

Edtrin Group Limited

ARBN 169 021 256

Annual Report - 30 June 2015

Edtrin Group Limited
Directors' report
30 June 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Edtrin Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 June 2015.

Directors

The following persons were directors of Edtrin Group Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Graeme Coomber
Steven Maskell

Principal activities

Edtrin is a multi-national organisation using data-driven insights to form and deliver lifelong education and career needs that cater to the evolving, culturally diverse skill requirements of the people and emergent industries of the 21st century. The group is the only pure-play, large-scale career management, education and training provider in the Asia Pacific, Indian subcontinent, Middle East and North African territories, facilitating significant potential in these key target markets. EDTRIN systems provide the unique interface between best practice educational services and individual learners, offering internationally recognisable skills and qualifications. This creates self-managing learners acceptable to their desired employers.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to US\$1,743,512.

The consolidated entity had a net working capital deficiency of US \$3,114,422. On completion of Anametric share transaction which will convert the US 5 million reported as current borrowings, into ordinary shares the adjusted net working capital surplus would be \$US 1,885,578.

The directors believe that losses incurred and the net working capital deficiency are in line with expectations for a start up company and are confident that the consolidated entity will generate positive cash flows in future periods.

This financial report covers the period 4th March 2014 to 30 June 2015, a 16 month period. On 4th March 2014, the company was incorporated and is in the initial phases of a start up company involving costs associated with listing on stock exchanges, consultancy costs for financing and business acquisitions, travel and marketing costs of developing customer and supplier relationships, and building a corporate infrastructure.

Significant changes in the state of affairs

On 4th March 2014, the company was incorporated and is in the initial phases of a start up company.

During the reporting period:-

- a) the company acquired both Project Project Pty Ltd and the Finpa Group. Refer to Note 26 business combinations for details in relation to these acquisitions;
- b) Listed on the Australian National Stock Exchange;
- c) The One Anametric Holding Ltd share placement of 6,470,000 fully paid ordinary shares for US 5,000,000;
- d) Entered into a number of customer and supplier contracts as reported to the NSX; and
- e) issued 71,914,627 fully paid ordinary shares, raising \$US1,314,100 in cash. Further shares valued at \$US\$877,110 were issued to extinguish liabilities and as part of acquisitions for which no cash was received.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

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Matters subsequent to the end of the financial period

On 1 July 2015, the twelve month provisional accounting period for the Finpa acquisition came to an end. The directors were not able to complete their determinations of the fair value of intangible assets acquired and goodwill before the date of this report.

The process has commenced and the company will announce the results to the market as soon as they are available.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The company is planning to list on the Frankfurt Stock Exchange and expand the international operations during the next twelve months.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the period ended 30 June 2015, and the number of meetings attended by each director were:

	Full Board Attended	Held
Graeme Coomber	12	12
Steven Maskell	12	12

Held: represents the number of meetings held during the time the director held office.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Auditor

George Georgiou continues in office in accordance with section 327 of the Corporations Act 2001.

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30 June 2015

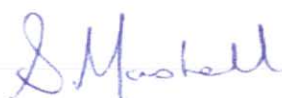
This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Graeme Coomber
Chairman

18 September 2015



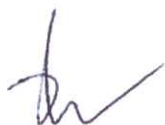
Steven Maskell
CEO

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead auditor for the audit of Edtrin Group Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Edtrin Group Ltd.



George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Dated: 18 September 2015

Edtrin Group Limited
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General information

The financial statements cover Edtrin Group Limited as a consolidated entity consisting of Edtrin Group Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in US dollars, which is Edtrin Group Limited's functional and presentation currency.

Edtrin Group Limited is an public company listed on the National Stock Exchange of Australia limited by shares, incorporated in Samoa but domiciled in Australia. Its registered office and principal place of business are:

Registered office

c/- Asciani Trust Samoa Ltd
Level 2 Lotemu Center
UAEA Center
Apia, Samoa

Principal place of business

382 Little Collins Street
Melbourne, Victoria, Australia 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 September 2015. The directors have the power to amend and reissue the financial statements.

Edtrin Group Limited
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2015

	Note	Consolidated 2015 US\$
Revenue	5	1,478,517
Expenses		
Corporate and administration expenses		(221,091)
Occupancy costs		(35,122)
Employee benefits expense	7	(1,331,271)
Marketing costs	7	(110,231)
Depreciation and amortisation expense	7	(178,743)
Consultancy expense		(365,831)
Share based payments		(539,647)
Other expenses		(421,927)
Finance costs	7	(18,166)
Loss before income tax expense		(1,743,512)
Income tax expense	8	-
Loss after income tax expense for the period attributable to the owners of Edtrin Group Limited		(1,743,512)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation		69,827
Other comprehensive income for the period, net of tax		69,827
Total comprehensive income for the period attributable to the owners of Edtrin Group Limited		<u>(1,673,685)</u>
		Cents
Basic earnings per share	34	(3.85)
Diluted earnings per share	34	(3.85)

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

Edtrin Group Limited
Statement of financial position
As at 30 June 2015

	Note	Consolidated 2015 US\$
Assets		
Current assets		
Cash and cash equivalents	9	4,992,246
Trade and other receivables	10	596,386
Other	11	1,468
Total current assets		<u>5,590,100</u>
Non-current assets		
Property, plant and equipment	13	12,933
Intangibles		<u>3,882,817</u>
Total non-current assets		<u>3,895,750</u>
Total assets		<u>9,485,850</u>
Liabilities		
Current liabilities		
Trade and other payables	15	791,789
Borrowings	16	7,878,606
Employee benefits	17	34,127
Total current liabilities		<u>8,704,522</u>
Non-current liabilities		
Employee benefits	18	35,699
Total non-current liabilities		<u>35,699</u>
Total liabilities		<u>8,740,221</u>
Net assets		<u><u>745,629</u></u>
Equity		
Issued capital	19	2,191,210
Reserves	20	297,931
Accumulated losses		<u>(1,743,512)</u>
Total equity		<u><u>745,629</u></u>

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

Edtrin Group Limited
Statement of changes in equity
For the period ended 30 June 2015

Consolidated	Issued capital US\$	Reserves US\$	Retained profits US\$	Total equity US\$
Balance at 4 March 2014	-	-	-	-
Loss after income tax expense for the period	-	-	(1,743,512)	(1,743,512)
Other comprehensive income for the period, net of tax	-	69,827	-	69,827
Total comprehensive income for the period	-	69,827	(1,743,512)	(1,673,685)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 16)	2,191,210	-	-	2,191,210
Share-based payments (note 31)	-	228,104	-	228,104
Balance at 30 June 2015	<u>2,191,210</u>	<u>297,931</u>	<u>(1,743,512)</u>	<u>745,629</u>

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

Edtrin Group Limited
Statement of cash flows
For the period ended 30 June 2015

	Note	Consolidated 2015 US\$
Cash flows from operating activities		
Receipts from customers		1,054,994
Payments to suppliers and employees		<u>(1,984,554)</u>
		(929,560)
Interest received		1,535
Interest and other finance costs paid		<u>(18,166)</u>
Net cash used in operating activities	33	<u>(946,191)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	13	(6,329)
Payments for intangibles		<u>(63,259)</u>
Net cash used in investing activities		<u>(69,588)</u>
Cash flows from financing activities		
Proceeds from issue of shares	19	1,314,100
Proceeds from borrowings		5,000,000
Repayment of borrowings		(147,167)
Net cash used in business combination		<u>(241,979)</u>
Net cash from financing activities		<u>5,924,954</u>
Net increase in cash and cash equivalents		4,909,175
Cash and cash equivalents at the beginning of the financial period		<u>-</u>
Cash and cash equivalents at the end of the financial period	9	<u><u>4,909,175</u></u>

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Going concern

During the period the consolidated entity incurred a loss \$1,743,512 and had a net working capital deficiency of \$3,114,422 at 30 June 2015. These factors indicate the existence of inherent uncertainty in relation to the ability of the consolidated entity to continue as a going concern. The directors believe that losses incurred and the net working capital deficiency are in line with expectations for a start up company and are confident that the consolidated entity will generate positive cash flows in future periods.

The directors however are confident that the company will be able to continue as a going concern for the following reasons :-

- The current liabilities include \$US 5 million in current borrowings, that will be converted to shares upon completion of the Frankfurt listing. This gives rise to an adjusted net working capital surplus of \$US 1,885,578.
- The company is planning to list on the Frankfurt Stock Exchange and will be able to raise significant new capital once this process is complete.
- Since 30 June 2015, the consolidated entity has entered into a number new contracts with customers that will result in a significant improvement in operating cash flows.
- The directors believe that losses incurred are in line with expectations for a start up company and are confident that the consolidated entity will generate positive cash flows in future periods.

Comparatives

The company was incorporated on 4th March 2014 and for this reason the financial statements cover the period from that date to 30 June 2015, and do not include comparative information.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Edtrin Group Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the period then ended. Edtrin Group Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 1. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in US dollars, which is Edtrin Group Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into US dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into US dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into US dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Rendering of services revenue is recognised upon delivery of the service to the customer.

Interest

Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1. Significant accounting policies (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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 statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables.

Note 1. Significant accounting policies (continued)

Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit of five years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. 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 currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Issued capital

Ordinary shares are classified as equity.

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

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Edtrin Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 1. Significant accounting policies (continued)

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. For all assets, it has been deemed that they have no residual values.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. There were two business combinations made during the period, and in each case the consideration included the issue of shares in the company. In both cases the directors opted to value the shares with reference to the value of seed capital. This was done in both instances because there was not an observable market that the directors believe provided a reliable estimate of the value of the company.

Refer to Note 26 for further details on both business combinations

Fair value adjustments on the finalisation of the business combination accounting will be retrospectively in the next reporting period.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one segment, being online training and software development in Australia. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 4. Revenue

	Consolidated 2015 US\$
<i>Sales revenue</i>	
Rendering of services	1,476,982
<i>Other revenue</i>	
Interest	<u>1,535</u>
Revenue	<u><u>1,478,517</u></u>

Edtrin Group Limited
Notes to the financial statements
30 June 2015

Note 5. Expenses

	Consolidated 2015 US\$
Loss before income tax includes the following specific expenses:	
<i>Depreciation</i>	
Plant and equipment	667
<i>Amortisation</i>	
Software	178,076
Total depreciation and amortisation	178,743
<i>Impairment</i>	
Trade receivables	58,973
<i>Finance costs</i>	
Interest and finance charges paid/payable	18,166
<i>Share-based payments expense</i>	
Share-based payments expense	539,647

Note 6. Income tax expense

	Consolidated 2015 US\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>	
Loss before income tax expense	(1,743,512)
Tax at the statutory tax rate of 30%	(523,054)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Losses incurred in tax free jurisdiction	524,253
Tax losses not recognised	93,845
Utilisation of tax losses	(115,991)
Timing differences	20,947
Income tax expense	-
	Consolidated 2015 US\$
<i>Tax losses not recognised</i>	
Unused tax losses for which no deferred tax asset has been recognised	721,395
Potential tax benefit @ 30%	216,419

Edtrin Group Limited
Notes to the financial statements
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Note 6. Income tax expense (continued)

The above potential tax benefit in relation to tax losses has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The potential future income tax benefit will only be obtained if:

- a) The consolidated entity derives future assessable income of a nature and amount sufficient to enable the benefit to be realised;
- b) The consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- c) No changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Note 7. Current assets - cash and cash equivalents

	Consolidated 2015 US\$
Cash at bank	4,958,774
Cash on deposit	<u>33,472</u>
	<u><u>4,992,246</u></u>

Reconciliation to cash and cash equivalents at the end of the financial period

The above figures are reconciled to cash and cash equivalents at the end of the financial period as shown in the statement of cash flows as follows:

Balances as above	4,992,246
Bank overdraft (note 13)	<u>(83,071)</u>
Balance as per statement of cash flows	<u><u>4,909,175</u></u>

Note 8. Current assets - trade and other receivables

	Consolidated 2015 US\$
Trade receivables	603,263
Less: Provision for impairment of receivables	<u>(58,973)</u>
	<u>544,290</u>
Other receivables	<u>52,096</u>
	<u><u>596,386</u></u>

Impairment of receivables

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2015 US\$
Receivables provided for as collection deemed doubtful	<u><u>58,973</u></u>

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to US\$3,684 as at 30 June 2015.

Edtrin Group Limited
Notes to the financial statements
30 June 2015

Note 8. Current assets - trade and other receivables (continued)

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2015 US\$
0 to 3 months overdue	<u>3,684</u>

Note 9. Current assets - other

	Consolidated 2015 US\$
Prepayments	<u>1,468</u>

Note 10. Non-current assets - property, plant and equipment

	Consolidated 2015 US\$
Plant and equipment - at cost	13,600
Less: Accumulated depreciation	<u>(667)</u>
	<u>12,933</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	Plant and equipment US\$	Total US\$
Balance at 4 March 2014	-	-
Additions	6,329	6,329
Additions through business combinations (note 25)	7,271	7,271
Depreciation expense	<u>(667)</u>	<u>(667)</u>
Balance at 30 June 2015	<u>12,933</u>	<u>12,933</u>

Note 11. Non-current assets - intangibles

	Consolidated 2015 US\$
Goodwill - at cost	<u>3,523,737</u>
Software - at cost	537,786
Less: Accumulated amortisation	<u>(178,706)</u>
	<u>359,080</u>
	<u>3,882,817</u>

Edtrin Group Limited
Notes to the financial statements
30 June 2015

Note 11. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Software	Goodwill	Total
	US\$	US\$	US\$
Consolidated			
Balance at 4 March 2014	-	-	-
Additions	63,259	-	63,259
Additions through business combinations (note 25)	404,070	3,523,737	3,927,807
Exchange differences	70,457	-	70,457
Amortisation expense	(178,706)	-	(178,706)
Balance at 30 June 2015	<u>359,080</u>	<u>3,523,737</u>	<u>3,882,817</u>

Note 12. Current liabilities - trade and other payables

	Consolidated 2015 US\$
Trade payables	177,296
Payable to directors	3,883
BAS payable	57,898
Other payables	<u>552,712</u>
	<u>791,789</u>

Refer to note 19 for further information on financial instruments.

Note 13. Current liabilities - borrowings

	Consolidated 2015 US\$
Bank overdraft	83,071
Consideration payable on acquisition	2,795,535
Loan - to be converted to shares	<u>5,000,000</u>
	<u>7,878,606</u>

Refer to note 19 for further information on financial instruments.

The bank overdraft is secured by a third party, meaning none of the consolidated entity's assets have been provided as security

The consideration payable on acquisition relates to convertible preference shares that may be redeemed after the company lists on the Frankfurt Stock Exchange, but must be redeemed within 12 months of listing. The preference shares can either be redeemed for cash or shares at 15% per cent premium. The entire amount has been disclosed as debt as the directors consider that all holders of the preference shares will elect to receive cash.

The loan to be converted to shares of \$US 5,000,000 relates to a share purchase to be ratified at the upcoming annual general meeting. This has been disclosed as debt because the conversion is contingent upon annual general meeting approval. Once approval is received the debt will be converted to equity, meaning that the liability will be extinguished without any cash payment.

Edtrin Group Limited
Notes to the financial statements
30 June 2015

Note 13. Current liabilities - borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2015 US\$
Total facilities	
Bank overdraft	114,831
Used at the reporting date	
Bank overdraft	83,071
Unused at the reporting date	
Bank overdraft	31,760

Note 14. Current liabilities - employee benefits

	Consolidated 2015 US\$
Employee benefits	34,127

Note 15. Non-current liabilities - employee benefits

	Consolidated 2015 US\$
Employee benefits	35,699

Note 16. Equity - issued capital

	Consolidated 2015 Shares	2015 US\$
Ordinary shares - fully paid	71,914,627	2,191,210

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 16. Equity - issued capital (continued)

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

Note 17. Equity - reserves

	Consolidated 2015 US\$
Foreign currency reserve	69,827
Share-based payments reserve	228,104
	<u>297,931</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to US dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

Consolidated	Share-based payments US\$	Foreign currency US\$	Total US\$
Balance at 4 March 2014	-	-	-
Foreign currency translation	-	69,827	69,827
Share based payments	228,104	-	228,104
	<u>228,104</u>	<u>69,827</u>	<u>297,931</u>
Balance at 30 June 2015	<u>228,104</u>	<u>69,827</u>	<u>297,931</u>

Note 18. Equity - dividends

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

Note 19. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Note 19. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets 2015 US\$	Liabilities 2015 US\$
Consolidated		
Australian dollars	<u>985,555</u>	<u>900,677</u>

Based on the immaterial net assets denominated in Australian dollars, the consolidated entity is not exposed to material foreign exchange risk in relation to its assets and liabilities denominated in Australian dollars

The consolidated entity has immaterial cash holdings denominated in other currencies, that have been excluded in the above because the exposure is not significant.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from its bank overdraft. Its exposure to interest rate risk in relation to these is not significant. All other borrowings are not interest bearing.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has a credit risk exposure in relation to its trade receivables at 30 June 2015. The total value of trade receivables at 30 June 2015 was \$US 603,263, and a provision of \$US58,973 has been recognised against these trade receivables, after a review of aged receivables at the end of the period.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated 2015 US\$
Bank overdraft	<u>31,760</u>

Note 19. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2015	Weighted average interest rate %	1 year or less US\$	Between 1 and 2 years US\$	Between 2 and 5 years US\$	Over 5 years US\$	Remaining contractual maturities US\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-%	728,950	-	-	-	728,950
Employee benefits	-%	34,217	-	-	35,699	69,916
Consideration payable on acquisition	-%	2,795,535	-	-	-	2,795,535
<i>Interest-bearing - variable</i>						
Bank overdraft	-%	247,488	-	-	-	247,488
Total non-derivatives		3,806,190	-	-	35,699	3,841,889

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

The US\$5,000,000 liability in relation to loan to be converted to shares, has been excluded from this analysis, because the liability will be settled by the issue of shares and it will not result in cash outflow for the consolidated entity.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 20. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by George Georgiou, the auditor of the company:

	Consolidated 2015 US\$
<i>Audit services - George Georgiou</i>	
Audit or review of the financial statements	<u>32,819</u>

Note 21. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2015.

Edtrin Group Limited
Notes to the financial statements
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Note 22. Commitments

	Consolidated 2015 US\$
<i>Lease commitments - operating</i>	
Committed at the reporting date but not recognised as liabilities, payable:	
Within one year	78,002
One to five years	26,522
	<u>104,524</u>

Operating lease commitments relates to the lease on the consolidated entity's Melbourne office

Note 23. Related party transactions

Parent entity

Edtrin Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 2015 US\$
Payment for other expenses:	
Salary paid to Graeme Coomber *	176,898
Salary paid to Steven Maskell *	173,203
Fully paid ordinary shares issued to Graeme Coomber in lieu of salary payments to the value of **	100,000
Fully paid ordinary shares issued to Steven Maskell in lieu of salary payments to the value of **	90,000

* Salary payments cover the period from 4 March 2014 to 30 June 2015.

** the fully paid ordinary shares relate to remuneration for work done before the company's incorporation that related the establishment Edtrin Group.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the reporting date.

Loans to/from related parties

There were no loans to or from related parties at the reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Edtrin Group Limited
Notes to the financial statements
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Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2015 US\$
Loss after income tax	(1,748,409)
Total comprehensive income	(1,748,409)

Statement of financial position

	Parent 2015 US\$
Total current assets	4,937,651
Total assets	8,510,449
Total current liabilities	7,839,544
Total liabilities	7,839,544
Equity	
Issued capital	2,191,210
Share-based payments reserve	228,104
Accumulated losses	(1,748,409)
Total equity	670,905

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2015.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2015.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Edtrin Group Limited
Notes to the financial statements
30 June 2015

Note 25. Business combinations

Finpa Group

On 1 July 2014, Edtrin acquired 100% of the ordinary shares of for the total consideration transfer of :-

1. 3,184,931 fully paid ordinary shares. These have been valued at US 14.5 cents per share. The directors have valued this with reference to the weighted average seed capital contributed from incorporation to 30 June 2014.. This has been done because the company was not listed at the time and the directors believe that the seed capital contributed provided the best estimate of the value of the entity's equity instruments.
2. 274,553,450 convertible preference shares. These have been accounted for as debt because, the directors believe that the full liability will ultimately be settled for cash.
3. cash amounting to \$US87,200

This business combination has been accounted for using provisional accounting provisions, permissible under AASB 3 Business Combinations. As such no intangible assets have been recognised nor have any fair value adjustments been made to net assets acquired. These entries will be made during the half year ended 31 December 2015.

Details of the acquisition are as follows:

	Fair value US\$
Cash and cash equivalents	8,954
Trade receivables	50,667
Software	404,070
Trade and other payables	(165,358)
Bank overdraft	(70,899)
Borrowings	(147,167)
Net assets acquired	80,267
Goodwill	3,258,676
Acquisition-date fair value of the total consideration transferred	<u>3,338,943</u>
Representing:	
Cash paid or payable to vendor	87,200
Edtrin Group Limited shares issued to vendor	456,208
Liability recognised in relation to convertible preference shares	2,795,535
	<u>3,338,943</u>
	Consolidated 2015 US\$
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	3,288,943
Add: bank overdraft	70,899
Less: cash and cash equivalents	(8,954)
Less: shares issued by company as part of consideration	(456,208)
Liability recognised in relation to convertible preference shares issued	(2,745,535)
Net cash used	<u>149,145</u>

Edtrin Group Limited
Notes to the financial statements
30 June 2015

Note 25. Business combinations (continued)

On 2nd February 2015, the company acquired Project Project. The consideration for the acquisition was 4,819,277 fully paid ordinary shares in Edtrin Group Limited. These have been valued at US 2.3 cents per share. The directors have valued this with reference to the weighted average of seed capital contributed between 1 July 2014 and 2 February 2015. Whilst the company was listed on the National Stock Exchange at this time, the directors believe that the value of the shares on that observable market did not accurately reflect the value of the company, due to low volume of share trade.

This business combination has been accounted for using provisional accounting provisions, permissible under AASB 3 Business Combinations. As such no intangible assets have been recognised nor have any fair value adjustments been made to net assets acquired. These entries will be made during the second half of the financial year ended 30 June 2016.

Details of the acquisition are as follows:

	Fair value US\$
Cash and cash equivalents	4,195
Trade and other receivables	123,731
Income tax refund due	50,020
Plant and equipment	7,271
Trade and other payables	(243,890)
Bank overdraft	(97,029)
	<hr/>
Net liabilities acquired	(155,702)
Goodwill	265,061
	<hr/>
Acquisition-date fair value of the total consideration transferred	109,359
	<hr/>
Representing:	
Edtrin Group Limited shares issued to vendor	109,359
	<hr/>
	Consolidated 2015 US\$
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	109,359
Add: bank overdraft	97,029
Less: cash and cash equivalents	(4,195)
Less: shares issued by company as part of consideration	(109,359)
	<hr/>
Net cash used	92,834
	<hr/>

Edtrin Group Limited
Notes to the financial statements
30 June 2015

Note 26. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2015 %
Project Project Pty Ltd	Australia	100.00%
Finpa New Media Pty Ltd	Australia	100.00%
Finpa Elearning Pty Ltd	Australia	100.00%
Finpa Australia Pty Ltd	Australia	100.00%
Finpa Compliance Pty Ltd	Australia	100.00%
Finpa Educational Design Services Pty Ltd	Australia	100.00%

Note 27. Events after the reporting period

On 1 July 2015, the twelve month provisional accounting period for the Finpa acquisition came to an end. The directors were not able to complete their determinations of the fair value of intangible assets acquired and goodwill before the date of this report.

The process has commenced and the company will announce the results to the market as soon as they are available.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2015 US\$
Loss after income tax expense for the period	(1,743,512)
Adjustments for:	
Depreciation and amortisation	178,743
Share based payments	539,647
Change in operating assets and liabilities:	
Increase in trade and other receivables	(421,988)
Increase in prepayments	(1,468)
Decrease in other operating assets	432,561
Increase in employee benefits	69,826
Net cash used in operating activities	<u>(946,191)</u>

Note 29. Non-cash investing and financing activities

During the period the company issued 3,184,931 fully paid ordinary shares, valued at US 14.5 cents per share, forming part of the consideration for the Finpa Group. The total value recognised in equity was \$US 456,208.

During the period the company issued 4,189,277 fully paid ordinary shares, valued at US 2.2 cents per share, as the full consideration for Project Project Pty Ltd. The total value recognised in equity was \$US 109,359.

Edtrin Group Limited
Notes to the financial statements
30 June 2015

Note 30. Earnings per share

	Consolidated 2015 US\$
Loss after income tax attributable to the owners of Edtrin Group Limited	<u>(1,743,512)</u>
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>45,325,780</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>45,325,780</u>
	Cents
Basic earnings per share	(3.85)
Diluted earnings per share	(3.85)

Note 31. Share-based payments

As part of the Finpa acquisition 3,184,931 fully paid ordinary shares are to be issued to certain Finpa employees in two years time. An expense has been recognised in relation to these shares on a straight line basis over 2 years. These have been valued at US 14.5 cents per share. The directors have valued this with reference to seed capital contributed in the lead up to the transaction. This has been done because the company was not listed at the time and the directors believe that the seed capital contributed provided the best estimate of the value of the entity's equity instruments.

During the period, 31,154,300 fully paid ordinary shares were issued to directors and suppliers in lieu of payment. These were all valued at US 1 cent per share with reference to the value of the services provided.

Edtrin Group Limited
Directors' declaration
30 June 2015

In the directors' opinion:


- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Graeme Coomber
Chairman



Steven Maskell
CEO

18 September 2015

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF EDTRIN GROUP LTD

Scope

Report on the Financial Report

We have audited the accompanying financial report of Edtrin Group Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have 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 entity'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 entity'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.

Independence

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 Edtrin Group Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.



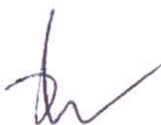
Opinion

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

- a) Giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b) Complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

Emphasis of Matter

- Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates the existence of a material uncertainty which may cast a significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise their assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.
- Again without modifying our opinion, we draw attention to Note 27 in the financial report, which states that on 1 July 2015, the twelve month provisional accounting period for the Finpa acquisition came to an end. The directors were not able to complete their determinations of the fair value of intangible assets acquired and goodwill before the date of this report.

A handwritten signature in purple ink, appearing to read 'George Georgiou'.

George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Dated: 18 September 2015