)
Purchase of non controlling interest		-	392
Net profit for the year		476	471
Dividends paid		(739)	(80)
Movements in reserves		(221)	(180)
At 30 June		(1,384)	(900)
Comprising:			
Ordinary share capital		1,349	1,349
Reserves		(78)	143
Accumulated losses		(2,655)	(2,392)
		(1,384)	(900)

21 Derivative financial instruments

	Note	2013 $000s	2012 $000s
Current Assets – receivables			
Forward currency contracts – held for trading		172	976
		172	976
Current Liabilities – payables			
Forward currency contracts – held for trading		1,610	668
Interest rate swap contracts – cash flow hedges		-	1,198
		1,610	1,866

Notes to the Financial Statements

For the year ended 30 June 2013

21 Derivative financial instruments (continued)

(a) Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to manage exposure to fluctuations in foreign exchange rates and interest rates.

(i) Forward currency contracts – held for trading

The Group has entered into forward exchange contracts which are economic hedges but do not satisfy the requirements for hedge accounting.

	2013 Maturity		2012 Maturity	
	<1 year $000s	1–2 years $000s	<1 year $000s	1–2 years $000s
Sell GBP – Buy AUD				
Notional Amounts	4,164	2,682	3,016	1,465
Average exchange rate	0.6245	0.5965	0.5969	0.6141
Sell CAD – Buy AUD				
Notional Amounts	6,182	3,390	2,446	1,525
Average exchange rate	0.9706	0.9439	1.0222	0.9838
Sell SGD – Buy AUD				
Notional Amounts	4,571	2,533	2,265	1,643
Average exchange rate	1.2031	1.1844	1.2141	1.2174
Sell CHF – Buy AUD				
Notional Amounts	702	-	-	-
Average exchange rate	0.8547	-	-	-
Sell EUR – Buy AUD				
Notional Amounts	6,012	2,728	5,923	2,022
Average exchange rate	0.7485	0.7332	0.7344	0.7418
Sell USD – Buy AUD				
Notional Amounts	409	-	419	-
Average exchange rate	0.9780	-	0.9549	-
Buy CNY – Sell AUD				
Notional Amounts	(1,283)	-	(2,095)	(969)
Average exchange rate	6.2346	-	5.9676	6.1906
Buy INR – Sell AUD				
Notional Amounts	(1,120)	(346)	(1,731)	(955)
Average exchange rate	55.80	57.82	44.7829	54.9561

These contracts are fair valued by comparing the contracted rate to the market rates for contracts with the same length of maturity. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value loss on foreign currency derivatives during the year was $1.531m (2012: gain $0.381m) for the Group.

Notes to the Financial Statements

For the year ended 30 June 2013

21 Derivative financial instruments (continued)

(a) Instruments used by the Group (continued)

(ii) Interest rate swaps - cash flow hedges

The Groups debt facilities allow borrowings in multiple foreign currencies, accordingly, interest-bearing loans of the Group currently range from 1.8% to 6.9%. In order to protect against rising interest rates the Group has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. Swaps in place cover approximately 85% (2012: 70%) of the principal outstanding at reporting date and are timed to expire at the renewal dates of each loan.

For the 2012 and 2013 financial years the Group had Euro interest swaps at 2.08% maturing in February 2014 outstanding.

During the 2013 year the Group entered into the following new swaps:

- Euro interest swaps at 0.71%, with a forward start of February 2014, and maturing in February 2018.
- AUD interest swaps at 3.49% maturing in February 2018.

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.

(iii) Cross Currency Basis Swaps – fair value hedges

For the floating portion of the Group's EUR loan, representing 25% of the total EUR borrowing, the Group entered into a Cross Currency Basis Swap. A Cross Currency Basis Swap is essentially a funding instrument that can be used to achieve a lower floating rate of fixed rate funding cost and it is not a trading instrument. The Cross Currency Basis Swap reduced the margin that the Group pays on their floating Euro exposure.

Similarly to an interest rate swap, there is a net interest receivable or payable each month. The settlement dates coincide with the dates on which interest is payable on the underlying debt. This instrument does not satisfy the requirements for hedge accounting. All movements in fair value are recognised in profit or loss in the period they occur.

(b) Interest rate risk

Refer to note 23 for disclosures on interest rate risk.

(c) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts. This arises on derivative financial instruments with unrealised gains. Management have established a policy that ensures that the Group only deals with counterparties that have a published credit rating and that exposure to individual counterparties is weighted based on the level of rating achieved. Under this policy maximum exposure to an individual counterparty is 50% of the total portfolio.

Notes to the Financial Statements

For the year ended 30 June 2013

22 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 are regularly reviewing 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 capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents, and equity attributable to equity holders of the parent (comprising issued capital, reserves and retained earnings as disclosed in note 18 and 19). 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.

Operating cash flows are used to maintain and expand the Group's operations as well as make routine outflows of tax, dividends and repayment of maturing debt.

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 2013 and 30 June 2012 were as follows:

	Note	2013 $000s	2012 $000s
Total borrowings		151,205	136,147
Less cash and cash equivalents		(56,332)	(19,162)
Net debt		94,873	116,985
Market Capitalisation		2,165,873	1,628,883
Market value of capital		2,260,746	1,745,868
Leverage ratio		4.2%	6.7%

The leverage ratio at balance date is lower than the average over the financial year as this is the annual low 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 2013, the Group's WACC was approximately 8% (2012: 10%). Returns on capital employed were 19.0% (2012: 19.4%) from continuing operations; well above the Group's WACC.

23 Financial risk management objectives and policies

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

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.

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

Notes to the Financial Statements

For the year ended 30 June 2013

23 Financial risk management objectives and policies (continued)

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. Trading in derivatives may also be undertaken, specifically in forward currency contracts. 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 and approves the policies for managing each of these risks as summarised below.

Risk exposures and responses

(a) Interest rate risk

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 16.

At reporting date the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	Note	2013 $000s	2012 $000s
Financial Assets			
Cash and cash equivalents		56,332	19,162
Financial Liabilities			
Bank borrowings		(21,500)	(40,452)
Net exposure		34,832	(21,290)

Interest rate swap contracts outlined in note 21 with a fair value gain of $0.001m (2012: loss $1.198m) are exposed to fair value movements if interest rates change. Under these contracts the group is committed to $6.3m (2012: $2.1m) interest expense within 12 months, $4.4m (2012: $1.6m) interest expense between 1 year and 2 years, and $11.4m (2012: $nil) interest expense between 2 years and 5 years, on $126.7m (2012: $92.9m) of notional debt (at rates as per note 21(ii)).

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group's policy is:

Current borrowings	between 25% and 75% of borrowings at fixed rates of interest
Non current borrowings (1 to 3 years)	between 25% and 75% of borrowings at fixed rates of interest
Non current borrowings (3 to 5 years)	between 0% and 25% of borrowings at fixed rates of interest

To manage this mix in a cost efficient manner the Group's policy allows for both fixed rate and floating rate debt. 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.

At the 30 June 2013 the Group had bank debt of $21.5m (2012:$ 40.452m) at floating rates, and $126.726m (2012:$ 92.856m) at fixed rates (via swap).

At 30 June 2013 the face value of interest rate swaps, collars and caps held was $126.726m (2012: $92.856m).

Notes to the Financial Statements

For the year ended 30 June 2013

23 Financial risk management objectives and policies (continued)

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.

(i) Sensitivity analysis

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

At 30 June 2013, 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:

	Note	2013 $000s	2012 $000s
Judgments of reasonably possible movements			
Post tax profit and equity higher/(lower) +1% (100 basis points)		244	(149)

The movements in profit and equity are due to higher interest revenues from variable rate cash balances, and lower interest expenses from variable rate borrowings. The sensitivity is changed compared to 2012 because of an increase in cash balances due to the Australian Tuition Protection Service and decrease in unhedged net debt due to higher values of interest rate hedges.

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

(b) 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".

(i) Transactional risk

The Group's policy is to use forward currency contracts to reduce currency exposures over a rolling 24 month horizon. Contracts are taken out where exposures are in excess of $1.25m in any single rolling 12 month period.

It is the Group's policy not to enter into forward contracts until the forecast transactional exposure is considered a committed exposure, and will only enter into forward contracts within the following bands.

Current exposure (1-12 months)	between 25% and 75% of forecast transactional exposure
Non current exposure (1-12 months)	between 0% and 50% of forecast transactional exposure

The Group and the Company has, as disclosed in note 21, forward currency contracts held for trading that are subject to fair value movements through profit and loss as foreign exchange rates move.

(ii) Translational risk

The Group's policy is to hedge its exposure to fluctuations on the translational 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 exposures.

Notes to the Financial Statements

For the year ended 30 June 2013

23 Financial risk management objectives and policies (continued)

(b) Foreign currency risk

(iii) Sensitivity analysis

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date.

At 30 June 2013, if exchange 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:

	2013		2012	
	+5% $000s	-10% $000s	+5% $000s	-10% $000s
Judgments of reasonably possible movements				
Post tax profit and equityhigher/(lower)				
AUD/CNY	20	275	(218)	118
AUD/INR	(71)	157	(390)	(164)
AUD/EUR	(43)	(1,376)	858	(564)
AUD/USD	(163)	255	-	-
AUD/CAD	623	(1,585)	-	-
AUD/GBP	45	(703)	-	-
AUD/SGD	184	(1,255)	-	-

The movements in profit and equity in 2013 are more sensitive than in 2012 due to continued offshore expansion and correspondingly increased use of forward currency contracts.

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

(c) 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.

Exposure at balance date is addressed in each applicable note.

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.

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.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Credit risk exposure from financial guarantees is set out in note 25.

Notes to the Financial Statements

For the year ended 30 June 2013

23 Financial risk management objectives and policies (continued)

(d) 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 2012 financial year a $25m facility, ending June 2012, was extended until June 2013.

During the 2013 year the group renegotiated its banking facilities as follows:

- One facility, for $25m ending June 2013 was extended until June 2014.
- One facility, for $100m, ending February 2014, was extended for a staggered 1, 3 and 5 year period. In addition the facility was increased to $125m.
- One facility, for $100m, ending February 2014 was extended for a staggered 1, 3 and 5 year period. In addition the facility was decreased to $62.5m.
- One new facility, for $62.5m, with a new counterparty was entered into with a staggered 1, 3 and 5 year maturity.

The new maturity profile is as follows:

	$000s	1–3 years $000s	3–5 years $000s	Total $000s
Facility 1	25,000	-	-	25,000
Facility 2	15,000	55,000	55,000	125,000
Facility 3	7,500	27,500	27,500	62,500
Facility 4	7,500	27,500	27,500	62,500
	55,000	110,000	110,000	275,000

At 30 June 2013 $148.226m of the facility had been utilised (2012: $133.308m). Cash flows from operations for 2013 were $126.8m (2012: $73.9m).

The Group's policy is that no more than 50% of credit facilities should mature within the following 12 months. At 30 June 2013, 20% (2012: 11%) of the Group's credit facilities will mature within the following 12 months.

(i) Contractual maturities

2013	<3 months $000s	3 months to a year $000s	1–5 years $000s	Total $000s
Financial assets				
Cash and cash equivalents	56,332	-	-	56,332
Trade and other receivables	89,360	6,870	-	96,230
Foreign exchange derivatives	43	123	6	172
	145,735	6,993	6	152,734
Financial liabilities				
Trade and other payables	10,289	69,501	-	79,790
Borrowings	-	2,979	148,226	151,205
Interest rate derivatives	1,561	4,683	15,836	22,080
Foreign exchange derivatives	244	881	485	1,610
	12,094	78,044	164,547	254,685
Net maturity	133,641	(71,051)	(164,541)	(101,951)

Notes to the Financial Statements

For the year ended 30 June 2013

23 Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

(i) Contractual maturities (continued)

2012	<3 months $000s	3 months to a year $000s	1–5 years $000s	Total $000s
Financial assets				
Cash and cash equivalents	19,162	-	-	19,162
Trade and other receivables	78,445	3,274	-	81,719
Foreign exchange derivatives	314	509	153	976
	97,921	3,783	153	101,857
Financial liabilities				
Trade and other payables	13,671	57,094	-	70,765
Borrowings	-	2,839	133,308	136,147
Interest rate derivatives	530	1,589	1,589	3,708
Foreign exchange derivatives	167	430	71	668
	14,368	61,952	134,968	211,288
Net maturity	83,553	(58,169)	(134,815)	(109,431)

The Group has entered into financial guarantee contracts as disclosed in note 25(c). 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 2013. 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 2013, the Group had recognised deferred revenue of $222.700m (2012: $179.894m), 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 2013, the Group had $148.226m bank debt (2012: $133.308m) and had unutilised credit facilities of $126.774m available (2012: $91.692m). Management is confident this is sufficient to cover any liquidity risk exposure at 30 June 2013 or each year until the facilities are repaid.

(e) Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Subsequent to initial recognition at fair value financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets of liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial assets and liabilities disclosed in note 21 are classified as level 2 fair value measurements. The Group has no significant financial assets and liabilities grouped as level 3 fair value measurements. There were no transfers between level 1 and 2 in the current or prior period.

Notes to the Financial Statements

For the year ended 30 June 2013

24 Business combinations

During the 2013 and 2012 financial years there were no significant acquisitions.

25 Commitments and contingencies

(a) Leasing

(i) 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 10 years with options to renew in some cases. There are no restrictions placed upon the lessee by entering into these leases.

	Note	2013 $000s	2012 $000s
Future minimum rentals payable			
Within one year		46,622	41,702
After one year but not more than five years		121,385	131,500
More than five years		44,690	53,389
		212,697	226,591

In respect of non-cancellable operating leases the following liabilities have been recognised:

	Note	2013 $000s	2012 $000s
Lease incentives			
Current		2,105	1,949
Non Current		4,971	6,459
		7,076	8,408

(b) Property, plant and equipment

The Group has no capital commitments.

(c) Guarantees

The Group has entered into lease rental guarantees with a face value of $27.667m (2012: $27.667m) and performance guarantees with a face value of $46.580m (2012: $36.894m). The fair value of the guarantees has been assessed as $nil based on underlying performance of the entities subject to the guarantees.

Notes to the Financial Statements

For the year ended 30 June 2013

26 Related party disclosures

(a) Equity interests in related parties

The consolidated financial statements include the financial statements of Navitas Limited and the controlled entities listed in the following table.

Country of incorporation	Beneficial Interest (%)	
Name	2013	2012
Australia		
ACL Pty Ltd*	100	100
Australian Campus Network Pty Limited*	100	100
Australian College of Applied Psychology Pty. Limited*†	100	100
Australian College of English Pty Ltd*	100	100
Cadre Design Pty. Limited	100	100
Colleges of Business & Technology (NSW) Pty Ltd*	100	100
Colleges of Business and Technology (WA) Pty Ltd*	100	100
Cytech Intersearch Pty Limited*	100	100
Educational Enterprises Australia Pty. Ltd.*	100	100
Educational Services Pty Ltd*	100	100
EduGlobal Australia Pty Ltd	55	55
EduGlobal Pty Ltd*	100	100
Hawthorn Learning Pty Limited*	100	100
Health Skills Australia Pty Ltd*	100	100
IBT (Canada) Pty Limited*	100	100
IBT (Sydney) Pty Limited*	100	100
IBT Education Pty Ltd*	100	100
IBT Finance Pty Limited*	100	100
Institutes of Business and Technology (UK) Pty Ltd*	100	100
Learning Information Systems Pty Limited	85	85
LM Training Specialists Pty. Ltd.*	100	100
Melbourne Institute of Business and Technology Pty Ltd*	100	100
Navitas America Pty Ltd*	100	100
Navitas Bundoora Pty Ltd*	100	100
Navitas College of Health Pty Ltd*	100	100
Navitas College of Public Safety Pty Ltd	100	100
Navitas English Pty Limited*	100	100
Navitas English Services Pty Limited*	100	100
Navitas Professional Pty Ltd*	100	100
Navitas Professional Training Pty Ltd*	100	100
Navitas SAE Holdings Pty Ltd*	100	100
Navitas USA Pty Ltd*	100	100
Newcastle International College Pty Ltd*	100	100
Perth Institute of Business and Technology Pty Ltd*	100	100
Queensland Institute of Business & Technology Pty Ltd*	100	100
SAE Institute Pty Limited	100	100
South Australian Institute of Business and Technology Pty Ltd*	100	100
Sydney Institute of Business and Technology Pty Ltd*	100	100
The Australian Centre for Languages Pty Ltd*	100	100
The Learning Space Pty Ltd	100	100

Notes to the Financial Statements

For the year ended 30 June 2013

26 Related party disclosures (continued)

(a) Equity interests in related parties (continued)

Country of incorporation	Beneficial Interest (%)	
Name	**2013**	**2012**
Canada		
Fraser International College Limited	100	100
International College of Manitoba (previously Navitas Canada Holdings) Limited	100	100
Germany		
SAE Alumni GmbH	100	100
SAE-Institute GmbH	100	100
SAE Germany Holdings GmbH	100	100
India		
Study Overseas Global Private Limited	100	100
Study Overseas India Private Limited	100	100
Netherlands		
SAE Coöperatief U.A.	100	100
SAE Netherlands B.V.	100	100
SAE Technology Group Holdings B.V.	100	100
Singapore		
Curtin Education Centre Pte. Ltd.	100	100
Navitas Asia Holdings Pte. Ltd.	100	100
Navitas Education Centre Pte. Ltd.	100	100
SAE Institute Pte. Ltd.	100	100
United Kingdom		
Cambridge Ruskin International College Limited	100	100
Edinburgh International College Ltd	100	100
Employment Overseas Ltd.	100	100
HIBT Limited	100	100
International College Portsmouth Ltd.	100	100
International College Wales Limited	100	100
London IBT Limited	100	100
Navitas UK Holdings Limited	100	100
Plymouth Devon International College Ltd	100	100
SAE Education Limited	100	100
Study Overseas Ltd.	100	100
The International College at Robert Gordon University Ltd	100	100

Notes to the Financial Statements

For the year ended 30 June 2013

26 Related party disclosures (continued)

(a) Equity interests in related parties (continued)

Country of incorporation	Beneficial Interest (%)	
Name	2013	2012
United States		
Navitas Boston LLC	100	100
Navitas Bowling Green LLC	100	100
Navitas Dartmouth LLC	100	100
Navitas Lowell LLC	100	100
Navitas USA General Partnership	100	100
Navitas USA Holdings LLC	100	100
SAE Institute Group, Inc.	100	100
SAE Institute of Technology (Atlanta) Corp.	100	100
SAE Institute of Technology (Chicago) Corp.	100	100
SAE Institute of Technology (Los Angeles) Corp.	100	100
SAE Institute of Technology (Miami) Corp.	100	100
SAE Institute of Technology (Nashville) Corp.	100	100
SAE Institute of Technology (New York) Corp.	100	100
SAE Institute of Technology (San Francisco) Corp.	100	100
Rest of World		
Ausedken Limited (Kenya)	100	100
Australian College of Business and Technology (Private) Limited (Sri Lanka)	75	75
EduGlobal China Limited (Hong Kong)	55	55
Navitas SAE FZ-LLC (UAE)	100	100
PT SAE Kreatif Media (Indonesia)	100	100
SAE EĐitim Enstitüsü Limited Đirketi (Turkey)	100	100
SAE Gesellschaft für Ausbildung von Tontechnikern Gesellschaft m.b.H. (Austria)	100	100
SAE Hellados Sole Partner Ltd - Laboratory of Liberal Studies (Greece)	100	100
SAE Institute Belgium SPRL (Belgium)	100	100
SAE Institute Izobraževanje Na PodroĐju Audio, Video In Filmske Tehnike, D.O.O., Ljubljana (Slovenia)	100	100
SAE Institute South Africa Pty Ltd (South Africa)	100	100
SAE Italia Srl. (Italy)	100	100
SAE School of Audio Engineering AG (Switzerland)	100	100
SAE Technology Group, S.L. (Spain)	100	100
School of Audio Engineering (N.Z.) Limited (New Zealand)	100	100
School of Audio Engineering France SARL (France)	100	100
School of Audio Engineering Sweden Aktiebolag (Sweden)	100	100
Study Overseas (Mauritius) Holdings Ltd (Mauritius)	100	100

* indicates member of the closed group
† on 14 August 2012, the entity changed its name to Navitas Professional Institute Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2013

26 Related party disclosures (continued)

(a) Equity interests in related parties

(i) 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 by assumption deeds dated 8 November 2006, 20 May 2009, 25 May 2010, 6 August 2010 and 9 May 2013, and a deed of variation dated 19 May 2009. 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.

(b) Closed Group Disclosures

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

(i) Consolidated statement of comprehensive income

	Closed Group	
	2013 $000s	**2012 $000s**
Revenue	620,591	484,947
Marketing expenses	(69,020)	(62,859)
Academic expenses	(123,085)	(112,763)
Administration expenses	(228,742)	(195,532)
Finance costs	(10,212)	(8,441)
Profit before income tax expense	189,532	105,352
Income tax expense	(20,680)	(29,380)
Profit for the year	168,852	75,972
Other comprehensive income		
Items that may be subsequently classified to profit or loss		
Fair value movements in hedge reserves	1,198	(1,864)
Income tax relating to currency translation difference	(359)	359
Other comprehensive income for the year	839	(1,505)
Total comprehensive income for the year	169,691	74,467

Notes to the Financial Statements

For the year ended 30 June 2013

26 Related party disclosures (continued)

(b) Closed Group Disclosures (continued)

(ii) Consolidated statement of financial position

	Closed Group	
	2013 $000s	2012 $000s
Current Assets		
Cash	36,764	2,504
Trade and other receivables	73,933	71,171
Other	10,885	10,973
Total Current Assets	121,582	84,648
Non Current Assets		
Plant & equipment	40,301	38,638
Deferred tax assets	14,340	10,669
Intangible assets	365,048	365,912
Other financial assets	283,980	181,134
Total Non Current Assets	703,669	596,353
Total Assets	825,251	681,001
Current Liabilities		
Trade and other payables	52,555	55,924
Deferred revenue	142,651	113,439
Current tax payables	9,967	9,599
Borrowings	136,535	130,344
Provisions	4,262	3,192
Total Current Liabilities	345,970	312,498
Total Non Current Liabilities		
Trade and other payables	4,819	6,273
Borrowings	148,226	133,308
Provisions	6,691	6,452
Total Non Current Liabilities	159,736	146,033
Total Liabilities	505,706	458,531
Net Assets	319,545	222,470
Equity		
Issued capital	195,375	195,175
Reserves	-	(839)
Retained earnings	124,170	28,134
Total Equity	319,545	222,470

Notes to the Financial Statements

For the year ended 30 June 2013

26 Related party disclosures (continued)

(b) Closed Group Disclosures (continued)

(iii) Consolidated Retained Earnings

	Closed Group	
	2013 $000s	**2012 $000s**
At 1 July	28,134	32,470
Profit attributable to members of the closed group	168,852	75,972
Dividends	(72,816)	(80,308)
At 30 June	124,170	28,134

(c) Transactions with other related parties

(i) 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 have loaned $nil (2012: $55,330) to controlled entities, and minority shareholders were repaid $226,639 (2012: $475,481).

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

- Current loans totaling $2,978,954 (2012: $2,838,944) 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. Interest on the loan is charged at nil%. Repayments of $226,639 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. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Guarantees provided or received for any related party receivables or payables have been disclosed in note 25.

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.

(d) Ultimate Parent

Navitas Limited is the ultimate Australian parent company and ultimate parent of the Group.

Notes to the Financial Statements

For the year ended 30 June 2013

27 Key management personnel

(a) Details of key management personnel

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

(i) Directors

Harvey Collins	Non-Executive Chairman
Rod Jones	Group Chief Executive Officer and Managing Director
Peter Campbell	Non-Executive Director (retired 15 November 2012)
Ted Evans	Non-Executive Director
Tracey Horton	Non-Executive Director (appointed 13 June 2012)
James King	Non-Executive Director
Peter Larsen	Non-Executive Director

(ii) Executives

During the financial year Navitas completed a review to identify opportunities for future growth and ensure organisational and leadership structures could deliver that growth.

One of the outcomes of the review was an enhancement of the Group's leadership structure to ensure the opportunities identified could be delivered. Consequentially, a Navitas Leadership Team was established to achieve this objective. From 1 January 2013, the members of the Navitas Leadership Team are defined as key management personnel. Executives who were previously considered key management personnel are only included until 31 December 2012.

Key Management Personnel, members of the Navitas Leadership Team, from 1 July 2012 to 30 June 2013

Lyndell Fraser	Chief Executive Officer – Professional and English Programs (previously Executive General Manager – Professional)
Romy Hawatt	Chief Executive Officer - SAE
Bryce Houghton	Chief Financial Officer
John Wood	Chief Executive Officer – University Programs

Key Management Personnel, from 1 July 2012 to 31 December 2012

Tony Cullen	Group General Manager – Marketing and Sales
Hugh Hangchi	Company Secretary and Group General Counsel
Neil Hitchcock	Group General Manager – IT and Facilities
Scott Jones	Executive General Manager – Student Recruitment, Manager – SAE Integration and Liaison
Jenny Michel	Group General Manager – Human Resources (resigned 28 September 2012)
Helen Zimmerman	Executive General Manager – English

Notes to the Financial Statements

For the year ended 30 June 2013

27 Key management personnel (continued)

(b) Key management personnel compensation

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

	2013 $000s	2012 $000s
Short term benefits	4,212,010	4,456,775
Post employment benefits	267,335	447,754
Other long term benefits	162,264	(87,576)
	4,641,609	4,816,953

(c) 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

2013	Balance at beginning of year	Acquisitions	Disposals	Balance at end of year
Harvey Collins	43,948	-	-	43,948
Rod Jones	53,582,995	-	(8,565,000)	45,017,995
Peter Campbell (*)	19,053,512	-	-	-
Ted Evans	60,000	-	-	60,000
Tracey Horton	-	-	-	-
James King	50,000	-	-	50,000
Peter Larsen	28,727,357	-	-	28,727,357
	101,517,812		(8,565,000)	73,899,300
2012				
Harvey Collins	43,948			43,948
Rod Jones	53,517,995	65,000	-	53,582,995
Peter Campbell	19,053,512	-	-	19,053,512
Ted Evans	60,000	-	-	60,000
Tracey Horton (†)	-	-	-	-
James King	50,000	-	-	50,000
Peter Larsen	28,727,357	-	-	28,727,357
		-	-	
	101,452,812	65,000	-	101,517,812

(*) Retired 15 November 2012. Disclosed shareholding is nil as Mr Campbell is not a Director at the end of the financial year
(†) Appointed 13 June 2012

Notes to the Financial Statements

For the year ended 30 June 2013

27 Key management personnel (continued)

(c) Shareholdings of key management personnel (continued)

(ii) Executives

2013	Balance at beginning of year	Acquisitions	Disposals	Balance at end of year
Tony Cullen (3)	95,911	-	-	-
Lyndell Fraser	48,083	4,393	-	52,476
Romy Hawatt (2)	-	-	-	-
Hugh Hangchi (3)	85,962	-	-	-
Neil Hitchcock (3)	144,475	-	-	-
Bryce Houghton	127,553	-	(30,544)	97,009
Scott Jones (3)	2,609,976	-	-	-
Jenny Michel (1)	40,724	-	-	-
John Wood	112,915	9,245	-	122,160
Helen Zimmerman (3)	30,758	-	-	-
	3,296,357	13,638	(30,544)	271,645

2012				
Tony Cullen	199,411	-	(103,500)	95,911
Lyndell Fraser	36,251	11,832	-	48,083
Hugh Hangchi	75,962	10,000	-	85,962
Neil Hitchcock	144,475	-	-	144,475
Bryce Houghton	107,553	20,000	-	127,553
Scott Jones	2,650,136	20,000	(60,160)	2,609,976
Jenny Michel	33,573	7,151	-	40,724
John Wood	112,642	273	-	112,915
Helen Zimmerman (3)	86,305	-	(55,547)	30,758
	3,446,308	69,256	(219,207)	3,296,357

(1) Resigned 28 September 2012
(2) Appointed 1 July 2012
(3) Ceased to be a key management person from 31 December 2012. Disclosed shareholdings are nil as the executives are not key management person at the end of the financial year

(d) Loans and other transactions with key management personnel

There were no loans provided to or any other transaction with any key management personnel.

Notes to the Financial Statements

For the year ended 30 June 2013

28 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 2013 financial year. The total amount of dividend is $38.288m, which represents a fully franked dividend of 10.2 cents per share. The dividend has not been provided for in the 30 June 2013 financial statements.

29 Auditor's remuneration

The auditor of Navitas Limited is Deloitte Touche Tohmatsu.

	2013 $000s	2012 $000s
Audit services		
Auditor of the Company		
Deloitte Touche Tohmatsu (Australia)		
Audit and review of financial reports	289,000	324,605
Other regulatory audit services	7,150	7,150
Overseas Deloitte Touche Tohmatsu firms		
Audit and review of financial reports	453,000	293,364
	749,150	625,119
Other Auditor		
Audit and review of financial reports	-	127,500
Other services		
Auditor of the Company		
Deloitte Touche Tohmatsu (Australia)		
Other – consulting services	54,500	-
	803,650	752,619

Notes to the Financial Statements

For the year ended 30 June 2013

30 Parent Entity Disclosures

a) Financial Information

Parent	2013 $000s	2012 $000s
Profit for the year	65,645	77,035
Total comprehensive income	66,484	77,035
Current Assets	37,788	15,231
Total Assets	540,481	483,390
Current Liabilities	210,119	139,176
Total Liabilities	340,953	277,729
Share holders Equity		
Issued capital	195,375	195,175
Reserves	-	(839)
Retained earnings	4,153	11,325
Total Equity	199,528	205,661

b) Guarantees

Cross guarantees have been provided by Navitas Limited and its controlled entities as listed in note 26. The fair value of the cross guarantee has been assessed as $nil based on the underlying performance of the entities in the closed group.

c) Other Commitments and Contingencies

Navitas Limited has no commitments to acquire property, plant and equipment, and has no contingent liabilities.


Hall of Fame

Shaping Opportunity

"Navitas has given me the opportunity to learn about the way of business, and implementation of theory into our practical life."

Sanish Karki
Nepal

Directors' Report

Directors' Report

Your Directors submit their report for the year ended 30 June 2013.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are set out on pages 8 to 10. Directors were in office for this entire period unless otherwise stated.

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
Peter Campbell*	-
Ted Evans	60,000
Tracey Horton	-
Jim King	50,000
Peter Larsen	28,727,357

* retired 15 November 2012

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		Meetings of Committees: Nomination and Remuneration	
	Number of meetings held while a director	Number of meetings attended	Number of meetings held while a committee member	Number of meetings attended	Number of meetings held while a committee member	Number of meetings attended
Harvey Collins	8	8	5	5	2	2
Rod Jones	8	8	-	-	-	-
Peter Campbell*	3	3	-	-	1	1
Ted Evans	8	8	5	5	2	2
Tracey Horton†	8	7	1	1	-	-
James King	8	8	5	5	-	-
Peter Larsen	8	8	-	-	-	-

* retired 15 November 2012

† appointed to Nomination and Remuneration Committee 14 December 2012, and appointed to Audit and Risk Committee as Chair for 21 June 2013 meeting only. Ms Horton was unable to attend the 15 November 2012 Board meeting due to a pre-existing commitment notified to the Board prior to Ms Horton joining the Board

All directors were eligible to attend all meetings held.

Committee membership

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

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

Audit and Risk	Nomination and Remuneration
James King (Chairman)	Ted Evans (Chairman)
Harvey Collins	Peter Campbell*
Ted Evans	Harvey Collins
Tracey Horton†	Tracey Horton†

* retired 15 November 2012
† appointed to Audit and Risk Committee as Chair for 21 June 2013 meeting only and appointed to the Nomination and Remuneration Committee on 14 December 2012

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 his 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 $72,289. This amount is included as part of the Directors remuneration on page 125.

Company secretary

Hugh Hangchi, LLB, BComm, GAICD
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.

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 26 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 36.

Dividends

Audit and Risk	Cents	$000s
Final dividends recommended	10.2	38,288
– on ordinary shares		
Interim dividends paid during the year	9.3	34,909
– on ordinary shares		
Final for 2012 shown as recommended in the 2012 report	10.1	37,907
– on ordinary shares		

Significant changes in the state of affairs

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

Significant events after the balance sheet date

Subsequent to balance sheet date, the directors of the Company declared a final dividend on ordinary shares in respect of the 2013 financial year. The total amount of dividend is $38.288m, which represents a fully franked dividend of 10.2 cents per share. The dividend has not been provided for in the 30 June 2013 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 2 to 24. 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 29.

Auditor's independence Declaration

The auditor's independence declaration is set on page 130 and forms part of the directors' report for the financial year ended 30 June 2013.

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
Peter Campbell	Non-Executive Director (retired 15 November 2012)
Ted Evans	Non-Executive Director
Tracey Horton	Non-Executive Director
James King	Non-Executive Director
Peter Larsen	Non-Executive Director

(ii) Executives

During the financial year Navitas completed a review to identify opportunities for future growth and ensure organisational and leadership structures could deliver that growth.

Key Management Personnel

Members of the Navitas Leadership Team, from 1 July 2012 to 30 June 2013.

Lyndell Fraser	Chief Executive Officer – Professional and English Programs (previously Executive General Manager – Professional)
Romy Hawatt	Chief Executive Officer – SAE
Bryce Houghton	Chief Financial Officer
John Wood	Chief Executive Officer – University Programs

Key Management Personnel, from 1 July 2012 to 31 December 2012.

Tony Cullen	Group General Manager – Marketing and Sales
Hugh Hangchi	Company Secretary and Group General Counsel
Neil Hitchcock	Group General Manager – IT and Facilities
Scott Jones	Executive General Manager – Student Recruitment, Manager – SAE Integration and Liaison
Jenny Michel	Group General Manager – Human Resources (resigned 28 September 2012)
Helen Zimmerman	Executive General Manager – English

One of the outcomes of the review was an enhancement of the Group's leadership structure to ensure the opportunities identified could be delivered. Consequentially, a Navitas Leadership Team was established to achieve this objective. From 1 January 2013, the members of the Navitas Leadership Team will be defined as key management personnel. Executives who were previously considered key management personnel are only included until 31 December 2012.

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 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.

Nomination and Remuneration Committee

The Nomination 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 Nomination 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 2013, the Board engaged Juno Partners to make a remuneration recommendation to the Nomination and Remuneration Committee that affected some Key Management Personnel (KMP).

The engagement comprised recommendations with respect to the incentive formula to be used to determine incentive payments for the 2014 financial year for the restructured University Programs and Professional and English Programs Divisions. The consideration payable for this engagement was $6,200, excluding GST.

During the financial year, Juno Partners also provided other services to the Navitas Group including education and advice regarding incentive structures for staff other than KMP. The total consideration payable for these other services was $186,035, excluding GST.

The Board 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 Nominations 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 Nomination 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.

With respect to remuneration recommendations made during the year and disclosed above, the procedures outlined above were adhered to and hence the Board is satisfied that the remuneration recommendations made were free of undue influence by the KMP to whom the recommendations related.

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 2010 where shareholders approved an aggregate remuneration of $900,000. 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 2013 is detailed on page 124.

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 Nomination 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 Nomination 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 124.

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 2013

While final incentive payments are subject to Board determination in September each year, at a Group level, performance during 2013 was below target. As a consequence, below target incentives are expected to be declared for corporate staff in relation to the 2013 year.

Further, in 2012 our results were well below target which resulted in a negative incentive declaration for senior staff. One third of the 2012 negative amount will be offset against the 2013 declaration in determining the final payment for corporate staff in 2013, including the Managing Director and Group CEO.

Some business units within the Group fared better and these incentive plan participants are likely to receive amounts at or above their Target Variable Pay.

ValueShare Incentive Scheme

TPV ranges from 10%–75% of fixed pay depending on responsibility

Corporate staff are tied to the Group EVA result, business unit staff are tied to the business unit and Group EVA result.

For participants with TVP of 20% or more, declarations are uncapped on the upside and the downside. For others declarations to 0%–200% of TVP.

Individual performance is determined by the business unit managing director, Chief Executive Officer or Board (as the case may be).

For participants with TVP of 20% or more, if the payment is in excess of their TVP, two thirds of the amount above their TVP is deferred at risk for two years.

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 eight 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 above illustrates the structure of the ValueShare Incentive Scheme. Further detail is provided below.

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 10% 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 2012–2014 period, the Group's growth target, if achieved, would represent top 30% performance compared to the actual EVA growth achieved by the top 300 Australian listed companies over 2005–2011*. 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.

Allows for individual recognition

30% of each participant's incentive declaration is placed in a pool and reallocated amongst business unit colleagues based on individual performance, at the discretion of the business unit managing director, Group Chief Executive Officer or Board (as the case may be).

For participants with a TVP less than 20% of fixed remuneration, payment is then made, limited to between 0% and 200% of TVP.

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.

* as determined by Juno Partners, an independent consultancy appointed by the Board.

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 2013

While Navitas enjoyed a rise in EBITDA during the year, the growth in EVA by the Group fell short of the target set by the Board.

Final incentive outcomes are subject to review and confirmation by the Board in September of this year, but for staff working in a corporate position this will likely mean below target incentive payments will be declared paid for the year ended 30 June 2013.

Further, in 2012 our results were well below target which resulted in a negative incentive declaration for senior staff. One third of the 2012 negative amount will be offset against the 2013 declaration in determining the final payment for corporate staff in 2013, including the Managing Director and Group CEO.

Economic Value Added (EVA) calculation

		2013 $000s	2012 $000s
	EBITDA	130,002	126,817
–	Depreciation	(15,492)	(14,120)
=	Net Operating Profit Before Tax	114,510	112,697
–	Taxes at 30%	(34,353)	(33,809)
=	Net Operating Profit After Tax (A)	80,157	78,888
	Capital Employed*	425,867	407,639
x	Cost of Capital	8%	10%
=	Capital charge (B)	34,069	40,764
A–B	**Economic Value Added (EVA)**	**46,088**	**38,124**
	Opening EVA	38,124	57,882
	Impact of change in cost of capital	8,153	–
	EVA decrease	**(189)**	**(19,758)**

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

Some business units within the Group achieved or exceeded their EVA growth targets during the year and, as a result, participants working within these business units are likely to enjoy rewards significantly different from that of corporate staff. Cash bonuses for participants have been provided for in the financial statements for 30 June 2013, but as noted above, are subject to review and confirmation by the Board in September prior to payment in October.

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 since listing, as demonstrated by the following table which has key measures of the Group's earnings and Shareholder returns.

	2013	2012	2011	2010	2009	2008	2007	2006
Economic Value Added (EVA) ($million)	$46.10	$38.12	$57.88	$54.53	$40.64	$27.29	$20.59	$18.34
Dividends per share – paid and proposed (cents)	19.5	19.5	20.7	18.8	14.3	10.9	9.3	9.5
Dividends paid ($million)	$72.8	$80.3	$68.7	$57.8	$40.1	$33.7	$31.5	$39.5
Closing share price (at 30 June)	$5.77	$4.34	$4.03	$4.66	$2.73	$2.09	$1.89	$1.88
Earnings per share (cents)	19.9	19.5	21.7	18.8	14.3	10.8	9.3	9.1
Earnings per share before amortisation and impairment (cents)	20.0	19.8	22.9	19.4	14.6	12.2	10.6	10.2
Net profit after tax attributable to members of the Company ($million)	$75.60	$73.15	$77.30	$64.20	$49.20	$37.43	$32.25	$31.49
Return on capital employed	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 from 1 July 2012 to 30 June 2013

Executive	Lyndell Fraser, 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	Romy Hawatt† † This executive is engaged by the Company pursuant to a consultancy agreement.
Term	No term 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, wilfully 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.

Executive	**Bryce Houghton**
Term	3 years, from 20 January 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. The Company may terminate without notice and without payment in lieu of notice if the employee: is guilty of any criminal or indictable offence; is guilty of an offence under the Corporations Act 2001 (Cth); 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; 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 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 and back dated to 1 July 2010.

* 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.

Executive	Rod Jones
Term	No term 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 from 1 July 2012 to 31 December 2012

Executive	Tony Cullen‡, Hugh Hangchi, Neil Hitchcock‡, Scott Jones
Term	No term 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 these executives, 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	Helen Zimmerman and Jenny Michel (resigned 28 September 2012)
Term	No term specified.
Notice Period	Either party may terminate by providing 1 month's written notice in the case of Ms Michel and 6 months written notice in the case of Ms Zimmerman. The company may terminate without notice if the employee commits misconduct, is convicted of any criminal offence which brings the company into disrepute or is continually or significantly neglectful of the employee's duties.
Termination Provisions	None

Directors' Report (continued)

Remuneration of directors and other key management personnel

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

(a) Directors' and Executives' Remuneration

	Short term benefits		Post-employment					
2013 $	Salary & Fees	Cash bonus (i)	Non monetary benefits	Super-annuation	Other long term benefit†	Total	Performance related %	Balance of Deferred Cash Balances^ (iii)
Non-executive Directors								
Harvey Collins	211,610	-	11,266	19,045	-	241,921	-	-
Peter Campbell[1]	49,295	-	4,694	4,437	-	58,426	-	-
Ted Evans	120,570	-	11,266	-	-	131,836	-	-
Tracey Horton	98,992	-	11,266	8,909	-	119,167	-	-
James King	120,618	-	11,266	5,194	-	137,078	-	-
Peter Larsen	78,260	-	11,266	21,341	-	110,867	-	-
	679,345	-	61,024	58,926	-	799,295	-	-
Executive Director								
Rod Jones[ii]	758,628	247,653	13,246	19,067	1,090	1,039,684	23.8	239,524
Other Key Management Personnel								
Lyndell Fraser[ii]	298,027	(10,743)	-	32,835	10,323	330,442	(3.3)	(173,034)
Romy Hawatt[2] [ii]	276,934	-	-	-	-	276,934	-	(270,905)
Bryce Houghton[ii]	386,983	94,999	43,980	25,037	8,226	559,225	17.0	90,470
John Wood[ii]	388,799	165,882	1,980	48,990	9,603	615,254	27.0	115,049
Former Key Management Personnel, from 1 July 2012–31 December 2012.								
Tony Cullen[3] [ii]	132,835	-	11,444	12,985	-	157,264	-	-
Hugh Hangchi[3] [ii]	134,365	-	990	13,536	-	148,891	-	-
Neil Hitchcock[3] [ii]	138,480	-	990	12,552	-	152,022	-	-
Scott Jones[3] [ii]	125,992	37,763	990	18,667	-	183,412	20.6	-
Jenny Michel[4] [ii]	53,463	-	-	9,623	133,022	196,108	-	-
Helen Zimmerman[3] [ii]	167,961	-	-	15,117	-	183,078	-	-
	2,862,467	535,554	73,620	208,409	162,264	3,842,314	13.9	1,104
	3,541,812	535,554	134,644	267,335	162,264	4,641,609	11.5	1,104

Directors and Executives have been provided with no other post employment benefits and no share based payments.
(1) Retired 15 November 2012
(2) Appointed 1 July 2012
(3) Ceased to be key management as of 31 December 2012
(4) Resigned 28 September 2012.
For notes †, (i), (ii) and (iii) refer to page 125.

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

2012 $	Short term benefits		Post-employment					
	Salary & Fees	Cash bonus (i)	Non monetary benefits	Super-annuation	Other long term benefit†	Total	Performance related %	Balance of Deferred Cash Balances^ (iii)
Non-executive Directors								
Harvey Collins	209,101	-	11,722	18,819	-	239,642	-	-
Peter Campbell	97,422	-	11,722	8,768	-	117,912	-	-
Ted Evans	119,140	-	11,722	-	-	130,862	-	-
Tracey Horton(5)	-	-	977	-	-	977	-	-
James King	114,055	-	11,722	10,265	-	136,042	-	-
Peter Larsen	45,894	-	11,722	52,526	-	110,142	-	-
	585,612	-	59,587	90,378	-	735,577	-	-
Executive Director								
Rod Jones(6) (ii)	721,026	71,595	13,702	53,401	(42,769)	816,955	9	239,524
Other Key Management Personnel								
Lyndell Fraser(ii)	298,027	(10,743)	-	32,835	10,323	330,442	(3.3)	(173,034)
Bryce Houghton(6) (ii)	386,983	94,999	43,980	25,037	8,226	559,225	17.0	90,470
John Wood(ii)	388,799	165,882	1,980	48,990	9,603	615,254	27.0	115,049
Former Key Management Personnel, from 1 July 2012–31 December 2012.								
Tony Cullen(6) (ii)	226,705	15,144	33,903	50,192	(27,300)	298,644	5	49,097
Hugh Hangchi(6) (ii)	276,666	3,160	1,980	26,281	11,140	319,227	1	33,337
Neil Hitchcock(6) (ii)	273,653	14,632	1,980	24,807	(31,629)	283,443	5	46,020
Scott Jones(ii)	261,465	24,872	1,980	26,612	(19,579)	295,350	8	86,807
Jenny Michel(6) (ii)	212,563	2,519	-	27,943	3,051	246,076	1	31,209
Helen Zimmerman(ii)	297,527	-	-	42,474	6,044	346,045	-	(54,743)
	3,321,239	383,100	107,237	357,376	(87,576)	4,081,376	9	729,035
	3,906,851	383,100	166,824	447,754	(87,576)	4,816,953	8	729,035

Directors and Executives have been provided with no other post employment benefits and no share based payments.

^ 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.

(5) Appointed 13 June 2012.

(6) For these executives no cash bonus was accrued for 2012. Balances are the difference between amounts provided for in 2011 and amounts paid during the year ended 30 June 2012.

+ Other long term benefits include movements in Long Service Leave. Benefits have been reduced for some executives due to a change in assumed payout values.

(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 2013 financial year, adjusted for the difference between the amount provided for the in the 2012 financial year and the actual amount paid in September 2012.

No bonus in relation to the 2012 financial year was paid for executives marked with a (6) and accordingly no bonus was provided for in the 2012 financial statements. The disclosed value relates wholly to adjustments to the 2011 provision.

(ii) 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 share and option holdings 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.

(iii) As noted on page 120 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.

Directors' Report (continued)

Independent Audit and Remuneration Report

The required disclosures as included on pages 116 to 125 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, 29 July 2013

"I'm glad I chose to study at Navitas. I find this to be a great program for me. There is a great mix of cultures and everyone on campus feels like family."

Ngoc Long Vu
Vietnam

Shaping the World

Declarations

Deloitte.

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The Board of Directors
Navitas Limited
Level 2, Kirin Centre
15 Ogilvie Road
Mt Pleasant WA 6153

29 July 2013

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 2013, 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
Partner
Chartered Accountants

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 2013 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 2 to the financial statements; and

(c) there are reasonable grounds to believe that the Company will be able to pay 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 2013.

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 26 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, 29 July 2013

Deloitte.

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 2013, 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 54 to 110 and 131.

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 2, 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.

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 2013 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 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 116 to 125 of the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards
Partner
Chartered Accountants
Perth, 29 July 2013

Additional Information

Additional information required by ASX and not shown elsewhere in this annual report is as follows. The information is current as at 22 August 2013.

Substantial Shareholders

The number of Shares held by the substantial Shareholders, as disclosed in substantial holding notices given to the Company, were:

Shareholder	Fully Paid Ordinary Shares
Mr Rodney M Jones	45,017,995
Hyperion Asset Mgt	35,745,567
Dr Peter D Larsen	28,727,357
Coolah Holdings Pty Ltd	24,591,084
JCP Investment Partners	22,171,248

Voting Rights

The voting rights attached to the class of Navitas fully paid ordinary shares as set out in rule 111 of Navitas' constitution are the right to attend and vote at meetings of Navitas and on a show of hands to one vote and on a poll to one vote for each Share held.

Distribution of Shareholders and their holdings

Size of holding	Number of Shareholders
1–1,000	1,249
1,001–5,000	1,233
5,001–10,000	306
10,001–100,000	222
100,001–and over	79
Total	3,089

Number of holders of the class of Navitas fully paid ordinary shares was 3089.

Number of Shareholders holding less than a marketable parcel of fully paid ordinary Shares and their total value of Shares, based on the market price on 22 August 2013 was 156 Shareholders holding a total of 916 Shares.

None of the ordinary shares are subject to voluntary escrow and there are no restricted securities on issue.

The Company does not have a current on-market buy-back for its shares.

There are no issues of securities approved for the purpose of item 7, Section 611 of the Corporations Act which have not yet been completed.

Twenty Largest Shareholders

The twenty largest holders of Navitas fully paid ordinary Shares on the Company's register as at 22 August 2013 were:

Rank	Name	Number of Shares	% of Issued Capital
1	J P Morgan Nominees Australia Limited	52,857,662	14.08
2	National Nominees Limited	43,035,921	11.46
3	HSBC Custody Nominees (Australia) Limited	37,185,946	9.91
4	Remjay Investments Pty Ltd	34,711,843	9.25
5	Landmark Holdings (WA) Pty Ltd	28,433,610	7.57
6	Wonder Holdings Pty Ltd	18,751,890	5.00
7	Cambo Investments Pty Ltd	17,534,971	4.67
8	Coolah Holdings Pty Ltd <Lambert Family A/C>	10,667,214	2.84
9	Citicorp Nominees Pty Limited	9,722,341	2.59
10	Hoperidge Enterprises Pty Ltd <Jones Family A/C>	9,486,690	2.53
11	Mr Max Schroder	8,883,391	2.37
12	Ms Julianne Hannaford	8,383,563	2.23
13	BNP Paribas Noms Pty Ltd <Master Cust DRP>	5,942,541	1.58
14	Lily Investments Pty Ltd	5,527,968	1.47
15	JP Morgan Nominees Australia Limited <Cash Income A/C>	4,837,546	1.29
16	RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	4,475,319	1.19
17	Mrs Luniarty Kartosudiro	4,384,312	1.17
18	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	4,226,112	1.13
19	Pictorial Holdings Pty Ltd	4,220,638	1.12
20	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	3,731,180	0.99
Total		**317,000,658**	**84.45**

Investor Information

Annual General Meeting

The Annual General Meeting of Navitas will be held at:

Navitas Limited
The Jarrah Room
Level 2, Kirin Centre
15 Ogilvie Road
Mount Pleasant
Western Australia 6153

on Monday 4 November 2013
at 11am (Perth time).

Full details of the meeting are contained in the notice of annual general meeting sent with this annual report for those Shareholders who elected to receive a hard copy annual report.

Shareholder Enquiries

All enquiries should be directed to the Company's Share registry at:

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

T 1300 55 70 10
F +61 8 9323 2033

All written enquiries should include your Holder Identification Number as it appears in your holding statement along with your current address.

Change of Address

It is important that you notify the Share registry immediately in writing if there is any change to your registered address.

Lost Holding Statements

Shareholders should notify the Share registry immediately, in writing, so that a replacement statement can be arranged.

Change of Name

Shareholders who change their name should notify the Share registry, in writing, and attach a certified copy of a relevant marriage certificate or deed poll.

Tax File Numbers (TFN)

Although it is not compulsory for each Shareholder to provide a TFN or exemption details, for those Shareholders who do not provide the necessary details, the Company will be obliged to deduct tax from any unfranked portion of their dividends at the top marginal rate. TFN application forms can be obtained from the Share registry, any Australia Post Office or the Australian Taxation Office.

Navitas Publications

The Company's annual report is the main source of information for investors. Shareholders who do not wish to receive the annual report should advise the Share registry. Navitas' financial reports are also available on the Navitas website (see below).

Navitas Website

Information about Navitas and the Group is available on the internet at navitas.com.

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
Board	The Board of Directors of Navitas
CELUSA	Centre for English Language at the University of South Australia
CIR	Contingent Incentive Reserve
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 Singapore Campus
Curtin Sydney or CUS	Curtin University Sydney Campus
DIAC	Department of Immigration and Citizenship
DIICCSRTE	Department of Industry, Innovation, Climate Control, Science, Research and Tertiary Education
Directors	Directors of Navitas
EBITDA	Earnings before interest, taxation, depreciation and amortisation
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

*on 14 August 2012, the entity changed its name to Navitas Professional Institute Pty Ltd

Glossary (continued)

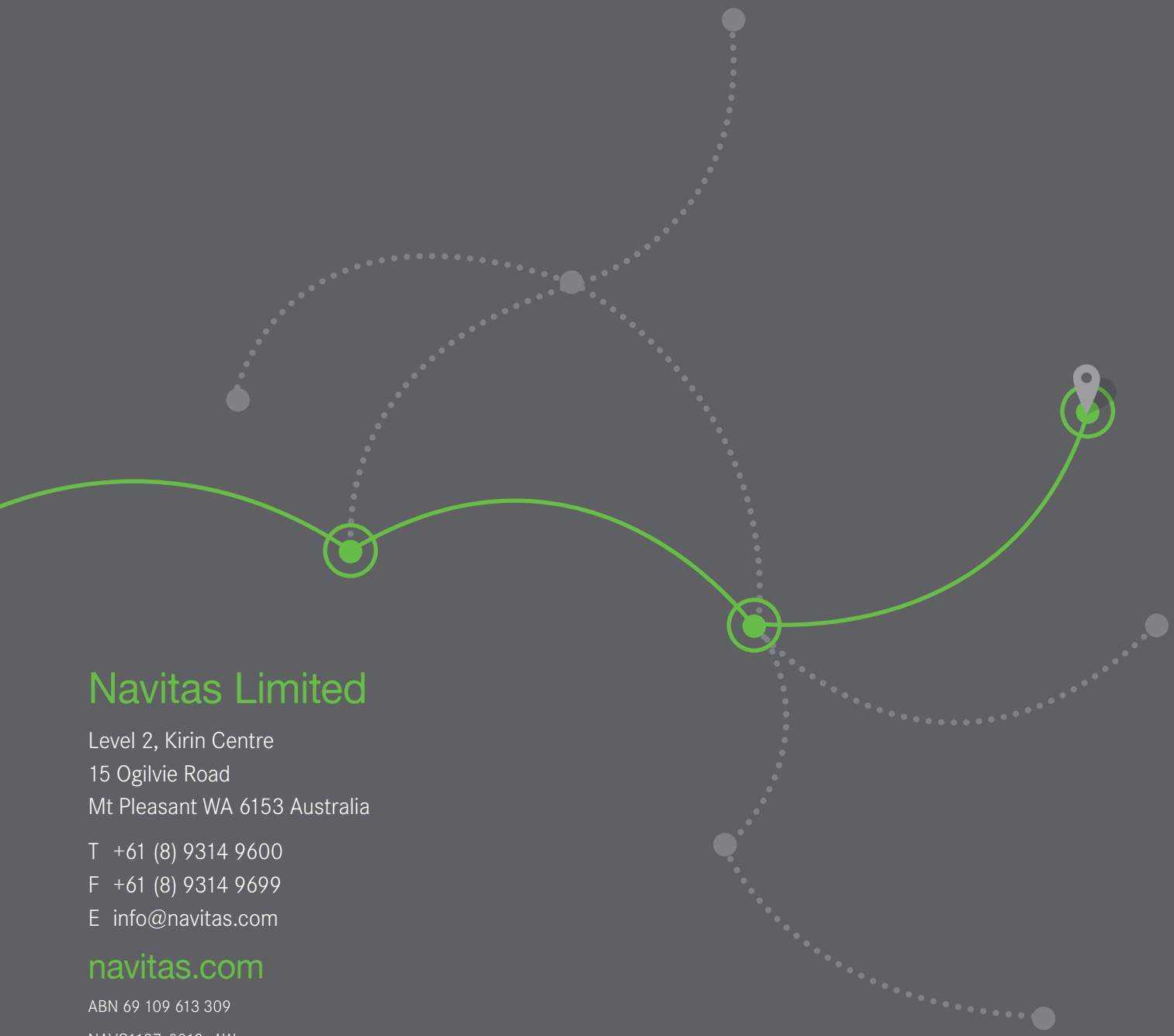
FEE-HELP	A government loan scheme to help eligible non-Commonwealth supported (fee paying) students pay their tuition fees
FIC	Fraser International College
Group or Navitas Group	Navitas and its subsidiary companies
GMAT	Graduate Management Admission Test
GRE	Graduate Record Examination
Hawthorn-Melbourne	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
MIBT	Melbourne Institute of Business and Technology Pty Ltd
MOOC	Massive Open Online Courses
MQC	Macquarie City Campus
NARI	Navitas Applied Research Institute
Navitas or Company	Navitas Limited ABN 69 109 613 309
Navitas at UNH	Navitas at the University of New Hampshire
NCPS	Navitas College of Public Safety Pty Ltd
NPAT	Net profit after tax
NQF	National Qualifications Framework
pcp	prior corresponding 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
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
UMass Boston	Navitas at University of Massachusetts Boston
UMass Dartmouth	Navitas at University of Massachusetts Dartmouth
UMass Lowell	Navitas at University of Massachusetts Lowell
UPD	University Programs Division
UKBA	UK Border Agency
VET	Vocational education and training
WACC	Weighted average cost of capital
WKU	Navitas at Western Kentucky University

Corporate Information

Directors	**Executive Director**
	Mr Rod Jones
	Non-Executive Directors
	Mr Harvey Collins
	Mr Ted Evans
	Ms Tracey Horton
	Mr James King
	Dr Peter Larsen
Company Secretary	Mr Hugh Hangchi
Registered Office	Navitas Limited
	Level 2, Kirin Centre
	15 Ogilvie Road
	Mt Pleasant WA 6153
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	navitas.com

navitas



Navitas Limited

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