Creating opportunities

IBT EDUCATION

IBT Education Limited

Annual Report 2007

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Notice of Annual General Meeting

The annual general meeting of IBT will be held at the Freshwater Bay Room, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, on Thursday 15 November 2007 at 11am.

Who are we?

IBT is a diversified global education service provider that offers an extensive range of educational services for students and professionals including university programs, language training, workforce education and student recruitment.

IBT is an industry leader in pre-university and university pathway programs for students. IBT offers its university programs from colleges in Australia, Africa, Canada and the UK.

Language training includes the provision of English as a second language courses, migrant education and delivery of Government programs. IBT's workforce programs include the delivery of professional development and corporate training.

IBT also offers student recruitment services for universities and other educational institutions in Australia, China, India and the United Kingdom.

IBT is undergoing an exciting re-branding process. Further details of IBT's re-branding will be provided at the annual general meeting to be held on 15 November 2007.

Vision

In our chosen fields IBT will be the first choice creator and provider of learning related products and services for all people in their lifelong acquisition of knowledge.

Mission

IBT is **passionate about** …….
creating opportunities through lifelong learning

and will be **renowned for** its ……
leadership in creating and delivering better learning solutions, more efficiently,

in …….
a **global market**

in order to …….
provide sustainable long term growth for its stakeholders.

Competencies

IBT will excel by:

1. Understanding the world's learning needs;
2. Being a market focused organisation;
3. Adapting to changing learning styles;
4. Developing and delivering the right products and services cost-effectively; and
5. Managing public/private partnerships successfully.

Values

The core values governing IBT's development are:

Creating Opportunity	Working with partners, customers, staff and investors
Making it Happen	Acting with energy and passion
Innovation	Nurturing a culture of continual improvement at every level
Passion for our Customers	Understanding and exceeding expectations
Delivering to the Highest Standards	Providing quality service and product
Teamwork	Adopting an egalitarian, enabling, respectful and collaborative approach to ensure performance

Positioning

IBT will position itself as follows:

Market Definition	Global learning
Business Definition	Creating and delivering learning solutions and value-adding activities
Competitive Focus	Doing it better and more efficiently

Key Strategic Priorities

1. FINANCIAL
   - Provide sustainable long term growth for its stakeholders
2. BUSINESS DEVELOPMENT
   - Maximise performance of current entities
   - Expand the IBT model into new markets / with new partners
   - Identify opportunities and acquisitions in global learning
   - Explore further opportunities that leverage off core competencies
3. PRODUCT DEVELOPMENT & DELIVERY
   - Develop new products to meet market needs
   - Continuously evaluate and improve the quality and delivery of products and services
4. GOVERNANCE, RISK MANAGEMENT & QUALITY
   - Enhance the organisational structure to better manage change and performance
   - Embed a quality framework to ensure compliance, continuous improvement and effective risk management
5. MARKETING & DISTRIBUTION
   - Secure, optimise and develop supply and distribution channels
   - Identify current and emerging global learning trends and market needs
   - Further develop the IBT Group corporate brand so that the IBT Group is clearly identified as a global provider of learning solutions
   - Embed the corporate brand to enhance the strength of the existing business unit brands
   - Promote individual brands as part of the IBT Group corporate brand
6. HUMAN RESOURCES
   - Ensure the long term human resource requirements of the IBT Group are met
   - Attract and retain talented people
   - Develop, support, challenge, enable, inspire, reward and acknowledge our people

IBT Group Objective

IBT is committed to a sustainable growth strategy and to maximising returns to Shareholders.

The Company aims to achieve this by:

- Expanding current operations;
- Targeting value adding acquisitions; and
- Evolving the current business model to continue to meet the needs of students and partner universities.

Subsequent events

- Fully franked final dividend of 5.0 cents per Share declared. Together with the interim dividend of 4.3 cents per Share, the total dividend for the financial year ending 30 June 2007 is 9.3 cents per Share fully franked.
- Launch of Macquarie City College in July 2007.

Highlights

Performance Highlights

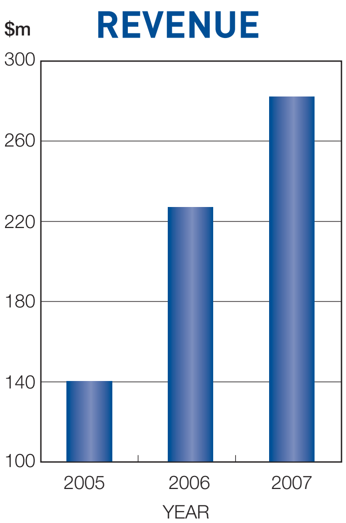
- Launch of EduGlobal student recruitment business.
- Successful acquisition of ACAP.
- Successful acquisition of LMT.
- Successful acquisition of SOL and EOL.
- Creation of Wynyard Green educational precinct.
- Launch of Fraser International College.
- Exciting growth at Curtin Sydney.

Financial Highlights

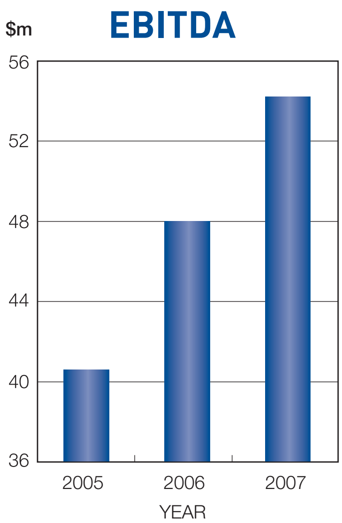
- Revenues of $282.7million up 25%
- EBITDA increased 13% to $54.0million
- 100% of tax paid profit returned to Shareholders as dividends
- Total assets of $217.0million
- Capital return of $34.7million (10 cents per share)
- Shareholders equity of $99.3million (after capital return) generating a return of 27.9% for Shareholders
- Economic Value Added of $20.6million
- Growth in Economic Value Added of $2.3million

Financial Summary	2007 $000s	2006 $000s	2005 * $000s
Revenues	282,710	226,046	137,490
EBITDA	**54,039**	**47,915**	**40,645**
Profit before income tax expense	47,060	44,681	40,787
Income tax expense	14,659	13,407	12,726
Profit for the period	32,401	31,274	28,061
Profit attributable to members of IBT Education	**32,245**	**31,488**	**28,264**
Basic earnings per share	9.3 cents	9.1 cents	8.2 cents
Earnings per share before amortisation and impairment	10.6 cents	10.2 cents	8.8 cents
Interim dividends per share (fully franked)	4.3 cents	4.7 cents	1.7 cents
Final dividends per share (fully franked)	5.0 cents	4.8 cents	6.7 cents
Total equity	**99,299**	**132,121**	**136,770**
Return on equity	**27.9%**	**23.4%**	**23.6%**

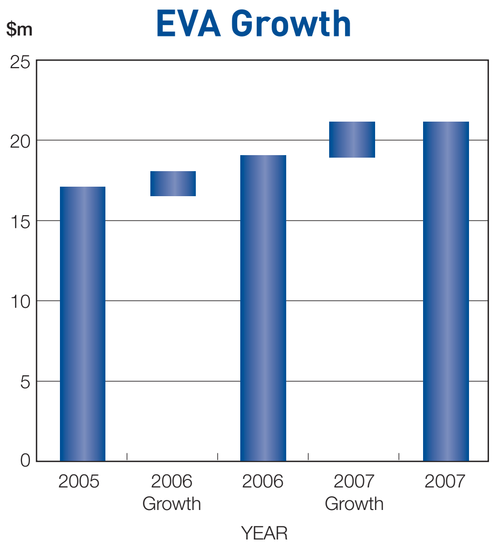
* 2005 presents the comparative financial information assuming that the IBT Group existed from 1 July 2004.



CAGR 43.4%



CAGR 15.3%



Chairman's letter

Harvey Collins
Chairman

Dear Shareholder

This annual report sets out IBT's performance for the year ended 30 June 2007 and I am pleased to present the annual report to you for your consideration.

IBT recorded a net profit of after tax of $32.2 million for the financial year ended 30 June 2007. Other financial highlights include:

1. Total revenue up 25% to $282.7 million;
2. EBITDA up 13% to $54.0 million; and
3. Adjusted EPS up 4% to 10.6 cents per Share.

Rebranding

The Company has undertaken a number of key strategic initiatives during the year, including an exciting rebranding project for IBT. The purpose of the rebranding of IBT is to develop a master brand identity that can be legally trademarked and which will be relevant, internationally recognised and will transcend any particular culture.

Under the rebranding, the new name for the Company will be Navitas. Together with the fresh visual identity that will accompany this name, the new brand will be distinctive, confident and progressive. Further details about the new brand will be provided at the Company's annual general meeting to be held on 15 November 2007. Shareholders will also be asked to approve the change of the Company's name from "IBT Education Limited" to "Navitas Limited" at the annual general meeting.

Growth

During the year IBT continued with its strategic growth program.

The University Programs Division continues to broaden its course range and geographic spread with the launch of Fraser International College (FIC). FIC has established the IBT Group's reputation as a credible player in Canada and is a pleasing next step for the IBT Group's international growth strategy. IBT believes that FIC's success to date will open up new and further opportunities for the IBT Group in the North American market.

In October 2006 ACL completed the acquisition of LM Training Specialists (LMT). LMT provides a range of services to migrants. It delivers the Adult Migrant Education Program for recently arrived migrants and refugees in South Australia. It also provides the English Language, Literacy and Numeracy Program for the Department of Employment Science and Training. ACL's English language and migrant education services have now been added to LMT's product range.

The successful acquisition of the Australian College of Applied Psychology (ACAP) added value to the Workforce & Training Division. ACAP provides vocational programs and higher education qualifications in psychology, counselling, people management and leadership. This further expands the IBT Group's presence in the vocational education and training market.

The launch of EduGlobal and the successful acquisition of Study Overseas Limited (SOL) and Employment Overseas Limited (EOL) give the IBT Group access to student recruitment networks in China and India. Both utilise innovative and diverse marketing techniques to ensure that they remain market leaders in student recruitment.

The establishment of the Wynyard Green educational precinct represents the IBT Group's flagship centre of education in Sydney. IBT believes that the precinct will become a first choice location for students seeking a Sydney CBD educational experience due to the quality state-of-the-art-facilities on offer and convenient location.

Restructure

The restructure of the IBT Group was completed and the business now operates the following 4 divisions:

1. University Programs;
2. English Language;
3. Workforce & Training; and
4. Student Recruitment.

This gives the IBT Group an efficient management structure that is flexible and scaleable enough to support the dynamic and growing nature of the organisation. The structure is aligned to the empowered culture of IBT and acts as a driver for clear and effective decision making, thereby reinforcing ownership and accountability.

Shareholder value

Maximising Shareholder returns is the key objective of IBT. Shareholders will be aware that the Board adopted the economic value added (EVA®) framework to assess Shareholder value. For EVA® purposes, Shareholder value means how much profit the Company achieved after taking into account what Shareholders could have earned if their funds had been invested elsewhere at comparable levels of risk.

EVA® is calculated as the earnings before interest, tax and amortisation of the IBT Group less taxes and a capital charge. The capital charge is derived by applying the IBT Group's weighted average cost of capital to the funds employed by the business. EVA® for the financial year ended 30 June 2007 was $20.591 million, compared to $18.34 million in 2006, for a healthy growth in EVA® of $2.251 million.

Dividend

The Directors declared a fully franked final dividend of 5.0 cents per Share. Together with the interim dividend of 4.3 cents per Share, the total dividend for the financial year ended 30 June 2007 is 9.3 cents per Share fully franked.

Thanks

I would like to thank my Board colleagues and all staff for their efforts during the year. In doing so, I express my appreciation to former Chairman Trevor Flügge, who retired during the year, for his contribution to the Company. The success of the IBT Group is due to the staff's hard work, dedication and pursuit of the highest standards of customer service.

Yours sincerely

Harvey Collins
Chairman

Chief Executive Officer's review of operations

IBT Education Limited (IBT) is pleased to report a record net profit after tax of $32.2 million for the year ended 30 June 2007.

Consolidated total revenue for the year rose 25.1% to $282.7 million, primarily due to the acquisitions of ACAP, SOL/EOL and EduGlobal China, the impact of new business initiatives such as Fraser International College (FIC) and revenue growth in existing University Programs and English Language businesses.

Full year operating expenses increased 29.4% to $233.8 million due to the impact of acquisitions and new initiatives, higher corporate costs linked to IBT's continuing diversification, inflationary pressures on employment and other costs and investment in new staff. Costs were also impacted by expenses related to the Wynyard Green project ($0.8 million), the organisational restructure ($0.2 million) and the costs of a corporate re-branding project expected to be implemented in the near future ($0.5 million).

EBITDA rose 12.7% to $54.0 million (2006: $47.9 million) reflecting increased contributions from all divisions, with very pleasing growth reported by the University Programs and English Language divisions. Group-wide EBITDA margins were lower at 19.1% (2006: 21.2%) as a result of higher corporate costs as described above and lower operating margins in acquired businesses.

Net interest expense for the year was $0.2 million, compared to net interest revenue of $2.7 million in the previous year, as a result of cash outflows related to acquisitions and the $35 million (10 cents per share) capital return during the year.

In this context, adjusted net profit after tax was up 4.3% to $36.7 million (2006: $35.2 million) and adjusted earnings per share rose 3.9% to 10.6 cents per share (2006: 10.2 cents per share).

Average return on equity for the year was a very healthy 27.9%.

Final Dividend

The Directors have declared a fully franked final dividend of 5.0 cents per Share. Together with the interim dividend of 4.3 cents per Share, this brings the total dividend for the financial year to 9.3 cents per Share fully franked. This represents a payout of 100% of IBT's retained earnings for the period.

Financial Position

IBT has a strong balance sheet at year end with equity of $99.3 million and net debt of only $10.4 million.

During the year, IBT utilised its cash to complete a capital return of 10 cents per Share (totalling $34.7 million). In addition, IBT completed the acquisitions of ACAP ($13.1 million), LM Training Specialists ($3.0 million), EduGlobal China ($3.85 million) and SOL/EOL ($9.4 million).

Acquisitions during the year resulted in intangible assets increasing to $170.3 million at year end. These intangible assets relate to goodwill on acquisition and identifiable intangible assets such as Government contracts and copyrights.

Plant and equipment also increased during the year to $16.5 million, primarily as a result of capital expenditure of approximately $8.5 million related to the development of the Wynyard Green Education Precinct in Sydney. IBT expects to incur a further $6.5 million in capital expenditure this year to complete the Wynyard Green leasehold improvements.

The capital return, acquisitions, capital expenditure and investment in new business initiatives were funded through a combination of IBT's operating cash flows and its debt facility. Strong operating cash generation by the Group's businesses during the year of $48.9 million enabled IBT to repay all drawings on the debt facility at balance date. IBT's strong operating cash flow and debt facility provide it with the financial flexibility to pursue further growth opportunities as they emerge.

On 17 January 2007, an independent VAT Tribunal upheld an appeal by one of IBT's UK subsidiaries against a decision by HM Revenue & Customs to assess VAT on its education services. As part of the tribunal decision, IBT was also awarded costs. IBT has credited costs of $0.25 million related to this action in its full year accounts.

Strategy

IBT is committed to a sustainable growth strategy that maximises returns for Shareholders. IBT seeks to achieve its strategic objectives by being the first choice education service provider for all people in the lifelong acquisition of knowledge.

There is a wealth of new opportunities available for IBT in the global educational services market and IBT remains committed to pursuing those growth initiatives. Some of the specific strategic investments made during the year are summarised below.

Investment in Existing Businesses

A major investment during the year was the establishment of the Wynyard Green Education Precinct in Sydney. The new precinct provides accommodation for a number of IBT's businesses and aims to become a show piece centre of education in Sydney that will become an attractive location for students seeking a Sydney CBD education experience.

IBT also invested in marketing to develop new student recruitment channels in China, India, Vietnam and Indonesia.

New Business Initiatives

IBT pursued a number of new business initiatives during the last year. A highlight was the commencement of operations at FIC in Canada in September 2006. This is an exciting step forward for IBT's international growth strategy as it represents the first step for IBT into the North American education market. IBT believes that based on the success of FIC to date, other opportunities will emerge in North America in the near future.

Macquarie City College (MQC), a new college located in the city of Sydney managed and operated by IBT, commenced operations in July 2007. MQC has generated significant interest in the marketplace and IBT expects that it will deliver substantial organic growth for our University Programs division.

IBT continues to pursue growth opportunities in Asia, Canada and the United Kingdom with negotiations well advanced in some cases.

Targeted Acquisitions

IBT acquired a number of businesses during the year, including ACAP ($13.1 million), LM Training Specialists ($3.0 million) and SOL/EOL ($9.4 million). IBT believes that each of these acquisitions demonstrated a strong strategic fit with IBT's existing operations and provides the opportunity to create value for Shareholders.

Diversification into New Education Services

This year, IBT diversified into new complementary education services that leverage off IBT's existing core competencies. The acquisition of EduGlobal China for $3.85 million during the year highlighted how the IBT Group can move into new educational services, in this case student recruitment, which can offer exposure to attractive growth markets and deliver synergies with our existing businesses.

Organisational Restructure

During the year, IBT implemented a new organisational structure along key service lines. This reorganisation reflects the considerable diversification of the IBT Group in recent years and provides the Group with an organisational structure fit to manage further educational services growth and geographical diversity.

IBT now operates the following four divisions:

- University Programs;
- English Language;
- Workforce & Training; and
- Student Recruitment.

University Programs

University Programs encompasses IBT's pre-university and pathway colleges in Australia and overseas. Professor John Wood, formerly the Deputy Vice-Chancellor of Edith Cowan University, was appointed as Executive General Manager of University Programs in February 2007.

English Language

English Language includes migrant education programs and English language training courses offered through ACL, ACE, ATTC and LM Training Specialists. The Executive General Manager of English Language is Helen Zimmerman. Helen is also the Managing Director of ACL.

Chief Executive Officer's review of operations
(continued)

Workforce & Training

Workforce & Training incorporates IBT's Pollin8 (previously CSMK) and ACAP subsidiaries. Helen Zimmerman is also the Executive General Manager of Workforce & Training.

Student Recruitment

The new division Student Recruitment includes EduGlobal China, Learning Information Systems Pty Ltd (trading as StudyLink) and SOL/EOL. This division is currently managed by Scott Jones, Acting Executive General Manager Student Recruitment.

Further financial and operational information about the performance of each division is provided in the Review of Operations.

Sustainability

Sustainability is a key element of IBT's growth strategy.

IBT prides itself on being recognised as an organisation committed to the highest standards of operation. IBT aspires to be a role model in conducting business honestly and fairly with its many stakeholders in whatever country they reside, and strongly believes that responsible behaviour will ultimately lead to ongoing financial success.

IBT has adopted a range of policies across all its operations to ensure the sustainability of its business operations in Australia and overseas. IBT is an equal opportunity employer, supports diversity in its workforce, supports human rights consistent with the Universal Declaration of Human Rights and ensures a safe and hazard-free workplace for employees, students and other stakeholders.

Importantly, IBT is respectful of the environmental impact of its business operations around the world. As a leading international education service provider, IBT is committed to compliance with all environmental laws and regulations and wherever possible prevents or otherwise minimises or mitigates the harmful effects of its operations on the environment.

IBT is proud to be a strong supporter of the improvement of society generally as well as the communities it serves and in which it operates, and encourages the support of charitable, civic, educational, and cultural causes wherever possible.

Board

During the year, Peter Campbell and Peter Larsen both retired from executive director responsibilities with the IBT Group. Both remain as non-executive Directors of IBT and continue to provide consulting services to the Group as required.

Outlook

The Board believes that the outlook for IBT is encouraging, despite the strong Australian dollar and historically low unemployment rates in most western countries which continue to provide challenges in terms of new student recruitment.

The Board is pursuing further organic and acquisition growth in the education sector. IBT also continues to budget for operational and capital investment whilst controlling costs in its existing businesses.

The Board expects to report strong EBITDA growth for the full year ahead, with second half growth greater than in the first half.

Rod Jones
Chief Executive Officer

Review of operations

Review of Operations

Set out below is a review of IBT's operations for the year ended 30 June 2007.

University Programs

Introduction

The University Programs division, currently operates in 5 countries and comprises 10 Colleges, 3 managed Campuses and 2 offshore Colleges.

The new division is headed by Professor John Wood who was appointed as Executive General Manager University Programs in January 2007. Professor Wood has had a distinguished academic, public and private sector career and brings significant relevant experience to the IBT Group. His previous position was as the Deputy Vice-Chancellor of Edith Cowan University.

During the past year, the new division focused on continued student growth, maintenance of recruitment numbers from key markets, and growth in new and emerging markets.

Maintenance and improvement of academic moderation and teaching standards, combined with a customer focused approach have also been key features of the Colleges.

Financial Outcomes

Annual fee increases and overall growth in EFTSU contributed to increased revenue in 2007. International enrolments continued to be strong but there were challenges in the domestic market, primarily due to the strong economy in Queensland and Western Australia, increased Federal funded university places and a number of partner universities reducing their entrance requirements.

SIBT and MIBT completed ten years of operation with their University Partners, Macquarie and Deakin. In the case of SIBT, the College remains the cornerstone of University Program operations in Australia. Even though SIBT is a mature Business Unit, it enjoyed substantial revenue and EDITDA growth in the 2007 financial year.

Curtin Sydney moved to full profitability through a combination of new management, tight budgetary controls, and revised marketing strategies. The College exceeded budgeted student numbers and revenues to become the fastest growing University Program Business Unit.

ACN enjoyed a very positive result this financial year with EBITDA significantly in excess of budget due to far greater than anticipated enrolments from two particular markets.

2007 was the first year of the operation of Fraser International College and the focus was on recruiting quality students and providing a solid basis for future expansion.

Macquarie City College was established and recruitment of students for the July 2007 semester commenced. The College is located in IBT's Education Precinct, Wynyard Green, in the heart of Sydney.

Business Development and Academic Outcomes

The Colleges have worked closely with University partners to maintain and build constructive working relationships with new and existing executive and divisional staff. A process of engagement has been developed and maintained with all the University executive, to create greater transparency around performance outcomes of students transferring to the host University. These outcomes demonstrated that IBT students generally performed as well as students who had gained direct entry to university.

IBT Group Leadership Team

From left to right:

- Rod Jones
  Managing Director
- Helen Zimmerman
  Executive General Manager –
  Language, Workforce & Training
- Tony Cullen
  Group General Manager –
  Marketing & Sales
- Bryce Houghton
  Chief Financial Officer

Review of Operations
(continued)

For example, reports from Macquarie University demonstrated that SIBT graduates maintained an average pass rate of 77.5% across both semesters in 2006. Completion rate reports also showed that, of more than 2,600 SIBT graduates commencing programs at Macquarie between 2002-2004, over 2,200 had graduated with a degree within 5 semesters (2.5 years) at the University. This completion rate of 84% across all degrees rivals the national average for completion rates in Australian Universities. In some degree programs, the SIBT completion rate was closer to 90%.

In the case of CIC, students who progressed to Curtin performed at levels comparable to domestic and other international students, with retention rates of 81% for ex-CIC students compared with Curtin's 73% for international in 2006 and exceeded all other categories in 2006. Significantly, 86% of QIBT students who commenced in 2006 either graduated or are still enrolled and at HIBT business students tracked on par with domestic and comparable international cohorts.

Colleges continued to develop a range of new courses and those accredited during the year included:

- Diploma of Economics and Finance (LIBT)
- Diploma of Health Science (MIBT)
- Diploma of Media and Communications (MIBT)
- Diploma of Humanities (CIC)
- University Preparation Program (CIC)
- Diploma of Bioscience (QIBT)
- Diploma of Engineering (QIBT)
- Diploma of Criminology and Criminal Justice (QIBT)
- Expansion of Diploma of Engineering into areas such as Aerospace, Mechanical and Electronic Engineering (HIBT)
- Diploma of Engineering (Telecommunications)
- Diploma of Environmental Management and Diploma of Environmental Sciences
- Diploma of Sports Management

SIBT is currently preparing applications for accreditation of new courses in a range of areas including

- Diploma of Engineering (Telecommunications)
- Diploma of Environmental Management and Diploma of Environmental Sciences
- Diploma of Sports Management

PIBT commenced two new business streams in becoming an IELTS test centre and assumed responsibility for Edith Cowan University's English language teaching previously conducted by the University's International English Centre.

Macquarie University accredited a new "Macquarie University Foundation Course" using a combination of IBT and University developed intellectual property. This will enable SIBT to enrol year 11 graduates from visa assessment level three and four countries, thus increasing enrolment numbers. It will also open up articulation opportunities to a greater variety of Macquarie University undergraduate programs for students.

All Colleges have continued to enhance academic services to students, with a specific focus on delivery and moderation of academic processes to the standard required by the University.

From left to right:

- John Wood
  Executive General Manager – University Programs
- Jenny Michel
  Group General Manager – Human Resources
- Hugh Hangchi
  Company Secretary & Group General Counsel
- Neil Hitchcock
  Group General Manager – IT & Facilities

Review of Operations

(continued)

There has been a focus on improving overall student outcomes, with concentration in such areas as:

- recruitment and retention of quality teaching staff and monitoring of in-class performance through teacher observation, student evaluation and staff review;
- increased monitoring of content, assessment and exam practices of units, student performance throughout the semester through detailed unit progress reports, pass rates in each unit and performance of students for individual teaching staff;
- professional development for academic staff to improve teaching strategies; and
- continued monitoring of graduate student progress through tracer studies and review of completion rates at the University.

Examples of improvements in academic delivery and student support include:

- a Students in Jeopardy Program at HIBT;
- changes to assessment in some units to more specifically develop analysis and critical evaluation skills, through progressive exposure to unit concepts and case study analysis; and
- trialling of Learning Guides in some QIBT units, to provide week by week key terms and concepts, with exercises to be completed prior to tutorials to facilitate learning.

Governance, Risk Management and Quality

The year has witnessed the convergence of increasing demands from Commonwealth and State regulatory education authorities. The revised and more rigorous standards of the Australian Quality Training Framework (AQTF) governing Registered Training Organisations (RTOs); the revision of the National Code supporting the ESOS Act; as well as the future Australian University's Quality Audits (AUQA); all contribute to a more intense focus on quality processes and compliance. This changing environment has afforded Colleges a positive opportunity to consolidate continuous improvement processes in all operational areas, both administrative and academic.

The Colleges have continued to strive for best practice in all areas of the business, with a number of Colleges successfully completing audits of IT, financial and general processes by KPMG. The Controls Self Assessment Process (CSA) Program has been conducted as part of Corporate Governance requirements.

SIBT maintained certification of ISO 9001:2000 through two inspection visits focussing on all areas of the business and reviewing a variety of processes and procedures.

A risk management strategy is being developed and preparation is underway for the forthcoming AUQA process.

Colleges have continued to work closely with their partner University to conduct tracer studies and produce longitudinal data on results for IBT graduates studying at the host Universities. The use of the market research company 'IGraduate' for student surveys and reports has been extended by the development and provision of an electronic Graduate Survey to be conducted each graduation.

Maintenance of academic standards has been achieved through a strict moderation process, which is controlled by the host University. The Academic Advisory Committee has regularly reviewed academic processes and outcomes. At FIC, for example, all academic quality assurance measures have been established and reports have been developed for the SFU/FIC Academic Advisory Committee which the Vice-President (Academic) chairs.

Colleges continued to exceed their targets for student retention each semester through a focused campaign and the use of mobile messaging services to send reminders about re-enrolment.

Marketing and Distribution

The business has continued its market leadership in student recruitment with a competitive approach, through close agent relationships and an improved agent management system. Market and product diversification have been key elements of marketing and recruitment approaches. Colleges have strengthened their working relationship with host University International offices through joint marketing approaches.

There has been a focus on continued growth of domestic enrolments through increased relationships with feeder schools and career advisers, and through working closely with host University domestic marketing staff. Growth in international student numbers has been achieved through continued diversification of product and market sources. Colleges have worked closely with EduGlobal, SOL and Hobsons to manage the distribution network and enquiry systems. Various Colleges have continued to position themselves as premium education providers, reflective of the brand and reputation of their partner university. For example, MIBT has established an in-country representative in Deakin University's Indian office and QIBT has developed an e-marketing strategy which utilises search engine optimisation (improving the number and quality of online visitors to the QIBT website), VODcasting (online video presentations which are country and language specific), html newsletters and blogs.

Eynesbury International has developed UniStart, which offers entry into the three South Australian Universities as well as interstate universities, including members of the Group of Eight. UniStart provides students with the opportunity to qualify for entry into an extensive range of undergraduate programs and preparations for roll out in China and Vietnam in the first instance are well advanced.

Human Resources

All Colleges have continued to refine their management structure with a view to ensuring an innovative and dynamic workplace. Excellent staff have either been promoted or recruited into positions in finance, information technology, academic and marketing. Performance appraisal systems have been extended with all College Directors undertaking performance planning and review. Reporting structures have been streamlined and in the case of the United Kingdom, a new General Manager to oversee the operation of the Colleges and the planned expansion was appointed.

Outlook

All Colleges will continue to perform as market leaders and innovators in student recruitment and in their co-ordinated marketing arrangements with their host universities. They will widen their course offerings and continue to enhance business processes and quality academic outcomes.

Despite the strong Australian dollar and historically low unemployment rates in most western countries, which will continue to provide challenges in terms of new student recruitment, the University Programs division is expecting good growth in the 2008 financial year. This is already being reflected in the significant growth in new student numbers in the first two semesters of 2007.

A significant development that will occur in October 2007 is the relocation of MIBT, together with Deakin International and The

Deakin University English Language Centre to a purpose-built "International Centre" on Deakin's main Burwood campus. This will further strengthen the relationship between MIBT and Deakin University and provide most welcome synergies between staff and students in all the relevant disciplines. The new precinct includes a fully integrated teaching environment, multi purpose areas and provision for enhanced student support.

English Language

Introduction

The unifying theme for the English Language division is building bridges across cultures for individuals to pursue their goals and dreams. The division does this through the provision of English language training for international students, migrants and humanitarian entrants, settlement services, and teacher training.

The division delivers these programs and services through the ACL, Australian College of English (ACE), Australian TESOL Training Centre (ATTC), and LM Training Specialists (LMT) brands. Over 650 staff are employed across 13 campuses catering for more than 17,000 student enrolments each year in Australia. In addition ACL's English language teaching courseware is used in a number of Asian countries.

The division is headed by Helen Zimmerman who has been the Managing Director of ACL since 1996.

Strategic Achievements

This year has seen the division make significant gains on a number of its key strategic objectives.

These include:

- improving financial performance through increasing the yield from product markets, maximising the benefits of shared services, and leveraging IBT marketing networks;
- acquiring companies that support the strategic directions of the division and IBT;
- ensuring the division has the capabilities to successfully respond to market opportunities through evaluating and improving the quality and delivery of products and services and developing new products;
- improving business processes through enhanced risk management, and where appropriate standardising campus operations and shared services across the division; and
- ensuring the long-term human resource requirements of the division are met.

The division expanded into South Australia with the acquisition of LM Training Specialists, a provider of programs to the Australian Government.

There was significant investment in research and development, curriculum renewal, product development and maintaining quality assurance (ISO 9001: 2000, AQTF and NEAS) and risk management frameworks.

The division upgraded premises, systems and IT infrastructure in Perth, Adelaide, Sydney, Brisbane and Cairns. It also successfully concluded a new 3-year Workplace Agreement with ACL staff that included an incentive component that provided staff with access to IBT shares.

During the year there was also a strong external focus with the division contributing to public policy issues and community engagement and support, and staff actively participating in industry professional bodies and conferences.

In 2007, ACL accepted the invitation to become a sponsor and judge of the annual China Daily/21st Century National English Language Speaking Competition which brings together contestants from over 500 universities in China to compete to represent China in the International Public Speaking Competition.

Financial Outcomes

In 2007 the division delivered strong growth at the revenue and EBITDA lines. It was very pleasing to see that some of that growth flowed from collaboration and synergistic marketing with the University Programs division.

Business Description

English language programs for international students are delivered through two brands, ACL and the Australian College of English (ACE). Richard Arkell is General Manager of both operations, heading up a dynamic team committed to continuous improvement and innovation.

ACL operates the Sydney English Centre (SEC) and Darwin English Centre (DEC), the latter being a joint venture with Charles Darwin University.

The ACL campuses specialise in the preparation of international students for tertiary study in the higher and vocational education sectors. ACL's Certificates III and IV and the Diploma of English for Academic Purposes provide direct entry to 37 tertiary institutions in Australia and to 12 overseas institutions. The high standards and rigor of the programs are designed to ensure that graduates can secure their future study goals by being confident and capable learners and users of English in a Western academic environment.

SEC performance in the 2007 financial year has been extremely pleasing with student enrolments increasing by 22% over the previous year. This has been driven by strong growth in the ELICOS[1], VET and higher education sectors that has led to increased demand for high quality, preparatory academic English programs. University Programs colleges and ACL have also capitalised on joint marketing and student recruitment opportunities to bring benefits to both arms of the business.

ACE is Australia's oldest and largest private English provider in Australia for international students and during 2006 celebrated 25 years in operation.

ACE has 6 colleges in Bondi Junction (Sydney), Manly (Sydney), Sydney City, Brisbane, Perth and Cairns. While ACE has the strength of 25 years of experience in the industry it continues to be the "youngest at heart" of all ELICOS brands. An "ACE experience" is definitely for Gen Y travellers seeking to explore new cultures and environments while learning English and cultural skills that will benefit them in their future careers.

Student enrolments for the 2007 financial year increased by 4% over the previous year despite a considerable slowing of enrolments from Japan, one of the major language travel and tourism markets for Australia. During 2006/07 ACE continued its leadership of the market in providing Cambridge courses to the European and Latin American markets.

[1] ELICOS – English Language Intensive Courses for Overseas Students is the acronym used in Australia to describe the sector that provides English language courses for international students and visitors.

English Teacher Training

The Australian TESOL Training Centre (ATTC), established in 1983, offers professional development courses focussing on practical teaching skills and language development for teachers of English, both native and non-native speakers.

ATTC is the largest teacher training centre outside of the UK offering courses leading to the Cambridge Certificates and Diplomas in English Language Teaching to Adults, English for TESOL and English for Teaching Children.

In the 2007 financial year, 1,152 teachers were trained, (an increase of 3% over 2006) in programs offered in Sydney, Brisbane, Perth and Cairns. ATTC also continued its successful delivery of professional development programs for teachers from non-English speaking countries as well as developing an Adult Migrant Teacher Preparation course.

In July 2006, ACE and ATTC relocated the Sydney City campus to a new facility in Market St, Sydney and in May 2007 SEC and ACL's corporate office relocated to the new Wynyard Green Education Precinct where it is co-located with Macquarie City College and the Australian College of Applied Psychology. Both campuses reflect IBT's commitment to high quality education facilities by providing students with study environments that are second to none in the English Language training sector across Australia.

Government Programs

AMEP NSW and South Australia

In consortium with public, not-for-profit and welfare partners, ACL has delivered the Adult Migrant English Program (AMEP) since 1998 to more than 89,000 participants. The AMEP is a Commonwealth Government funded program that provides English language tuition and support services to migrants and humanitarian entrants to facilitate their successful integration into Australian society. ACL works actively to assist in rebuilding the lives of these new Australians and provides support and skills for them to contribute to the economy and community of Australia.

ACL, as the lead agency, and its partners the University of Western Sydney, Macquarie Community College, Mission Australia and KU Children's Services operate English language colleges at 8 locations in Western and South Western Sydney. In 2006, ACL acquired LM Training Specialists which delivers formal AMEP tuition from a single site in the Adelaide CBD.

Figures for the 2007 financial year indicate that there have been over 10,000 enrolments, exceeding reach targets in all regions. The number of young students (those under the age of 25) at the colleges was almost 2,000. The top countries of birth for AMEP students were Iraq, China, Afghanistan, Vietnam and Sudan.

Clients participated in a wide range of learning options that included college and community-based tuition, multi-media and individual learning centres, distance learning, and home tutoring. Learners have access to on-site or locally based child care, counselling and referral support, and a range of other settlement services. The Citizenship Courses "Let's Participate" continued to be highly popular with a 95% completion rate and over 10,500 enrolments since their introduction in 2001. ACL has continued its high client satisfaction ratings from pervious years with 99% of clients again stating they would recommend ACL to friends and relatives.

ACL has forged strong relationships with ethnic, community, government and non-government organisations that have a part to play in the successful settlement of migrants and refugees into the Australian community. In March 2007, ACL hosted Australia's largest Harmony Day celebration with 2,300 ACL students and their families, local politicians and dignitaries celebrating at Sydney Olympic Park.

ACL sponsors a number of activities and projects that support small and emerging migrant communities and organisations. ACL also supported "The Refugee Council of Australia" refugee week celebrations across NSW and works very closely with key refugee settlement networks and bodies.

In the 2007 financial year, ACL established an Employment Pathways Unit to improve training and access for AMEP clients entering the workforce.

The ACL consortia and LM Training Specialists are in the fourth year of 5-year contracts. In May the Government announced that it would seek to extend the current contracts for another twelve months until June 2009.

LLNP South Australia

LM Training Specialists also delivers the Language, Literacy and Numeracy Programme (LLNP) for the Department of Education, Science and Training at its CBD site and LLNP Vocational Training through partnerships with two industry registered training organisations. In the 2007 financial year LM Training Specialists exceeded their predicted LLNP delivery by 46% and provided tuition and vocational training to over 1,800 migrant jobseekers.

IHSS NSW

An ACL consortium delivers the DIAC-funded Integrated Humanitarian Settlement Strategy (IHSS) in two regions of NSW, covering the areas of Sydney, Newcastle and Wollongong. A case-coordination approach is provided to ensure that the special needs of humanitarian entrants are identified and addressed, which ensures their settlement services are well integrated. The IHSS helps entrants gain access to mainstream services such as Centrelink, Medicare, banks, English training, general and specialist health and medical services, further education, training and employment, as well as links to the community.

Consortium partners are Resolve FM, which provides accommodation services, NSW STARTTS, which offers psychosocial health assessment and short-term counselling to help refugees deal with past experiences, and Mission Australia, which provides volunteer coordination and support.

During 2006/07, ACL has assisted 334 refugee families and 460 Special Humanitarian Program families to settle in Australia from Africa, Asia and the Middle East.

Almost 70% of families arriving during this year were from three source countries: Iraq, the Sudan and Sierra Leone.

Since October 2005, ACL has settled more than 6,600 humanitarian entrants in Australia through the IHSS. In addition, ACL has assisted more than 2,800 humanitarian arrivals in transit to other states.

Outlook

In the 2008 financial year there is expected to be moderate growth in ELICOS primarily due to packaging with CUS and MQC and continuing strong growth in some key markets.

The AMEP, LLNP and IHSS contracts are expected to deliver stable earnings given the significant gains already made in increasing reach and retention.

Workforce & Training

Introduction

In January 2007, IBT established its newest division to focus on providing business and industry with skilled labour, qualified professionals and associated solutions to meet current and future workforce needs.

The Workforce & Training division currently consists of the Australian College of Applied Psychology (ACAP) and Pollin8. While each of these companies manage their own day-to-day operations, an overarching plan and structure for the new division is being developed so that current and future operations are aligned and supported in achieving the division's objectives. A number of research and development projects, identifying global skills shortages that can be addressed by our capabilities, were completed from January to June 2007. These will form the basis of the divisional strategic plan, which will be finalised and rolled-out during the 2008 financial year.

Financial Outcomes

Both ACAP and Pollin8 achieved significant revenue and EBITDA growth in the 2007 financial year.

Business Description

Australian College of Applied Psychology (ACAP)

ACAP was acquired in the 2007 financial year. ACAP is an accredited and well respected vocational and higher education provider of courses in counselling, applied psychology, the social sciences, and people management and leadership.

ACAP delivers a complete range of qualifications including Certificate IV, Diplomas, Associate Degrees, Bachelors, Graduate Diplomas and Masters.

The College has more than 1,300 students and has been steadily growing its student numbers. More than 230 students graduated from various ACAP courses during the year.

During the year, ACAP acquired the Melbourne Campus which was previously a licensee arrangement. The College now has campuses in Sydney, Brisbane, and Melbourne and also offers its suite of programs through distance and online modes of delivery.

In March 2007, the newly acquired Melbourne Campus was registered for Higher Education and accredited to deliver courses and offer FEE-HELP to its students.

ACAP is currently working on strategies to attract more students into its VET courses which will be eligible for FEE-HELP in 2008.

In June, the Sydney Campus of ACAP relocated to the purpose built Wynyard Green Education Precinct. The relocation has provided ACAP with the necessary infrastructure to cater for additional students and provide state of the art teaching facilities.

ACAP is committed to delivering strong earnings growth in the coming financial year and to leverage marketing opportunities within IBT, expanding its campus networks, and broadening program offerings.

Pollin8

During the 2007 financial year CSM Knowledge changed its name to Pollin8 to more closely convey to the marketplace the changes that can occur in organisations through the strategic delivery of high quality human capital solutions. Pollin8's mission is to empower organisations and their people to grow through relevant quality training and consultancy services.

Pollin8 moved its Melbourne head office and training facilities closer to the CBD, creating a modern and sophisticated learning environment.

Pollin8's business growth has been solid in Melbourne with corporate sector training being substantially augmented by significant government contract business delivering DEST Work Skills programs nationally over the next 5 years. The IT services division has also experienced modest growth in the past 12 months delivering online learning programs to corporate clients and the development of industry specific software learning solutions.

Pollin8's expansion into both Brisbane and Adelaide has consolidated with increased sales and a greater market share over the last year. A measured entry this year into the Sydney market, resulting in some initial success will be expanded in the coming 12-18 months.

Looking forward the integration of Pollin8 into the expanding Workforce & Training division will increase both demand and opportunities in all key markets. Strategic focus will be on developing outsourcing and IT products and services with a clear goal of transitioning the business into a managed services provider in education and training.

Student Recruitment

Introduction

IBT, as a major strategic initiative, decided in 2006 to establish a Student Recruitment division. This initiative was driven by a desire to provide IBT with a level of protection into the future by having in place a structure that would give the Company some control over its supply chain of students, particularly from the major student recruitment markets. This has led to a strategic acquisition in each of the two of the largest markets for international students, China and India.

In 2006 IBT acquired a majority share (55%) in EduGlobal China Limited (EduGlobal).

In late 2006 IBT also acquired Study Overseas Ltd (SOL).

As part of its strategy IBT has also taken a 30% shareholding in Learning Information Systems Pty Ltd trading as StudyLink, a company that has a focus on online student recruitment.

During the past year, the Student Recruitment division has focused on key growth strategies and improved divisional structures to better position itself to capitalise on the many opportunities that exist in the student recruitment market worldwide.

Background

EduGlobal conducts a Chinese student recruitment business through a network of offices in the People's Republic of China managed and operated by Beijing EduGlobal Development Co Limited on behalf of EduGlobal.

This acquisition provided IBT with direct access to the world's largest overseas student market as well as providing the opportunity to secure control over a major student distribution channel.

This acquisition also provided a unique opportunity for IBT to access one of a small number of national education recruitment licenses in China. This license allows EduGlobal to operate student recruitment offices in all provinces in the PRC.

Review of Operations
(continued)

With over 14 years of experience in student recruitment and offices currently covering 10 provinces, EduGlobal is one of the largest recruitment agencies in China. EduGlobal has recently expanded its recruitment activities and is now recruiting for the very important UK, US and Canadian markets.

Founded in 1996 SOL is one of the largest education consultancies both in India and the world. SOL currently recruits over 2,000 students a year to the UK alone and is a market leader in India for education counselling, market research and student services.

Part of the SOL acquisition included Employment Overseas Ltd (EOL) which is a British based company. EOL, in addition to recruiting locally based British and international students, also provides migration and support services for SOL students recruited from India. With large numbers of students entering the UK from India and other countries, and statistics indicating that over 6,000 British based students go to Australia to study each year, EOL is well positioned to recruit students in the UK for both local colleges and universities and for study in Australia.

Also in late 2006 IBT acquired 30% of Learning Information Systems Pty Ltd (trading as StudyLink) which runs an on-line student recruitment portal that provides a searchable database of courses being offered by educational institutions in Australia, Europe, India, Singapore and the USA.

Financial Outcomes

The core recruitment business of each of the different business units all performed in line with expectations, with SOL in particular contributing solidly to earnings.

EduGlobal had a commendable break-even result given the investment made in new recruitment channels such as on-line recruitment, and the expansion of the office network into other regions in China.

StudyLink is in a start up phase and reported a small loss for the year.

Business Development

With student recruitment numbers from China expected to show continued growth, EduGlobal expects to significantly increase the number of offices it operates throughout China to ensure it is able to provide services to these students.

While the principal recruitment activities of EduGlobal have been focused on Australia in the past the Company has been expanding its activities to include recruitment for Universities and colleges in the UK, Canada and USA. For example, in late 2006 EduGlobal entered into an agreement to provide office facilities to the Canadian Education Commission. It is anticipated that this agreement will assist in placing EduGlobal in a key position to become a market leader not only for the Australian student recruitment market but also in the lucrative North American market as well.

Post acquisition, EduGlobal recognised two key opportunities that complimented the existing recruitment business. In late 2006 EduGlobal created two new business divisions, EduGlobal Logistics (EGL) and EduGlobal Media (EGM).

EGL is a business logistics solutions company, specialising in printing and distribution for educational institutions, particularly their international student brochures and other marketing materials. Although in its infancy EGL has already shown immense potential and currently works with over 20 clients, including all IBT institutions.

The second new division is EGM. Recognising the growth in the web as a source of information in China, EGM has entered into 3 year agreements with 7 key study abroad portals in China to manage their sites and to sell advertising. To date these sites have proved extremely popular with people seeking information on study abroad opportunities and the sites are receiving over 1 million visits per month.

Revenue generated from the sale of advertising on the portals managed by EGM domestically in China has been strong and this is now being rolled out to international clients. It is anticipated that EGM will be a solid contributor to the success of EduGlobal in 2008.

In order to further consolidate its position as a market leader in student recruitment in India, SOL will expand its recruitment divisions over the next twelve months to include Australia and North America. This will also include further expansion in the number of offices in India.

With the increase in overall fees in the UK, EOL recognises that more British based students are looking at Australia and Canada as possibilities for their higher education studies. EOL is well placed to capitalise on this opportunity.

Marketing Strategies

Both Eduglobal and SOL understand that in order to remain market leaders in student recruitment they need to have diverse and innovative marketing strategies.

For example, SOL has recognised that there has been a rapid growth and level of sophistication in the media industry in India and in order to capitalise on this SOL has developed a PR and marketing division aimed purely at assisting clients with promoting and profiling their institution in India.

Client Marketing Initiatives (CMI), was launched as a project in October 2005. The CMI broke new ground in offering participating client institutions a full suite of varied and innovative marketing initiatives all which had been tried and tested and had proved effective in delivery of both increasing brand profile and student numbers. The CMI project has proved very successful with both Indian students and participating client institutions. Popular initiatives included SMS Campaigns, advertising in SOL's company prospectus and on SOL's websites, Google sponsored links and e-newsletters.

Another example of diversification of strategies is the control that EduGlobal has of seven of the major study abroad portals in China. Through this, EduGlobal can offer clients unprecedented access to students interested in study overseas. EduGlobal can assist institutions in brand profiling and also the direction of student enquiries to their sites.

Outlook

The year ahead is expected to be an exciting period for the Student Recruitment division of IBT. The development of the logistics and media divisions of EduGlobal, as well as the expansion of the recruitment divisions within EduGlobal and SOL should provide healthy growth through the increased opportunities provided to students seeking education worldwide.

Synergies between EOL/SOL and EduGlobal will be further assessed in the 2008 financial year and maximised through service agreements. Better utilisation of economies of scale in the recruitment division will also be explored.

Board of Directors

Board of Directors

For the year ended 30 June 2007

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 February to July 2004, he held a short-term appointment as interim Chief Executive Officer of Western Power Corporation. He has held board appointments in industries as diverse as financial services, health insurance, telecommunications, equipment hire, mining services franchising and electricity.

His current non-executive directorships include HBF Health Funds Inc (Chairman), GESB (Government Employees Superannuation Board), Verve Energy (Electricity Generation Corporation), Worldwide Australia Holdings Pty Ltd (Chairman). He is also a member of the WA State Council of the Australian Institute of Company Directors.

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

- Abra Mining Limited
- Chieftain Securities Limited

Rod Jones BComm, DEd (Hon)
Chief Executive Officer
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.

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 IBT and has been instrumental in the expansion and development of the IBT 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 contributions to increasing student participation in education.

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

Board of Directors

For the year ended 30 June 2007

Ted Evans AC, BEcon
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*
  (Chairman since April 2007)

*denotes current directorship

James King B Comm
Non Executive Director
Appointed 9 November 2004

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

Until 2003, Mr King was with the Fosters' Group Limited and was Managing Director Carlton & United Breweries and Managing Director Fosters' Asia. Prior to joining Fosters in 1997, Mr King was President of Kraft Foods (Asia Pacific) and resided in Hong Kong for six years from 1991. Mr King is on the board of JB Hi Fi Limited, Babcock and Brown Environmental Investments Ltd, Trust Company Ltd, the Council of Xavier College Melbourne and is Chairman of the Juvenile Diabetes Research Foundation (Vic). He has also completed an advanced management program at Harvard University, and is a Fellow of the Australian Institute of Company Directors (AICD).

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

- JB HIFI Ltd*
- Babcock and Brown Environmental Investments Ltd*
- Tattersalls Ltd
- Trust Company Ltd*

*denotes current directorship

Board of Directors

For the year ended 30 June 2007

Dr Peter Larsen AAP, B AppSc, BEd, MEd, PhD
Non Executive Director
Appointed 18 June 2004

Dr Larsen has been a professional educator for in excess of 30 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 IBT group of colleges. Dr Larsen developed the original academic framework within which IBT pathway colleges now operate.

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

Peter Campbell BComm
Non Executive Director
Appointed 24 September 2004

Mr Campbell has had extensive involvement in higher education since 1970, having held senior positions at major universities in Melbourne. His involvement with the marketing of courses and recruitment of international students commenced in 1986 with the first Austrade Mission to South East Asia. Mr Campbell was appointed as the inaugural director of the Monash International Office in 1987 and subsequently initiated the Monash University Foundation Year in collaboration with Taylor's College. Following rapid growth in enrolments at Monash, he was appointed Director of International Programs at LaTrobe University in 1993. In October 1996, Mr Campbell left LaTrobe to establish MIBT on the Deakin University Toorak campus. Mr Campbell has also been involved in the development of the new colleges HIBT and LIBT in the UK.

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

Board of Directors

For the year ended 30 June 2007

Prof. Di Yerbury AO, LLB (Hons), PhD
Non Executive Director
Appointed 6 March 2006

Emeritus Professor Yerbury is a former President of the Australian Vice-Chancellors' Committee and Vice-Chancellor of Macquarie University. Her Vice-Chancellorship was characterised by her passion for the internationalisation of education. She has chaired and served on many government committees and boards, and has conducted several reviews for government, including in Zambia and Hong Kong. She has also actively supported the arts in her roles as chair, board director or founding patron of many arts organisations including the National Cultural Heritage Committee, Australian Youth Orchestra, the National Art School and the NSW Society of Women Authors. At various times, over the last two decades, she has been a director of GIO Australia, Australia Post and Citibank Australia. She is currently a board director of the University Co-operative Bookshops, the Committee for Economic Development of Australia and Platinum Sound Pty Ltd. She holds honorary doctorates from Ritsumeikan University (1998), Western Sydney (1999) and Macquarie (2007), and was appointed honorary professor at Beijing Normal University (1990). She is an Officer in the Order of Australia and in 2002 she won the NSW Telstra and TMP Business Woman of the Year awards.

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

Trevor Flügge AO, FTSE
Non Executive Director
Appointed 9 November 2004, resigned 28 November 2006

Mr Flügge has significant corporate experience in Australia and international marketing and relationship experience in Australia, Asia, the Middle East, Europe and North America.

He is a former director and chairman of the Australian Wheat Board and AWB Ltd. During the period 1994-2002 as chairman he led the Australian Wheat Board through a successful privatisation in 1999 and the listing of AWB Ltd on the ASX in 2001. Mr Flügge is a director of Australian Wool Services, and Andar Holdings Ltd (New Zealand).

He is a member of the board of directors of the Crawford fund and chairman of the WA Division. He is also a member of the Rabo Bank advisory board.

Mr Flügge was recognised for his contribution to Australian Agriculture with the Farrer Medal in 1998. In 2000, he was appointed an officer in the Order of Australia in recognition of his contribution to Australian agriculture, research and development and international marketing. In 2003, he was elected a fellow of the Australian Academy of Technological Sciences and Engineering. He received the Centenary Medal in 2003 and the Humanitarian Overseas Service Medal in 2004.

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

- Wesfarmers Limited
- ZBB Energy Limited
- Automotive Holdings Group Limited

Board of Directors

For the year ended 30 June 2007

COMPANY SECRETARY

Hugh Hangchi, LLB, BComm
Appointed 27 April 2005

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

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 Governance Statement

Corporate Governance Statement

The Board of IBT Education Limited is responsible for the corporate governance of IBT and its subsidiary companies. The Board governs matters relating to the strategic direction, policies, practices, management and operations of IBT with the aim of protecting the interests of its shareholders and other stakeholders, including employees, students, partners, and creating value for them.

In accordance with the Australian Stock Exchange Corporate Governance Council's (Council) "Principles of Good Corporate Governance and Best Practice Recommendations" (Recommendations), the corporate governance statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. IBT's corporate governance statement is structured with reference to the Council's principles and recommendations, which 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 the 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	Encourage enhanced performance
Principle 9	Remunerate fairly and responsibly
Principle 10	Recognise the legitimate interests of stakeholders

Details of IBT's compliance with the Recommendations for the year ended 30 June 2007 are disclosed in this statement.

For further information on corporate governance policies adopted by IBT, please refer to our website: http://www.ibteducation.com/corpgov.php

Structure of the Board

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report are included in the annual report on pages 20 to 24. Directors of IBT are considered to be independent where they are not a member of management and when they:

1. Are not a substantial shareholder of IBT or an officer of, or otherwise associated directly with a substantial shareholder of IBT (as defined in section 9 of the Corporations Act);
2. Have not, within the last 3 years, been employed in an executive capacity by the IBT Group, or been a director after ceasing to hold any such employment;
3. Have not, within the last 3 years, been a principal of a material professional adviser or a material consultant to the IBT Group, or an employee materially associated with the services provided;
4. Are not a material supplier or customer of the IBT Group, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
5. Have no material contractual relationship with the IBT Group other than as a director of IBT;
6. Have not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of IBT; and
7. Are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interest of IBT.

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 IBT will be non-executive (preferably independent) directors and that the Chairman 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 7 Directors in office at the date of this statement and considers that 4 of the Directors are independent as follows:

Name	Position
Harvey Collins	Non Executive Chairman
Ted Evans	Non Executive Director
James King	Non Executive Director
Prof. Di Yerbury	Non Executive Director

The Board will assess the independence of new directors upon appointment, and the independence of other directors, as appropriate. To facilitate independent judgement in decision-making, each director has the right to seek independent professional advice at IBT's expense. However, prior approval from the Chairman 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	2 years
Rod Jones	3 years
Ted Evans	2 years
James King	2 years
Dr Peter Larsen	3 years
Peter Campbell	2 years
Prof. Di Yerbury	1 year

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:

1. 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;
2. Providing the Board with advice and recommendations regarding identifying, assessing and enhancing director competencies and a succession plan;
3. 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 IBT;
4. 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;
5. Implementing an effective induction process for new Board appointees and key executives;
6. Evaluating and reviewing the performance of the Board as a whole and individual directors against both measurable and qualitative indicators;
7. Providing the Board with advice and recommendations regarding an executive remuneration policy, incentive schemes, non-executive remuneration and termination and redundancy policies; and
8. Reviewing and providing recommendations to the Board with respect to the remuneration packages of senior management and executive directors.

The Nomination and Remuneration Committee comprised the following members:

Harvey Collins (Chair)
Ted Evans
Peter Campbell

For details of directors' attendance at meetings of the Nomination and Remuneration Committee, please refer to page 86 of the Directors' Report.

For additional details regarding the Nomination and Remuneration Committee, please refer to our website.

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:

1) Monitoring and reviewing the:
   a) Integrity of the financial statements;
   b) Effectiveness of internal financial controls;
   c) Independence, objectivity and competency of internal and external auditors;
   d) Policies on risk oversight and management;
   e) Execution of the treasury and insurance functions.
2) 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

Qualifications of Audit and Risk Committee members

James King BComm, FAICD has over 25 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 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 is also a director of Westpac Banking Corporation since November 2001 and was appointed Chairman on 1 April 2007. 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.

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 86 of the Directors' Report.

Corporate Governance Statement
(continued)

Performance

The performance of the Board will be reviewed periodically. As an external review of the Board's performance was conducted last year, no external review will be conducted this year.

Remuneration

It is IBT's 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 IBT's remuneration philosophy and framework and the remuneration received by directors in the current period please refer to the remuneration report, which is contained at pages 87 to 95 of the Director's Report.

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

Summary

In summary, IBT concludes that it substantially complied with all of the Recommendations other than as follows.

In respect of Recommendation 8.1, as set out above, the Nomination and Remuneration Committee (NRC) conducted a performance evaluation of the Board for the last reporting period. The Audit and Risk Committee (ARC) conducted an internal review of the ARC's performance against the responsibilities set out in the ARC Charter. Following that review, the ARC is of the view that its composition, operations and discharge of its responsibilities are consistent with Recommendation 4. A similar review will be conducted for the NRC in September 2007.

The Chairman will review the performance of individual Directors in July/August 2007. With the appointment of a Group General Manager, Human Resources, performance review procedures are being developed for key executives for the next financial year.

In respect of Recommendation 7.2, the Directors received the annual certification from the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). However, the certification given by the CEO and the CFO is not in accordance with the form of wording provided for in Recommendation 7.2 as the Company has not yet fully implemented its formal risk management framework. The Company is currently recruiting a Group Risk Co-ordinator.

Financial Statements

Income Statement

For the year ended 30 June 2007

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Revenue	5	282,710	226,046	40,634	45,650
Marketing expenses		(40,548)	(31,103)	(3,742)	(2,358)
Academic expenses		(55,103)	(41,155)	-	-
Administration expenses		(138,191)	(108,400)	(9,010)	(6,626)
Finance costs	5	(1,808)	(707)	(1,762)	(720)
Profit before income tax expense		47,060	44,681	26,120	35,946
Income tax (expense)/benefit	6	(14,659)	(13,407)	3,171	4,062
Profit for the year		32,401	31,274	29,291	40,008
(Profit)/Loss attributable to minority interest	22	(156)	214	-	-
Profit attributable to members of the parent entity	21	32,245	31,488	29,291	40,008
Earnings per share (cents per share)	7				
Basic		9.3 cents	9.1 cents		
Diluted		9.3 cents	9.1 cents		
Dividends per share (cents per share)	8				
Ordinary shares					
- Final dividend proposed/paid		5.0 cents	4.8 cents		
- Interim dividend paid		4.3 cents	4.7 cents		

The income statement should be read in conjunction with the accompanying notes to the financial statements.

Balance Sheet
As at 30 June 2007

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Current Assets					
Cash and cash equivalents	9	1,041	60,278	800	36,744
Trade and other receivables	10	18,162	16,214	34,540	8,736
Other	11	3,778	3,324	214	262
Total Current Assets		22,981	79,816	35,554	45,742
Non Current Assets					
Plant & equipment	14	16,473	4,610	8,648	94
Other financial assets	12	1,000	-	136,151	122,569
Deferred tax assets	6	4,213	1,247	1,128	1,408
Investments accounted for using the equity method	13	1,357	-	-	-
Intangible assets	15	170,299	139,809	-	-
Other	11	698	1,216	-	1,133
Total Non Current Assets		194,040	146,882	145,927	125,204
Total Assets		217,021	226,698	181,481	170,946
Current Liabilities					
Trade and other payables	17	31,422	24,052	92,353	48,437
Deferred revenue		67,549	52,948	-	-
Current tax payables		1,769	4,117	2,447	4,086
Borrowings	18	78	-	3,784	-
Provisions	19	1,905	884	181	315
Total Current Liabilities		102,723	82,001	98,765	52,838
Non Current Liabilities					
Trade and other payables	17	2,000	-	824	-
Borrowings	18	11,333	10,443	-	-
Provisions	19	1,666	2,133	52	13
Total Non Current Liabilities		14,999	12,576	876	13
Total Liabilities		117,722	94,577	99,641	52,851
Net Assets		99,299	132,121	81,840	118,095
Equity					
Issued capital	20	78,339	112,336	78,339	112,336
Reserves	21	3,270	3,560	3,445	3,445
Retained earnings	21	17,521	16,825	56	2,314
Equity attributable to members of the parent		99,130	132,721	81,840	118,095
Minority interest	22	169	(600)	-	-
Total Equity		99,299	132,121	81,840	118,095

The balance sheet should be read in conjunction with the accompanying notes to the financial statements.

Statement of Recognised Income and Expense

For the year ended 30 June 2007

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Currency translation differences		(290)	93	-	-
Net income recognised directly in equity		(290)	93	-	-
Profit for the year		32,401	31,274	29,291	40,008
Total recognised income and expense for the year		32,111	31,367	29,291	40,008
Attributable to:					
Equity holders of the parent		31,884	31,667	29,291	40,008
Minority interest		227	(300)	-	-
		32,111	31,367	29,291	40,008

Other movements in equity arising from transactions with owners as owners are set out in notes 20 to 22.

The statement of recognised income and expense should be read in conjunction with the accompanying notes to the financial statements.

Statement of Cash Flows

For the year ended 30 June 2007

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Cash flows from operating activities					
Receipts from customers		292,808	227,453	1,400	1,851
Payments to suppliers and employees		(224,190)	(175,570)	(10,204)	(7,260)
Interest received		1,652	3,393	2,972	1,960
Interest paid		(1,029)	(188)	(1,602)	-
Income tax (paid)/received		(20,342)	(13,704)	(19,610)	512
Net cash flows provided by/(used in) operating activities	9	48,899	41,384	(27,044)	(2,937)
Cash flows from investing activities					
Purchase of plant and equipment	14	(9,204)	(2,870)	(5,302)	(70)
Proceeds on disposal of plant and equipment		917	231	-	19
Purchase of other non current assets		(2,462)	(741)	-	(1,069)
Net cash paid for controlled entities	25	(30,019)	(39,989)	(13,582)	(3,720)
Net cash flows used in investing activities		(40,768)	(43,369)	(18,884)	(4,840)
Cash flows from financing activities					
Return of capital to shareholders	20	(34,691)	-	(34,691)	-
Payment of return of capital costs		(54)	-	(54)	-
Proceeds from borrowings		52,940	192	52,940	-
Repayment of borrowings		(55,491)	(6,469)	(52,316)	-
Proceeds from borrowings with related parties		-	-	145,892	14,217
Repayment of borrowings with related parties		-	-	(70,238)	-
Contributions from minority interest		1,573	-	-	-
Payment of dividends	8	(31,549)	(39,501)	(31,549)	(39,501)
Net cash flows (used in)/provided by financing activities		(67,272)	(45,778)	9,984	(25,284)
Net decrease in cash and cash equivalents		(59,141)	(47,763)	(35,944)	(33,061)
Cash and cash equivalents at beginning of period		60,278	108,041	36,744	69,805
Effects of exchange rate changes on the balance of cash held in foreign currencies		(96)	-	-	-
Cash and cash equivalents at end of period	9	1,041	60,278	800	36,744

The statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2007

1. Corporate Information

The financial report of IBT Education Limited (the "Company") for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of directors dated 31 July 2007.

IBT Education Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

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

2. Significant Accounting Policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and Interpretations. The financial report has also been prepared on a historical cost basis, except for available-for-sale and held-for-trading financial assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000's) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

Adoption of new and revised Accounting Standards

In the current year, 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 its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

Accounting Standards and Interpretations, including those issued by the IASB/IFRIC where an Australian equivalent has not 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 2007 are:

Affected Standards	Application date of standard (reporting period commences on or after)	Application date for Group	Nature of change to accounting policy
AASB7 Financial Instruments: Disclosures	1 January 2007	1 July 2007	A project team has been formed to assess the impact of these new standards and interpretations. A final assessment has not been made on the expected impact of these standards and interpretations, however, it is expected that that there will be no significant changes in the Group's accounting policies.
AASB 8 Operating Segments	1 January 2009	1 July 2009	
AASB101 Presentation of Financial Statements	1 January 2007	1 July 2007	
AASB 123 Borrowing Costs	1 January 2009	1 July 2009	
AASB 2007 – 4 Amendments to Australian Accounting Standards arising from ED 151 and other Amendments	1 July 2007	1 July 2007	
AASB 2007 – 7 Amendments to Australian Accounting Standards	1 July 2007	1 July 2007	
Interpretation 10 Interim Financial Reporting and Impairment	1 November 2006	1 July 2007	
Interpretation 11 AASB 2 – Group and Treasury Share Transactions	1 March 2007	1 July 2007	
Interpretation 12 Service Concession Arrangements	1 January 2008	1 July 2008	

2. Significant Accounting Policies (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of IBT Education Limited and its subsidiaries ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies where possible. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

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

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which IBT Education Limited has control.

Acquisitions have been included in the consolidated financial statements using the purchase method of accounting, which measures the acquiree's assets and liabilities at their fair value at acquisition date.

Minority interests represent the interests in Australian Institute of Business and Technology Limited and EduGlobal China Limited, not held by the Group. Losses applicable to the minority in excess of the minority interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(d) Business combinations

Under the purchase method the cost of a business combination is measured as the aggregate of the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the consolidated entity if a similar borrowing were obtained from an independent financier under comparable terms and conditions. The unwinding of the discount is treated as a finance cost.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(e) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing services that are subject to risks and returns that are different to those of other business segments.

A geographical segment is a distinguishable component of the entity that is engaged in providing services within a particular economic environment and is subject to risks and returns that are different to those of segments operating in other economic environments.

2. Significant Accounting Policies (continued)

(f) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of IBT Education Limited and its Australian subsidiaries is Australian dollars (A$). 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 overseas subsidiaries is Pounds Sterling for the companies situated in the United Kingdom, Kenyan Schillings for the company situated in Kenya, Zambian Kwachas for the Zambian company and Chinese Yuan Renminbi for the company situated in Hong Kong.

(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.

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.

Exchange differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

As at the reporting date the assets and liabilities of these foreign subsidiaries are translated into the presentation currency of IBT Education Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of acquisition to AIFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

(g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet 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 Cash Flow Statement, 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 balance sheet.

(h) Trade and other receivables

Trade receivables, which generally have 30 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.

Collectibility 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.

2. 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 after 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.

(iv) Available-for-sale investments

Available-for-sale investments 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 investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment 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 investments 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.

2. Significant Accounting Policies (continued)

(i) Investments and other financial assets (continued)

(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.

(j) Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in the associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of its associates' post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

2. Significant Accounting Policies (continued)

(k) 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
Leasehold improvements – the lease term

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.

(l) 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.

2. Significant Accounting Policies (continued)

(m) 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.

(n) Goodwill and intangibles

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

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 Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated:

i) represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

ii) is not larger than a segment based on either the Group's primary or the Group's secondary reporting format as determined in accordance with AASB114 Segment Reporting.

2. Significant Accounting Policies (continued)

(n) Goodwill and intangibles (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 the 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.

Intangibles

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	Government Contracts	Copyrights
Useful lives	Finite	Finite	Finite
Method used	Contract life (no longer than 10 years) - Straight line	Contract life (3 years) – Straight line	25 years – Straight line
Internally generated /acquired	Acquired	Acquired	Acquired
Impairment test/ Recoverable amount testing	Annually and where an indicator of impairment exists. Amortisation method reviewed at each financial year-end.	Annually and where an indicator of impairment exists. Amortisation method reviewed at each financial year-end.	Annually and 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 income statement when the asset is derecognised.

2. Significant Accounting Policies (continued)

(n) Goodwill and intangibles (continued)

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected future revenues from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

(o) 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 payable and other payables generally have 30-60 day terms.

(p) 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.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(q) Provisions and employee leave benefits

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 income statement 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.

2. Significant Accounting Policies (continued)

(q) Provisions and employee leave benefits (continued)

Employee leave benefits

(i) 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.

(ii) 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.

(r) 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 is 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 Stock Exchange.

The cost of equity settled transactions is 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 (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement 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.

(s) Redeemable preference shares

The component of the redeemable preference shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of issue costs.

On the issue of the redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt/equity.

(t) Contributed equity

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.

2. Significant Accounting Policies (continued)

(u) Options

Options issued over ordinary shares are classified as equity and are valued using a pricing model which takes into account the option exercise price, the current level and volatility of the underlying share price, the risk free interest rate, the expected dividends on the underlying share, the current market price of the underlying share and the expected life of the option.

The value of the options is recognised in an option reserve until the options are exercised or the options expire.

(v) 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.

(w) Income tax and other taxes

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.

2. Significant Accounting Policies (continued)

(w) Income tax and other taxes (continued)

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 income statement.

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.

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 balance sheet.

Cash flows are included in the Cash Flow Statement 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.

(x) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends 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:

- costs of servicing equity (other than dividends) and preference share dividends;
- 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.

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:

(i) 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:

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.

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.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill and intangibles with indefinite useful lives

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 15 and 16.

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.

4. Segment Information

The Group's primary reporting format is business segments as the Group's risks and rates of return are affected predominately by differences in the services produced. Secondary segment information is reported geographically.

The operating businesses are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services.

University Programs – delivery of education programmes, via pathway colleges and managed campuses, to students requiring a university education.

English Language – delivers English language tuition

Workforce and Training – delivers vocational and job skills training

Student Recruitment – delivers student recruitment services to students seeking international education experience.

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 consolidated entity'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.

Primary segment - Business segments

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2007 and 30 June 2006.

2007 $000's	University Programs	English Language	Workforce & Training	Student Recruitment	Unallocated	Total
Revenue						
Sales to external customers	155,929	100,285	14,561	10,283	-	281,058
Total segment revenue	155,929	100,285	14,561	10,283	-	281,058
Other revenue					1,652	1,652
Total consolidated revenue						282,710
Result						
EBITDA *	44,585	13,117	2,706	1,845	(8,214)	54,039
Depreciation	(872)	(1,061)	(224)	(131)	(91)	(2,379)
Amortisation	-	(4,135)	(309)	-	-	(4,444)
Impairment	-	-	-	-	-	-
Profit before tax and net finance expense	43,713	7,921	2,173	1,714	(8,305)	47,216
Net finance expense					(156)	(156)
Profit before income tax						47,060
Income tax expense						(14,659)
Profit for the year						32,401
Assets and liabilities						
Segment assets	84,317	85,359	24,923	21,528	894	217,021
Segment liabilities	58,131	42,803	4,761	1,941	10,086	117,722
Other segment information						
Capital expenditure	2,593	5,146	16,603	17,979	8,645	50,966
Impairment losses	-	-	-	-	-	-

** EBITDA = profit before net interest, taxes, depreciation and amortisation*

4. Segment Information (continued)

2006 $000's	University Programs	English Language	Workforce & Training	Student Recruitment	Unallocated	Total
Revenue						
Sales to external customers	137,178	82,640	2,835	-	-	222,653
Total segment revenue	137,178	82,640	2,835	-	-	222,653
Other revenue					3,393	3,393
Total consolidated revenue						226,046
Result						
EBITDA	42,059	11,332	583	-	(6,059)	47,915
Depreciation	(1,219)	(877)	(54)	-	(51)	(2,201)
Amortisation	-	(3,630)	-	-	-	(3,630)
Impairment	(89)	-	-	-	-	(89)
Profit before tax and net finance income	40,751	6,825	529	-	(6,110)	41,995
Net finance income					2,686	2,686
Profit before income tax						44,681
Income tax expense						(13,407)
Profit for the year						31,274
Assets and liabilities						
Segment assets	102,492	82,357	4,053	-	37,796	226,698
Segment liabilities	56,497	32,640	415	-	5,025	94,577
Other segment information						
Capital expenditure	1,393	38,487	3,720	-	-	43,600
Impairment losses	89	-	-	-	-	89

4. Segment Information (continued)

Secondary segment - Geographical segments

Geographically, the group operates in the following segments being Australia, the United Kingdom, Canada, Asia and Africa.

2007 $000's	External Segment revenue	Segment assets	Expenditure on plant and equipment and intangible assets
Australia	256,341	195,754	35,103
United Kingdom	12,679	11,099	9,354
Canada	1,820	835	75
Asia	5,756	8,049	6,337
Africa	4,462	1,284	97
Total	281,058	217,021	50,966

2006 $000's	External Segment revenue	Segment assets	Expenditure on plant and equipment and intangible assets
Australia	208,292	221,618	43,440
United Kingdom	10,363	4,478	29
Canada	-	-	-
Asia	-	-	-
Africa	3,998	602	131
Total	222,653	226,698	43,600

5. Revenues and Expenses

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Revenue and expenses from continuing operations					
(a) Revenue					
Tuition services		256,603	207,815	-	-
Commission services		10,250	-	-	-
Other services		14,205	14,838	2,382	1,523
Interest					
Other corporations		1,652	3,393	712	2,040
Subsidiaries		-	-	2,261	2,525
Dividends					
Subsidiaries		-	-	35,279	39,562
		282,710	226,046	40,634	45,650
(b) Expenses					
Finance costs					
Bank loans and overdrafts		1,029	-	1,029	-
Loans from controlled entities		-	-	733	720
Other loans (including redeemable preference shares)		779	707	-	-
		1,808	707	1,762	720
Depreciation and amortisation					
Depreciation					
Plant & equipment	14	2,379	2,201	91	44
Amortisation					
Government contracts	15	3,696	3,190	-	-
Licences	15	144	-	-	-
Copyrights	15	604	440	-	-
		4,444	3,630	-	-
		6,823	5,831	91	44
Lease payments					
Minimum lease payments – operating leases		10,480	6,246	1,363	90
Employee benefits expense					
Wages and salaries		85,483	63,975	5,161	4,201
Impairment losses					
Goodwill	15	-	89	-	-
Loans to controlled entities	10	-	-	-	541
Investments in controlled entities	12	-	-	-	27
		-	89	-	568
(c) Gains and Losses					
Net gain/(loss) on disposal of plant and equipment		221	(8)	-	2
Foreign exchange gains/(losses)		198	70	(301)	(67)
		419	62	(301)	(65)

6. Income Tax

The major components of income tax (expense)/benefit are:

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Income Statement					
Current Income Tax					
- Current income tax		(16,577)	(15,065)	2,843	843
- Adjustments in respect of current income tax of previous years		(686)	313	423	2,977
Deferred Income Tax					
- Relating to origination and reversal of temporary differences		2,604	1,345	(95)	242
Income Tax reported in the income statement		(14,659)	(13,407)	3,171	4,062
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable tax rate is as follows:					
Accounting profit before income tax from continuing operations		47,060	44,681	26,120	35,946
At the Group's statutory income tax rate of 30%		(14,118)	(13,404)	(7,836)	(10,784)
- Adjustments in respect of current income tax of previous years		(686)	313	423	2,977
- Dividends from subsidiaries		-	-	10,584	11,869
- Impact of tax on foreign subsidiaries		-	(100)	-	-
- Sundry items		145	(216)	-	-
Income tax reported in the consolidated income statement		(14,659)	(13,407)	3,171	4,062

	Balance Sheet 2007 $000's	Balance Sheet 2006 $000's	Income Statement 2007 $000's	Income Statement 2006 $000's
Deferred income tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax assets				
- Employee provisions	1,757	1,490	267	207
- Other provisions	196	-	196	-
- Equity raising costs	466	660	-	-
- Lease incentives	596	-	596	-
- Other temporary differences	2,835	1,279	396	181
	5,850	3,429		
Deferred tax liabilities				
- Intangible assets acquired	(1,637)	(1,914)	1,149	957
- Other temporary differences	-	(268)	-	-
	(1,637)	(2,182)		
Net Deferred tax assets	4,213	1,247		
Deferred tax income			2,604	1,345

6. Income Tax (continued)

	Balance Sheet		Income Statement	
	2007 $000's	2006 $000's	2007 $000's	2006 $000's
PARENT				
Deferred tax assets				
- Employee provisions	153	180	(27)	70
- Other provisions	7	-	7	-
- Equity raising costs	466	660	-	-
- Lease incentives	202	-	202	-
- Other temporary differences	300	568	(277)	172
	1,128	1,408		
Net Deferred tax assets	1,128	1,408		
Deferred tax income/(expense)			(95)	242

Tax consolidation

Effective 5 November 2004, for the purposes of income taxation, IBT Education 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 IBT Education Limited.

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, IBT Education 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.

In preparing the accounts for IBT Education Limited for the current year, the following amounts have been recognised as tax consolidation contribution adjustments:

	Parent	
	2007 $000's	2006 $000's
Total increase to intercompany assets of head entity	18,999	3,575

7. Earnings per share

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

	Consolidated	
	2007 $000's	2006 $000's
Net profit attributable to ordinary equity holders of the parent from continuing operations (used in calculating basic EPS)	32,245	31,488
Adjustment for dilutive potential ordinary shares	–	–
Net profit attributable to ordinary equity holders adjusted for the effect of dilutive potential ordinary shares (used in calculating diluted EPS)	32,245	31,488
	2007	2006
	Number of shares	
Weighted average number of ordinary shares for basic EPS	346,820,657	346,500,000
Effect of dilution:		
Options	1,280,536	–
Weighted average number of ordinary shares adjusted for the effect of dilution	348,101,193	346,500,000
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in diluted earnings per share	–	–

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.

8. Dividends Paid and Proposed

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Declared and paid during the year					
Dividends on ordinary shares:					
Final franked dividend for 2006: 4.8 cents (2005: 6.7 cents)		16,632	23,216	16,632	23,216
Interim franked dividend for 2007: 4.3 cents (2006: 4.7 cents)		14,917	16,285	14,917	16,285
		31,549	39,501	31,549	39,501
Dividends proposed and not recognised as a liability					
Dividends on ordinary shares:					
Final franked dividend for 2007: 5.0 cents (2006: 4.8 cents)		17,346	16,632	17,346	16,632
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%				16,719	10,630
- franking credits that will arise from the payment of income tax payable as at the end of the financial year				2,447	4,086
- 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				(7,434)	(7,128)
				11,732	7,588

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

9. Cash and Cash Equivalents

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Cash at bank and in hand		1,041	25,095	800	1,611
Short term deposits		-	35,183	-	35,133
		1,041	60,278	800	36,744

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

Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

Reconciliation to cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June:

	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Cash and cash equivalents	1,041	60,278	800	36,744
Reconciliation of profit for the period to net cash flows from operating activities				
Net profit for the period	32,401	31,274	29,291	40,008
Non cash items				
Depreciation	2,379	2,201	91	44
Amortisation	4,444	3,630	-	-
Allowance for impairment	-	89	-	568
Net (profit)/loss on disposal of plant and equipment	(221)	8	-	(2)
Net exchange differences	(198)	(70)	301	67
Dividends received via intercompany account	-	-	(35,279)	(39,562)
Transfer of tax assets and liabilities on tax consolidation	-	-	(18,999)	(3,575)
Other non cash items	1,665	396	672	722
Net profit after non cash items	40,470	37,528	(23,923)	(1,730)
Changes in assets and liabilities				
Decrease/(increase) in trade and other receivables	216	1,089	(983)	(2,278)
Decrease/(increase) in prepayments and other assets	170	(8,817)	203	(261)
Increase/(decrease) in trade and other payables	16,501	11,245	(191)	1,141
(Increase)/decrease in deferred tax assets	(3,039)	(1,579)	280	51
(Decrease)/increase in current tax liabilities	(2,643)	1,281	(2,364)	(93)
(Decrease)/increase in provisions	(2,776)	637	(66)	233
Net cashflows from operating activities	48,899	41,384	(27,044)	(2,937)

Disclosure of financing activities
Refer to note 18.

Disclosure of non cash financing and investing activities including business acquisitions
Refer to note 14 and 25.

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10. Trade and Other Receivables

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Trade receivables		6,159	6,140	8	-
Allowance for doubtful debts		(654)	(607)	-	-
		5,505	5,533	8	-
Accrued income		7,832	5,642	-	-
Other receivables		4,574	4,761	1,139	181
Related party receivables					
Associate		251	278	9	-
Subsidiaries		-	-	3,169	2,564
		251	278	3,178	2,564
Loans to controlled entities		-	-	30,649	6,532
Allowance for impairment		-	-	(434)	(541)
		-	-	30,215	5,991
		18,162	16,214	34,540	8,736

Terms and conditions of trade and other receivables

(i) Trade and other receivables are non interest bearing and are generally on 30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. An additional allowance of $0.047 million (2006: $0.395 million) (Parent: $nil (2006: $0.541million)) has been recognised as an expense 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 estimated future cash flows expected to be recovered from the relevant debtors.

(ii) For terms and conditions of related party receivables refer to note 27.

Details regarding the effective interest rate and credit risk of current receivables are disclosed in note 24.

11. Other Assets

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Current					
Prepayments		3,421	2,969	51	262
Other		357	355	163	-
		3,778	3,324	214	262
Non Current					
Other		698	1,216	-	1,133

12. Other Financial Assets

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Cost					
Investments in controlled entities		-	-	93,720	76,694
Allowance for impairment		-	-	(27)	(27)
		-	-	93,693	76,667
Amortised cost					
Loans to related parties		1,000	-	-	-
Loans to controlled entities		-	-	42,458	45,902
		1,000	-	136,151	122,569

Terms and conditions of other financial assets
(i) For terms and conditions of loans to controlled entities refer to note 27.

13. Investments accounted for using the equity method

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Investments in associates (unlisted)		1,357	-	-	-

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest 2007	Ownership Interest 2006
Learning Information Systems Pty Ltd	Student recruitment	Australia	30%	-

The Group's proportion of voting power is the same as its ownership interest. The Groups investments in associates are accounted for in accordance with the accounting policy described in note 2.

Summarised financial information in respect of the Group's associates is set out below:

	Consolidated 2007 $000's	Consolidated 2006 $000's
Financial position		
Total assets	1,602	-
Total liabilities	2,167	-
Net assets	(565)	-
Group's share of associates net assets	(170)	-
Financial performance		
Total revenue	3,760	-
Total loss for the year	(351)	-
Group's share of associates loss before tax	(105)	-
Group's share of associates income tax benefit	-	-
Group's share of associates loss	(105)	-

Dividends received from associates
No dividends were received from associates during the year (2006: nil).

Contingent liabilities and capital commitments
The Group's share of the contingent liabilities, capital commitments and other expenditure commitments of associates are disclosed in note 26.

14. Plant and Equipment

	Consolidated			
$000's	Plant and equipment	Plant and equipment under finance lease	Leasehold works in progress	Total
Gross carrying amount				
Balance at 1 July 2005	2,960	-	-	2,960
Additions	2,870	-	-	2,870
Disposals	(239)	-	-	(239)
Acquisition of a subsidiary	1,834	-	-	1,834
Exchange adjustment	188	-	-	188
Balance at 1 July 2006	7,613	-	-	7,613
Additions	5,114	-	8,457	13,571
Disposals	(2,706)	-	-	2,706)
Acquisition of a subsidiary	1,343	159	-	1,502
Exchange adjustment	(203)	-	-	(203)
Closing balance at 30 June 2007	11,161	159	8,457	19,777
Accumulated depreciation				
Balance at 1 July 2005	(802)	-	-	(802)
Depreciation expense	(2,201)	-	-	(2,201)
Disposals	-	-	-	-
Exchange adjustment	-	-	-	-
Balance at 1 July 2006	(3,003)	-	-	(3,003)
Depreciation expense	(2,289)	(90)	-	(2,379)
Disposals	2,010	-	-	2,010
Exchange adjustment	68	-	-	68
Closing balance at 30 June 2007	(3,214)	(90)	-	(3,304)
Net book value				
At 1 July 2005	2,158	-	-	2,158
At 30 June 2006	4,610	-	-	4,610
At 30 June 2007	7,947	69	8,457	16,473

The useful life of the assets was estimated as follows for both 2006 and 2007:
Plant and equipment – over 2 to 10 years
No impairment loss was recognised in relation to plant and equipment assets in 2007 and 2006.

14. Plant and Equipment (continued)

	Parent			
$000's	**Plant and equipment**	**Plant and equipment under finance lease**	**Leasehold works in progress**	**Total**
Gross carrying amount				
Balance at 1 July 2005	95	-	-	95
Additions	70	-	-	70
Disposals	(17)	-	-	(17)
Balance at 1 July 2006	148	-	-	148
Additions	188	-	8,457	8,645
Disposals	(10)	-	-	(10)
Closing balance at 30 June 2007	326	-	8,457	8,783
Accumulated depreciation				
Balance at 1 July 2005	(10)	-	-	(10)
Depreciation expense	(44)	-	-	(44)
Disposals	-	-	-	-
Exchange adjustment	-	-	-	-
Balance at 1 July 2006	(54)	-	-	(54)
Depreciation expense	(91)	-	-	(91)
Disposals	10	-	-	10
Exchange adjustment	-	-	-	-
Closing balance at 30 June 2007	(135)	-	-	(135)
Net book value				
At 1 July 2005	85	-	-	85
At 30 June 2006	94	-	-	94
At 30 June 2007	191	-	8,457	8,648

15. Intangible Assets

$000's	Goodwill	Government contracts	Copyrights	Licences	Total
	Consolidated				
Gross carrying amount					
Balance at 1 July 2005	74,996	-	-	-	74,996
Acquisition of subsidiaries	47,964	9,570	10,998	-	68,532
Balance at 30 June 2006	122,960	9,570	10,998	-	143,528
Acquisition of subsidiaries	28,114	1,265	4,115	1,440	34,934
Balance at 30 June 2007	151,074	10,835	15,113	1,440	178,462
Accumulated amortisation and impairment losses					
Balance at 1 July 2005	-	-	-	-	-
Amortisation expense	-	(3,190)	(440)	-	(3,630)
Impairment losses	(89)	-	-	-	(89)
Balance at 30 June 2006	(89)	(3,190)	(440)	-	(3,719)
Amortisation expense	-	(3,696)	(604)	(144)	(4,444)
Impairment losses	-	-	-	-	-
Balance at 30 June 2007	(89)	(6,886)	(1,044)	(144)	(8,163)
Net book value					
At 1 July 2005	74,996	-	-	-	74,996
At 30 June 2006	122,871	6,380	10,558	-	139,809
At 30 June 2007	150,985	3,949	14,069	1,296	170,299

Government contracts 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 from 1 July 2005 to 30 June 2008. 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.

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.

Licences 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 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.

Goodwill is not amortised but is subject to annual impairment testing (see note 16).

No impairment loss was recognised in relation to intangible assets in 2007 (2006: $0.089m).

16. Impairment Testing of Goodwill and Intangibles with Indefinite Lives

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

	Consolidated Carrying amount of Goodwill	
Cash-Generating Unit (or Group of Units)	**2007 $000's**	**2006 $000's**
ACL	44,679	44,679
SIBT	32,332	32,332
MIBT	11,738	11,738
QIBT	9,979	9,979
CIC	13,089	13,089
ACAP	10,804	-
SOL	9,049	-
Multiple units without significant intangibles	19,315	11,054
	150,985	**122,871**

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 cash flow projections is 12% (2006: 12%) and cashflows beyond the five year period are extrapolated using a 3% growth rate. This growth rate is consistent with the expected inflation range maintained by the Reserve Bank of Australia.

Key assumptions used in value in use calculations for the listed cash-generating units for 30 June 2007 and 30 June 2006:

The following describes each key assumption on which management has based its cashflow 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.

17. Trade and Other Creditors

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Current					
Trade payables		5,207	4,614	3	23
Other payables		25,633	19,438	5,168	1,951
Lease incentives	26	582	-	444	-
		31,422	24,052	5,615	1,974
Loans from controlled entities		-	-	86,738	46,463
		31,422	24,052	92,353	48,437
Non Current					
Lease incentives	26	2,000	-	824	-

Terms and conditions of trade and other payables

(i) Trade and other payables are non interest bearing and are generally on 30-60 day terms.

(ii) For terms and conditions of related party payables refer to note 27.

Details regarding the effective interest rate and credit risk of current payables are disclosed in note 24.

18. Borrowings

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
At Amortised cost					
Current					
Obligations under finance leases		78	-	-	-
Loans from controlled entities	27	-	-	3,784	-
		78	-	3,784	-
Non Current					
Obligations under finance leases		83	-	-	-
Redeemable preference shares		9,918	9,918	-	-
Loans from other related parties	27	1,332	525	-	-
		11,333	10,443	-	-

Fair value disclosures

Details of the fair values of the Group's and the Company's borrowings are set out in note 24.

Terms and conditions of borrowings

(i) At 30 June 2007 there are 8,720,932 million redeemable preference shares on issue. Each share has a face value of $1.72 and is redeemable for cash upon the achievement of certain contingent events associated with the financial performance of the ACL Group. Each share is redeemable at $1.72 by 30 June 2008. The preference shares carry an interest charge of 5% per annum payable on redemption. The fair value of the redeemable preference shares has been valued at $9.9 million using a decision tree model.

(ii) Finance lease liabilities are secured over the assets to which they relate.

(iii) For terms and conditions of related party loans and borrowings refer to note 27.

18. Borrowings (continued)

Financing Facilities Available

At reporting date, the following financing facilities had been negotiated and were available:

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Total facilities					
Credit facility		100,000	100,000	-	-
		100,000	100,000	-	-
Facilities utilised at reporting date					
Credit facility		-	-	-	-
		-	-	-	-
Facilities unutilised at reporting date					
Credit facility		100,000	100,000	-	-
		100,000	100,000	-	-
Total facilities		100,000	100,000	-	-
Facilities unutilised at reporting date		100,000	100,000	-	-

Financing Security

Credit facilities available are unsecured.

The facility available consists of two tranches. The first tranche of $75 million is available to be drawn down at any time over a 3 year period ending 13 March 2010. The second tranche of $25 million is available to be drawn down at any time over a 364 day period ending 12 March 2008.

19. Provisions

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Current					
Long service leave		1,905	884	181	315
Non Current					
Make good provision		658	615	22	-
Long service leave		1,008	1,518	30	13
		1,666	2,133	52	13

Reconciliation

A reconciliation of the carrying amounts of provisions at the beginning and the end of the financial year.

		Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Make good provision					
At 1 July		615	-	-	-
Acquisition of subsidiaries		-	615	-	-
New leases		43	-	22	-
At 30 June		658	615	22	-
Current		-	-	-	-
Non Current		658	615	22	-
		658	615	22	-

(i) **Long Service Leave**
Refer to note 2 for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

(ii) **Make good provision**
Under the terms of its lease agreements the Group must restore leased premises to their original condition.

20. Issued Capital

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Ordinary shares		78,339	112,336	78,339	112,336

	Note	2007 Shares Number	2007 $000's	2006 Shares Number	2006 $000's
Movements in shares on issue					
Beginning of the financial period		346,500,000	112,336	346,500,000	112,210
Issued during the period					
- employee share schemes	(i)	415,826	748	-	-
- capital return	(ii)	-	(34,691)	-	-
- transaction costs		-	(54)	-	126
End of financial period		**346,915,826**	**78,339**	**346,500,000**	**112,336**

(i) **Employee share schemes**
During the year the Company issued 358,893 shares to executive employees (under terms of the executive share plan) to a value of $0.645 million 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 2006 financial year. In addition, the Company issued 56,933 shares valued at $0.103 million to eligible employees in lieu of salaries and wages as part of the Company's Employee Share Ownership Plan.

(ii) **Capital return**
During the year the Company paid a return of capital to all shareholders of 10 cents a share. The total amount paid (including transaction costs) was $34.745 million.

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 of and amounts paid up on shares held.

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

21. Reserves

		Consolidated		Parent	
	Note	2007 $000's	2006 $000's	2007 $000's	2006 $000's
Option reserve	(i)	3,445	3,445	3,445	3,445
Foreign currency translation reserve		(175)	115	-	-
		3,270	3,560	3,445	3,445
Retained earnings		17,521	16,825	56	2,314

Reconciliation

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

	2007 $000's	2006 $000's	2007 $000's	2006 $000's
Option reserve				
Opening balance	3,445	-	3,445	-
Acquisition of subsidiary	-	3,445	-	3,445
Closing balance	3,445	3,445	3,445	3,445
Foreign currency translation reserve				
Opening balance	115	22	-	-
Currency translation differences	(290)	93	-	-
Closing balance	(175)	115	-	-
Retained earnings				
Opening balance	16,825	24,838	2,314	1,807
Net profit for the year	32,245	31,488	29,291	40,008
Dividends	(31,549)	(39,501)	(31,549)	(39,501)
Closing balance	17,521	16,825	56	2,314

Nature and purpose of reserves

i) The option reserve is used to record the value of options issued over ordinary share capital of the Company.

The consolidated entity has issued 13 unquoted options to the holders of the redeemable preference shares, as part of the acquisition of the ACL Group during the 2006 financial year. Following the December 2006 capital return transaction the holders are able to subscribe for up to 9,259,259 ordinary shares at an exercise price of $1.62 per share (adjusted for any subsequent changes in capital structure). The 13 unquoted options have been valued at the date of the grant at $3.4 million using the Binomial Model. The Binomial Model takes into account factors such as the option exercise price, the current level and volatility of the underlying share price, the risk free interest rate, the expected dividends on the underlying share, the current market price of the underlying share and the expected life of the option. The following assumptions were used by the Binomial model:

Dividend yield:	7.1%	Expected volatility:	45%
Risk free rate:	5.1%	Expiry date of option:	31 January 2008

The dividend yield reflects the assumption that the historical dividend payout rates will continue. The date of expiry of the options is based on the mid point at which achievement of the conditions precedent for payment is expected. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

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

22. Minority Interest

	Note	Consolidated 2007 $000's	Consolidated 2006 $000's	Parent 2007 $000's	Parent 2006 $000's
Minority interest		169	(600)	-	-
Reconciliation					
A reconciliation of the minority interests at the beginning and the end of the financial year.					
Opening balance		(600)	(300)	-	-
Acquisition of subsidiary		542	-	-	-
Net profit/(loss) for the year		156	(214)	-	-
Movements in reserves		71	(86)	-	-
Closing balance		169	(600)	-	-
Comprising:					
Ordinary share capital		814	27	-	-
Reserves		(50)	(121)	-	-
Retained earnings		(595)	(506)	-	-
		169	(600)	-	-

23. Financial Risk Management Objectives and Policies

The Group's and the Company's principal financial instruments, comprise bank loans, redeemable preference shares, finance leases and hire purchase contracts, and cash and short term deposits.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group has not entered into any significant derivative transactions during the year.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. At reporting date no long term debt had been drawn.

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

- to keep between 25% and 75% of its current borrowings at fixed rates of interest,
- to keep between 25% and 50% of its 1 to 3 year borrowings at fixed rates of interest, and
- to keep between 0% and 25% of 3 to 5 year borrowings at fixed rates of interest.

To manage this mix in a cost efficient manner the Group is currently maintaining 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.

23. Financial Risk Management Objectives and Policies (continued)

Fair value interest rate risk

As the Group holds fixed rate debt there is a risk that the economic value of a financial instrument will fluctuate because of changes in market interest rates. The level of fixed rate debt is disclosed in note 24 and it is acknowledged that this risk is a by product of the Group's attempt to manage its cash flow interest rate risk.

Foreign currency risk

As a result of investments in the United Kingdom (Great British Pounds), Canada (Canadian Dollar), Kenya (Kenyan Schillings), Hong Kong (Chinese Yuan Renminbi), and Zambia (Zambian Kwacha), the Group's balance sheet can be affected by movements in the Australian dollar against the respective currencies. At reporting date these investments are not individually significant and are not hedged, except for natural hedges for some borrowings denominated in the investment currency.

The Group also has transactional currency exposures. Such exposures arise from sales or purchases by an operating unit in currencies other than the unit's functional currency. For the reporting period these transactions have not been significant for the Group.

Credit risk

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 ensures all third parties meet minimum credit requirements. In addition, receivables 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.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Credit risk exposure from financial guarantees, as set out in note 26, is considered to be insignificant due to the underlying strength of the entities subject to the guarantee.

Liquidity risk

The Group's objective is to maintain a balance between the continuity of funding and flexibility. At reporting date the Group is not significantly exposed to liquidity risk.

Fair Values

All financial instruments, with the exception of the parent entity's investments in subsidiaries and associates which are carried at historical cost less impairment, are carried at fair values or values approximating fair values.

Hedging activities

The Group has not been exposed to adverse material risks in relation to financial instruments during the reporting period. Accordingly, the Group has not entered into material hedging activities.

Interest rate risk

Note 24 sets out the carrying amount, by maturity or interest reset dates if earlier, of the interest-bearing financial instruments.

24. Financial Instruments

Interest Rate Risk

2007 Consolidated	<1 year $000's	1-2 year $000's	2-3 years $000's	3-4 years $000's	4-5 years $000's	>5 years $000's	Total $000's	Weighted Average Effective Interest Rate
FINANCIAL ASSETS								
Floating rate								
Cash and cash equivalents	1,041	-	-	-	-	-	1,041	1.2%
Weighted average effective interest rate	1.2%	-	-	-	-	-	1.2%	
Fixed rate								
Loans to related parties	-	1,000	-	-	-	-	1,000	7.5%
Weighted average effective interest rate	-	7.5%	-	-	-	-	7.5%	
FINANCIAL LIABILITIES								
Fixed rate								
Loans from other related parties	-	1,332	-	-	-	-	1,332	7.5%
Redeemable preference shares	-	9,918	-	-	-	-	9,918	5.0%
Weighted average effective interest rate	-	5.3%	-	-	-	-	5.3%	

2006 Consolidated	<1 year $000's	1-2 year $000's	2-3 years $000's	3-4 years $000's	4-5 years $000's	>5 years $000's	Total $000's	Weighted Average Effective Interest Rate
FINANCIAL ASSETS								
Floating rate								
Cash and cash equivalents	60,278	-	-	-	-	-	60,278	5.5%
Weighted average effective interest rate	5.5%	-	-	-	-	-	5.5%	
Fixed rate								
Loans to related parties	-	-	-	-	-	-	-	-
Weighted average effective interest rate	-	-	-	-	-	-	-	
FINANCIAL LIABILITIES								
Fixed rate								
Loans from other related parties	-	525	-	-	-	-	525	5.0%
Redeemable preference shares	-	9,918	-	-	-	-	9,918	5.0%
Weighted average effective interest rate	-	5.0%	-	-	-	-	5.0%	

24. Financial Instruments (continued)

Interest Rate Risk

2007 Parent	<1 year $000's	1-2 year $000's	2-3 years $000's	3-4 years $000's	4-5 years $000's	>5 years $000's	Total $000's	Weighted Average Effective Interest Rate
FINANCIAL ASSETS								
Floating rate								
Cash and cash equivalents	800	-	-	-	-	-	800	2.6%
Weighted average effective interest rate	2.6%	-	-	-	-	-	2.6%	
Fixed rate								
Loans to controlled entities (non current)	-	-	-	-	-	42,458	42,458	5.5%
Weighted average effective interest rate	-	-	-	-	-	5.5%	5.5%	
FINANCIAL LIABILITIES								
Fixed rate								
Loans from controlled entities (current)	-	-	-	-	-	3,784	3,784	3.0%
Weighted average effective interest rate	-	-	-	-	-	3.0%	3.0%	

2006 Parent	<1 year $000's	1-2 year $000's	2-3 years $000's	3-4 years $000's	4-5 years $000's	>5 years $000's	Total $000's	Weighted Average Effective Interest Rate
FINANCIAL ASSETS								
Floating rate								
Cash and cash equivalents	36,744	-	-	-	-	-	36,744	5.7%
Weighted average effective interest rate	5.7%	-	-	-	-	-	5.7%	
Fixed rate								
Loans to controlled entities (non current)	-	-	-	-	-	45,902	45,902	5.5%
Weighted average effective interest rate	-	-	-	-	-	5.5%	5.5%	
FINANCIAL LIABILITIES								
Fixed rate								
Loans from controlled entities (current)	-	-	-	-	-	-	-	-
Weighted average effective interest rate	-	-	-	-	-	-	-	

25. Business Combinations

During the year, the company acquired interests in the following entities:

Australian College of Applied Psychology Pty Ltd (Australia)

Interest:	100%
Effective date:	1 July 2006
Consideration:	$13.1 million
Transaction costs:	$0.5 million
Total cost of business combination:	$13.6 million

Australian College of Applied Psychology Pty Ltd provides education services to local and overseas students in the area of psychology, leadership and management.

EduGlobal China Ltd (Hong Kong)

Interest:	55%
Effective date:	1 August 2006
Consideration:	$3.85 million
Transaction costs:	$0.3 million
Total cost of business combination:	$4.15 million

EduGlobal China Ltd recruits students from mainland China for universities and education institutions worldwide.

LM Training Specialists Pty Ltd (Australia)

Interest:	100%
Effective date:	1 July 2006
Consideration:	$3.0 million
Transaction costs:	$0.1 million
Total cost of business combination:	$3.1 million

LM Training Specialists Pty Ltd provides English language training services to both local students and migrants.

Study Overseas Limited and Employment Overseas Limited (United Kingdom)

Interest:	100%
Effective date:	1 October 2006
Consideration:	$9.4 million
Transaction costs:	$0.4 million
Total cost of business combination:	$9.8 million

Study Overseas Limited recruits students from India for universities and education institutions in the United Kingdom. Employment Overseas Limited is a related company that provides immigration and employment advice to students already in the United Kingdom.

25. Business Combinations (continued)

From acquisition, these entities have contributed revenues of $27.8million and net profit of $3.1million to the Group. The results of the combined entity as though the acquisition date for all entities had been 1 July 2006 are revenues of $282.7million and net profit for the period of $32.2million.

The amounts recognised at acquisition date are set out below for the aggregate of acquisitions during the year:

	Consolidated	
	Recognised on acquisition $000's	Carrying value $000's
Property, plant and equipment	1,502	1,502
Deferred income tax asset	797	785
Intangible assets	6,826	36
Cash and cash equivalents	2,109	2,109
Trade receivables	1,986	1,986
Other assets	285	285
	13,505	**6,703**
Trade payables	(4,227)	(3,642)
Provisions	(1,007)	(183)
Current tax liability	(295)	(469)
Borrowings	(3,337)	(2,037)
Deferred income tax liability	(870)	(67)
Outside equity share	245	245
	(9,491)	**(6,153)**
Fair value of net assets	4,014	
Goodwill arising on acquisition	28,114	
Cost of business combination:		
Cash consideration paid	30,857	
Costs associated with the acquisition	1,271	
Total cost of business combination:	32,128	
The cash outflow on acquisition is as follows:		
Net cash acquired with subsidiaries	2,109	
Cash paid	(32,128)	
Net cash outflow	(30,019)	

The fair values presented above have been provisionally presented based on all information available as at the date of these financial statements. Some balances are provisional as in some cases accounting estimates are still subject to finalisation by independent valuers.

For each acquisition the company paid a premium for the acquiree as it believes additional business and synergies will be brought into the Group.

26. Commitments and Contingencies

Finance lease commitments – Group as lessee

The Group has entered into commercial leases on various items of plant and equipment. These leases have an average life of between 1 and 3 years.

Future minimum lease payments under finance leases as at 30 June are as follows:

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Within one year		95	-	-	-
After one year but not more than five years		93	-	-	-
Less amounts representing finance charges		(27)	-	-	-
Present value of minimum lease payments		161	-	-	-

The present value of lease payments under finance leases as at 30 June are as follow:

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Within one year		78	-	-	-
After one year but not more than five years		83	-	-	-
Present value of minimum lease payments		161	-	-	-
Finance leases are included in the financial statements as:					
Current		78	-	-	-
Non Current		83	-	-	-
		161	-	-	-

26. Commitments and Contingencies (continued)

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain premises. These leases have an average life of between 1, 3 and 10 years with options to renew in some cases. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Within one year		9,872	5,516	4,570	90
After one year but not more than five years		45,704	10,271	40,288	-
More than five years		33,256	4,360	31,884	-
		88,832	20,147	76,742	90

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

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Lease incentives					
Current	17	582	-	444	-
Non Current	17	2,000	-	824	-
		2,582	-	1,268	-

Capital and other expenditure commitments

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Leasehold improvements – less than 1 year		4,410	-	4,410	-

Guarantees

IBT Education Limited has entered into lease rental guarantees with a face value of $8.086million (2006: $2.758million). The fair value of the guarantees has been assessed as nil based on underlying performance of the entities subject to the guarantees.

Cross guarantees have also been given by IBT Education Limited and its controlled entities are described in note 27. The fair value of the cross guarantee has been assessed as nil based on underlying performance of the entities in the closed group.

Notes to the Financial Statements

For the year ended 30 June 2007

27. Related Party Disclosures

The consolidated financial statements include the financial statements of IBT Education Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	Beneficial interest		Investment ($000's)	
		2007	2006	2007	2006
ACL Pty Ltd *	Australia (a)	100%	100%	55,821	55,821
ACL Global Education Services Pty Ltd *	Australia (a)	100%	100%	-	-
Ausedken Pty Ltd	Kenya	100%	100%	859	859
Australian Campus Network Pty Ltd *	Australia (a)	100%	100%	-	-
Australian Centre for Learning Pty Ltd *	Australia (a)	100%	100%	-	-
Australian College of Applied Psychology Pty Ltd	Australia (a)	100%	-	13,581	-
Australian College of English Pty Ltd *	Australia (a)	100%	100%	-	-
Australian Education Holdings Pty Ltd *	Australia (a)	100%	100%	-	-
Australian Institute of Business and Technology Limited	Zambia	50%	50%	-	-
Beijing EduGlobal Development Company Pty Ltd	China	55%	-	-	-
Colleges of Business and Technology (NSW) Pty Ltd *	Australia (a)	100%	100%	-	-
Colleges of Business and Technology (WA) Pty Ltd *	Australia (a)	100%	100%	12,914	12,914
CSM Knowledge Pty Ltd *	Australia (a)	100%	100%	3,720	3,720
East Coast College of English Pty Ltd *	Australia (a)	100%	100%	-	-
Educational Enterprises Australia Pty Ltd *	Australia (a)	100%	100%	1,689	1,689
Education Management Services Pty Ltd *	Australia (a)	100%	100%	-	-
Educational Services Pty Ltd *	Australia (a)	100%	100%	-	-
EduGlobal China Ltd	Hong Kong	55%	-	5,090	-
EduGlobal Pty Ltd *	Australia (a)	100%	100%	-	-
Employment Overseas Limited	United Kingdom	100%	-	-	-
Fraser International College Pty Ltd	Canada	100%	100%	-	-
HIBT Ltd	United Kingdom	100%	100%	1,666	1,666
IBT ACL Holdings Pty Ltd *	Australia (a)	100%	100%	-	-
IBT (Canada) Pty Ltd *	Australia (a)	100%	100%	-	-
IBT Finance Pty Ltd *	Australia (a)	100%	100%	-	-
IBT (Sydney) Pty Ltd *	Australia (a)	100%	100%	-	-
Institute of Business and Technology (UK) Pty Ltd *	Australia (a)	100%	100%	-	-
London IBT Ltd	United Kingdom	100%	100%	24	24
LM Training Specialists Pty Ltd	Australia (a)	100%	-	3,089	-
Melbourne Institute of Business and Technology Pty Ltd *	Australia (a)	100%	100%	11,875	11,875
Saudagar Mimpi Pty Ltd *	Australia (a)	100%	100%	-	-
South Australian Institute of Business and Technology Pty Ltd *	Australia (a)	100%	100%	465	465
Study Overseas Limited	United Kingdom	100%	-	9,790	-
Sydney Institute of Business and Technology Pty Ltd *	Australia (a)	100%	100%	32,603	32,603
The Australian Centre for Languages Pty Ltd	Australia (a)	100%	100%	-	-
Queensland Institute of Business and Technology Pty Ltd *	Australia (a)	100%	100%	10,339	10,339
Perth Institute of Business and Technology Pty Ltd	Australia	100%	100%	2,201	2,201

* Indicates member of the closed group

27. Related Party Disclosures (continued)

(a) Entities subject to class order relief

Pursuant to Class Order 98/1418, relief has been granted to the entities as 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, IBT Education Limited and the Closed Group entities entered into a Deed of Cross Guarantee on 15 June 2007. The new Deed of Cross Guarantee replaces the previous Deed of Cross Guarantee dated 27 June 2006 that was revoked by way of revocation deeds. The effect of the deed is that IBT Education 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 IBT Education Limited is wound up.

During the period, no entity has been:

(i) removed by a revocation deed contemplated by the Deed of Cross Guarantee; or

(ii) 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.

The consolidated income statement and balance sheet of the entities which are members of the "Closed Group" are as follows:

	Closed Group	
	2007	2006
	$000's	$000's
Consolidated Income Statement		
Profit before income tax	46,274	43,215
Income tax expense	(14,615)	(13,005)
Profit for the year	31,660	30,210
Retained earnings at the beginning of the period	15,086	23,419
Retained earnings of entities added to the closed group	-	958
Dividends provided for or paid	(31,549)	(39,501)
Retained earnings at the end of the period	15,197	15,086

27. Related Party Disclosures (continued)

	Closed Group	
	2007	**2006**
	$000's	**$000's**
Consolidated Balance Sheet		
Current Assets		
Cash and cash equivalents	(1,915)	58,807
Trade and other receivables	34,296	16,075
Other	3,116	3,241
Total Current Assets	35,497	78,123
Non Current Assets		
Plant & equipment	14,842	3,850
Deferred tax assets	4,004	1,243
Intangible assets	151,969	136,469
Other financial assets	2,549	2,549
Other	699	1,143
Total Non Current Assets	174,063	145,254
Total Assets	209,560	223,377
Current Liabilities		
Trade and other payables	94,915	75,751
Current tax payables	2,112	3,855
Borrowings	78	-
Provisions	1,807	853
Total Current Liabilities	98,912	80,459
Non Current Liabilities		
Trade and other payables	2,000	-
Borrowings	10,001	9,918
Provisions	1,666	2,133
Total Non Current Liabilities	13,667	12,051
Total Liabilities	112,579	92,510
Net Assets	96,981	130,867
Equity		
Issued capital	78,339	112,336
Reserves	3,445	3,445
Retained earnings	15,197	15,086
Total Equity	96,981	130,867

27. Related Party Disclosures (continued)

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information on outstanding balances at year end, refer to note 10 and note 17):

		Consolidated		Parent	
		2007	2006	2007	2006
	Note	$000's	$000's	$000's	$000's
Associate					
Australian College of Business & Technology					
- Sales to related parties		12	64	-	-
- Amounts owed by related parties		251	278	-	-

Ultimate parent

IBT Education Limited is the ultimate Australian parent company and ultimate parent of the Group.

Wholly-owned group transactions

Borrowings

<u>Current</u>

Loans have been made between the wholly-owned subsidiaries and IBT Education Limited for cash management purposes totalling $62,010,439 (2006:$40,472,200) repayable on demand and interest free.

<u>Non Current</u>

Loans have been made from IBT Education Limited to IBT ACL Holdings Pty Ltd totalling $42,457,596 (2006: $45,902,363). The loan was used to fund the purchase of the ACL Group. The loan has no fixed repayment date and is subject to interest of 5.5%.

Loans have been made to IBT Education Limited from HIBT totalling $494,650 (2006:$207,202) and LIBT totalling $3,229,955 (2006:$3,076,819). The loan was for cash management purposes. The loans have no fixed repayment date and are subject to interest at 3%.

Other transactions

Management fees amounting to $1,763,641 (2006:$1,523,119) have been charged by the parent entity to certain subsidiaries on a cost recoupment basis.

Other related party transactions

A loan of $424,267 (2006:$524,833) has been provided to Australian Institute of Business & Technology Limited (AIBT) by Dr Patrick Nkhoma and his related entities. Dr Nkhoma is AIBT's Zambian based Director and owns the minority shareholding of AIBT not owned by IBT Education Limited. Interest on the loan is charged at 7.5%. No repayments were made during the period.

A loan of $990,954 (2006: nil) has been provided to EduGlobal China Ltd (EGC) by Mr David Shi and his related entities. Mr Shi is EGC's Managing Director and owns the minority shareholding of EduGlobal China not owned by IBT Education Limited. Interest on the loan is charged at 7.5%. No repayments were made during the period.

IBT Education has purchased $1million of convertible notes from Learning Information Systems Pty Ltd, an associate of the Company. Interest is receivable at 7.5% (fixed).

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

Guarantees provided or received for any related party receivables or payables have been disclosed in note 26.

For the year ended 30 June 2007, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties (2006:$nil), and has not made any allowance for an impairment loss relating to inter company receivables (2006:$nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

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 2007 financial year. The total amount of dividend is $17.346million, which represents a fully franked dividend of 5.0 cents per share. The dividend has not been provided for in the 30 June 2007 financial statements.

29. Auditors' Remuneration

The auditor of IBT Education Limited is Deloitte Touche Tohmatsu.

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Audit services				
Auditors of the Company				
Deloitte Touche Tohmatsu (Australia)				
Audit and review of financial reports	227,515	182,000	227,515	182,000
Other regulatory audit services	-	-	-	-
Overseas Deloitte Touche Tohmatsu firms				
Audit and review of financial reports	118,953	76,584	-	-
	346,468	258,584	227,515	182,000
Other auditors				
Audit and review of financial report	-	-	-	-
	346,468	258,584	227,515	182,000
Other services				
Auditors of the Company				
Deloitte Touche Tohmatsu (Australia)				
Other assurance services	-	-	-	-
Taxation services	-	-	-	-
Overseas Deloitte Touche Tohmatsu firms				
Taxation services	-	-	-	-
Other non-audit services	-	-	-	-
	-	-	-	-
Deloitte Touche Tohmatsu related practices				
Other non audit services	-	-	-	-
	-	-	-	-

30. Director and Executive Disclosures

(a) Details of Key Management Personnel

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

Directors

Harvey Collins	Non Executive Chairman	Dr Peter Larsen	Non Executive Director
Rod Jones	Managing Director	Peter Campbell	Non Executive Director
Ted Evans	Non Executive Director	Prof. Di Yerbury	Non Executive Director
James King	Non Executive Director	Trevor Flügge	Non Executive Director (Resigned 28 November 2006)

Executives

During the year the Group completed an organisational restructure and defined the Group's key management positions. Under the current structure the following executives are considered to be key management personnel.

Bryce Houghton	Chief Financial Officer
Tony Cullen	Group General Manager – Marketing & Sales #
Neil Hitchcock	Group General Manager – IT & Facilities #
Hugh Hangchi	Company Secretary & Group General Counsel #
Helen Zimmerman	Executive General Manager – Language, Workforce & Training #
John Wood	Executive General Manager – University Programs #
Jenny Michel	Group General Manager – Human Resources #

(# New position created during 2007)

The following individuals were previously included as key management personnel for regulatory reporting purposes, but due to the organisational restructure they have not been included on this list in 2007. These individuals are included in the comparative disclosures only.

Andrew Dawkins	Managing Director – SIBT
Heather Tinsley	Managing Director – QIBT
Malcolm Raedel	Managing Director – SAIBT & Eynesbury
Doris Humunicki	Managing Director – Pollin8

(b) Key management personnel compensation

The key management personnel compensation is as follows:

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Short-Term benefits	2,954,724	4,313,422	2,634,926	2,844,629
Post Employment benefits	1,075,859	323,594	981,931	202,962
Other Long-Term benefits	45,275	24,809	37,117	4,386
	4,075,858	4,661,825	3,653,974	3,051,977

Information regarding individual directors' and executives' compensation is provided in the Remuneration Report section of the Directors' report.

30. Director and Executive Disclosures (continued)

(c) Shareholdings of Key Management Personnel (Consolidated)

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

	Financial Year	Held at beginning of year	Purchases	Sales	Held at 30 June
Directors					
Rod Jones	2007	55,579,977	-	-	55,579,977
	2006	57,579,977	-	(2,000,000)	55,579,977
Ted Evans	2007	20,000	-	-	20,000
	2006	20,000	-	-	20,000
James King	2007	50,000	-	-	50,000
	2006	50,000	-	-	50,000
Harvey Collins	2007	40,000	-	-	40,000
	2006	40,000	-	-	40,000
Dr Peter Larsen	2007	31,240,865	-	-	31,240,865
	2006	41,240,865	-	(10,000,000)	31,240,865
Peter Campbell	2007	20,109,495	-	-	20,109,495
	2006	24,109,495	-	(4,000,000)	20,109,495
Prof. Di Yerbury	2007	-	-	-	-
	2006	-	-	-	-
Trevor Flügge	2007	50,000	-	-	50,000
(Resigned 28 November 2006)	2006	50,000	-	-	50,000
	2007	107,090,337	-	-	107,090,337
	2006	123,090,337	-	(16,000,000)	107,090,337
Executives					
Bryce Houghton	2007	-	73,021	-	73,021
	2006	-	-	-	-
Tony Cullen	2007	111,500	23,710	-	135,210
	2006	101,500	10,000	-	111,500
Neil Hitchcock	2007	39,070	17,181	-	56,251
Hugh Hangchi	2007	-	28,349	-	28,349
John Wood	2007	-	-	-	-
Jenny Michel	2007	-	-	-	-
Helen Zimmerman (1)	2007	-	-	-	-
	2006	-	-	-	-
Andrew Dawkins	2006	100,000	-	-	100,000
Heather Tinsley	2006	30,000	20,000	-	50,000
Malcolm Raedel	2006	2,367,225	-	(316,695)	2,050,530
Doris Humunicki	2006	-	-	-	-
	2007	150,570	142,261	-	292,831
	2006	2,598,725	30,000	(316,695)	2,312,030

(1) Ms Zimmerman was a vendor of the ACL businesses to the Group, and was issued 1 option over 941,157 ordinary shares of IBT Education Limited as part of the ACL purchase in 2006. No other member of key management was granted these options. Refer to note 21 for further information.

30. Director and Executive Disclosures (continued)

d) Loans to Key Management Personnel

There were no loans provided to any key management personnel.

(e) Other transactions and balances with Key Management Personnel

Except as noted below there have been no other transactions with key management personnel.

During the period, Perth Institute of Business and Technology Pty Ltd (PIBT) provided management services under normal terms and conditions, amounting to $11,819 (2006:$63,953), to Australian College of Business and Technology (ACBT), a company incorporated in Sri Lanka, of which Messrs Jones and Larsen are directors and shareholders.

Director's Report

Directors' Report

For the year ended 30 June 2007

Your Directors submit their report for the year ended 30 June 2007.

Directors

The names and details of the Company's Directors in the office during the financial year and until the date of this report are set out on pages 20 to 23. 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 IBT Education Limited were:

Directors	Ordinary shares held
Rod Jones	55,579,977
Ted Evans	20,000
James King	50,000
Harvey Collins	40,000
Dr Peter Larsen	31,240,865
Peter Campbell	20,109,495
Prof. Di Yerbury	-

Corporate Information

Corporate structure

IBT Education Limited is a company limited by shares that is registered and domiciled in Australia. IBT Education Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as listed in note 27 of the financial statements.

Nature of operations and principal activities

The principal activities during the financial year of the consolidated entity 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

Earnings Per Share	
Basic earning per share	9.3 cents
Diluted earnings per share	9.3 cents

Dividends	Cents	$000's
Final dividends recommended:		
- on ordinary shares	5.0	17,346
Interim dividends paid in the year:		
- on ordinary shares	4.3	14,917
Final for 2006 shown as recommended in the 2006 report		
- on ordinary shares	4.8	16,632

Significant Changes in the State of Affairs

During the year IBT Education Limited acquired the companies listed in note 25. Since this acquisition there have been no changes in the state of affairs of the entity.

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 2007 financial year. The total amount of dividend is $17.346 million, which represents a fully franked dividend of 5.0 cents per share. The dividend has not been provided for in the 30 June 2007 financial statements.

Future Developments

Likely developments in, and expected results of the operations of the consolidated entity in subsequent years are referred to elsewhere in this report, particularly on pages 8 to 18. In the opinion of the directors, further information on those matters could prejudice the interests of the Company and the consolidated entity and has therefore not been included in this report.

Environmental Regulation and Performance

The consolidated entity's operations are not subjected to any significant environmental regulations under the respective legislations of the countries it operates in.

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 IBT Education 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 $13,117. This amount is included as part of the directors remuneration on page 93.

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:

			Meetings of Committees			
	Directors' meetings		Audit and Risk		Nomination and Remuneration	
	Number of meetings held while a director	Number of meetings attended	Number of meetings held while a member of committee	Number of meetings attended	Number of meetings held while a member of committee	Number of meetings attended
Peter Campbell	8	8	-	-	2	2
Harvey Collins	8	8	5	5	2	2
Ted Evans	8	7	5	5	2	1
Trevor Flügge	3	3	-	-	1	1
Rod Jones	8	8	-	-	-	-
James King	8	8	5	5	-	-
Dr Peter Larsen	8	8	-	-	-	-
Prof. Di Yerbury	8	2	-	-	-	-

All directors were eligible to attend all meetings held, apart from Prof. Yerbury who (as of 15 March 2007) is on a special leave of absence.

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 *	Harvey Collins *
Harvey Collins	Peter Campbell
Ted Evans	Ted Evans
	Trevor Flügge

* Designates the chairman of the committee

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.

Tax Consolidation

Effective 5 November 2004, for the purposes of income taxation, IBT Education 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 IBT Education Limited.

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 Independence Declaration

The auditor's independence declaration is set on page 96 and forms part of the directors' report for the financial year ended 30 June 2007.

Remuneration Report

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

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
- 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 Chief Executive Officer (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.

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 8 November 2006 where shareholders approved an aggregate remuneration of $600,000. 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 ended 30 June 2007 is detailed on pages 93 to 94.

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 and has engaged an external consultant to provide independent advice on an incentive scheme.

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 Chief Executive Officer (as the case may be). The fixed and variable components of the key management personnel, and the most highly remunerated executives of the Company, is detailed on page 94.

Fixed Remuneration

Objective

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

Directors' Report
For the year ended 30 June 2007

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

Objective

The objective of the ValueShare Incentive Scheme is to link the achievement of sustainable growth in shareholder value with the remuneration received by all employees (including key management) and to encourage an ownership mindset.

Structure

The ValueShare Incentive Scheme is based on the sustained growth in Economic Value Added (EVA®) achieved by the Group and its major lines of business. EVA measures the profits earned by the business after charging for the funds invested by both lenders and shareholders. Importantly, it helps our managers think about not just the profits that they generate but the amount of investor's money that they have tied up in the business in order to generate those profits. The result is 'shareholder value' – how much profit we have achieved after taking into account what investors could have earned if their funds had been invested elsewhere at similar levels of risk.

EVA is calculated as the earnings before interest, tax and amortisation of the Group less taxes and a capital charge. The capital charge is derived by applying the Group's weighted average cost of capital ("WACC") to the funds employed in the business.

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.

On an annual basis, after consideration of the EVA growth achieved by an individual business unit and the Group against pre-determined targets, an incentive declaration for each participant is approved by the Board. 70% of the incentive declaration is allocated directly to the participant while 30% is at risk or can be supplemented depending on individual performance at the discretion of the business unit managing director, chief executive officer or Board (as the case may be). Performance is measured against each individual's performance agreement, position description statement, position competencies and relevant business plan goals.

The Board has given consideration to the range of potential outcomes under the ValueShare Incentive Scheme and has set in place rules that govern payouts in certain circumstances. Where rewards under the scheme fall within 0% - 100% of the individual's TVP, the reward is paid out in full. Where rewards are in excess of 100% of TVP, 100% of TVP is paid out plus 1/3rd of the amount above 100% of TVP. The balance is deferred and carried in a Contingent Incentive Reserve ("CIR") and paid out over future years, depending on future performance. Where rewards fall below 0% of TVP, the negative amount is also carried in the CIR; future rewards under the Incentive Scheme are offset against any negative balance in the CIR before payments are made in that year. The balance of the Contingent Incentive Reserve does not vest in the employee and is not paid on the termination of their employment.

This structure rewards participants in the Incentive Scheme for sustained increases in EVA. Accordingly, payments made under the scheme may reflect performance over more than just the current financial year.

The aggregate of annual ValueShare Incentive Scheme payments to Group executives is subject to the approval of the Board. Payments are made in cash in the following reporting period.

For Executive Key Management Personnel, an additional step is taken with the aim of further strengthening the alignment of managers and shareholders. For those Executives, up to 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 ensures all Executive Key Management Personnel have a meaningful exposure to the performance of the Group's shares, funded out of the proceeds of their incentive payments.

The Board will consider the ValueShare Incentive Scheme payments for the year ended 30 June 2007 in September 2007 and payments will be made subsequent to this, and in any event, by 31 October 2007. Cash bonuses have been provided for in the financial statements for 30 June 2007, but are subject to review and confirmation by the Board prior to payment.

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

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 in 2007, 2006 and 2005 (the Company's inaugural financial year), as demonstrated by the following table which has key measures of earnings and shareholder returns.

	2007	2006	2005
Economic Value Added (EVA)	$20.591m	$18.340m	$16.370m
Dividends (cents)	9.3 cents	9.5 cents	8.4 cents
Closing share price ($ at 30 June)	$1.89	$1.88	$1.76
Earnings per share before amortisation and impairment (cents)	10.6 cents	10.2 cents	8.8 cents
Net profit after tax attributable to members	$32.245m	$31.488m	$30.728m
Return on average shareholders equity (%)	27.9%	23.4%	22.4%

Employment Contracts

A summary of the key employment contract terms for the Key Management Personnel is provided below:

Executive	Bryce Houghton
Term	3 years
Notice Period	Either party may terminate by providing one month's notice in writing. 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.
Termination Provisions	If the Company terminates by giving one month's notice in writing, the employee is entitled to a final termination payment equivalent to the remuneration for the balance of the contract, or one year, whichever is the greater. 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	Tony Cullen
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, a third party acquires a controlling interest in the Company or the employee is required to relocate outside of Queensland ("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.
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.

Employment Contracts (continued)

Executive	Helen Zimmerman
Term	No term is specified
Notice Period	Either party may terminate by providing 6 months' written notice. The Company may terminate without notice if the employee commits serious 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
Executive	Neil Hitchcock
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, a third party acquires a controlling interest in the Company or the employee is required to relocate outside of Western Australia ("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.
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	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, a third party acquires a controlling interest in the Company or the employee is required to relocate outside of Western Australia ("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.
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.

Employment Contracts (continued)

Executive	Hugh Hangchi
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 of Western Australia ("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.
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	Jenny Michel
Term	No term specified.
Notice Period	Either party may terminate by providing 1 month's written notice. 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
Executive (in 2006)	Andrew Dawkins
Term	No term specified.
Notice Period	The employee may terminate by providing at least 4 weeks' written notice
Termination Provisions	None
Executive (in 2006)	Heather Tinsley
Term	5 years
Notice Period	Either party may terminate by providing a minimum of two weeks' notice. The Company may terminate without notice in the event of wilful breaches by the employee of a duty to act in good faith and be loyal to the Company, a duty not to make secret profits and a duty not to misuse confidential information belonging to the Company.
Termination Provisions	None

Employment Contracts (continued)

Executive (in 2006)	Malcolm Raedel
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, a third party acquires a controlling interest in the Company or the employee is required to relocate outside of South Australia ("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.
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 (in 2006)	Doris Humunicki
Term	3 years
Notice Period	The Company may terminate by giving the employee 3 months' notice. The Company may also terminate without notice if the employee is guilty of any conduct justifying immediate dismissal under general law.
Termination Provisions	None

Key Management Personnel remuneration for the year ended 30 June 2007

Table 1: Directors

(In $)	Year	Short term benefits			Post employment		Share based payment	Other long term benefits	Total	% performance related
		Salary & fees	Cash bonus (a)	Non monetary benefits	Superann-uation	Retirement benefits				
Rod Jones	**2007**	**473,465**	**302,946**	**2,479**	**107,846**	**-**	**-**	**28,412**	**915,148**	**33**
	2006	434,782	299,888	3,895	43,478	-	-	-	782,043	38
Ted Evans	**2007**	**68,662**	**-**	**1,640**	**-**	**-**	**-**	**-**	**70,302**	**-**
	2006	65,000	-	3,895	-	-	-	-	68,895	-
James King	**2007**	**-**	**-**	**1,640**	**69,184**	**-**	**-**	**-**	**70,824**	**-**
	2006	61,483	-	3,895	-	-	-	-	65,378	-
Harvey Collins	**2007**	**122,727**	**-**	**1,640**	**21,671**	**-**	**-**	**-**	**146,038**	**-**
	2006	78,900	-	3,895	7,101	-	-	-	89,896	-
Dr Peter Larsen	**2007**	**208,682**	**-**	**2,230**	**82,098**	**95,455**	**-**	**-**	**388,465**	**-**
	2006	347,826	159,940	3,895	46,744	-	-	-	558,405	28
Peter Campbell	**2007**	**111,012**	**-**	**1,937**	**246,464**	**95,455**	**-**	**-**	**454,868**	**-**
	2006	341,767	159,940	3,895	56,346	-	-	1,455	563,403	29
Prof. Di Yerbury	**2007**	**65,000**	**-**	**1,640**	**-**	**-**	**-**	**-**	**66,640**	**-**
	2006	-	-	3,895	-	-	-	-	3,895	-
Trevor Flügge	**2007**	**26,538**	**-**	**1,640**	**-**	**-**	**-**	**-**	**28,178**	**-**
	2006	109,269	-	3,895	-	-	-	-	113,164	-
Total Remuneration	**2007**	**1,076,086**	**302,946**	**14,846**	**527,263**	**190,910**	**-**	**28,412**	**2,140,463**	**14**
	2006	1,439,027	619,768	31,160	153,669	-	-	1,455	2,245,079	28

Directors' Report

For the year ended 30 June 2007

Key Management Personnel remuneration for the year ended 30 June 2007 (continued)

Table 2: Executives, including the 5 executives who receive the highest remuneration

		Short term benefits			Post employment					
(In $)	Year	Salary & fees	Cash bonus (a)	Non monetary benefits	Superann-uation	Retirement benefits	Share based payment	Other long term benefits	Total	% performance related
Bryce Houghton – Chief Financial Officer – IBT Education (b)	**2007**	**258,907**	**121,402**	**51,890**	**42,385**	**-**	**-**	**846**	**475,430**	**26**
	2006	216,556	135,949	117,011	12,139	-	-	380	482,035	28
Tony Cullen – Group GM – Marketing & Sales – IBT Education (b)	**2007**	**181,410**	**75,297**	**22,068**	**63,849**	**-**	**-**	**7,376**	**350,000**	**22**
	2006	221,182	63,976	-	37,154	-	-	2,551	324,863	20
Helen Zimmerman – Executive GM – Language,Workforce & Training (b)	**2007**	**183,837**	**135,961**	**-**	**93,928**	**-**	**-**	**8,158**	**421,884**	**32**
	2006	235,092	110,522	-	35,033	-	-	3,896	384,543	29
Hugh Hangchi – Company Secretary & Group General Counsel (b)	**2007**	**160,669**	**54,347**	**-**	**16,351**	**-**	**-**	**374**	**231,741**	**23**
John Wood – Executive GM – University Programs (appointed 1 February 2007) (b)	**2007**	**-**	**30,967**	**-**	**98,654**	**-**	**-**	**-**	**129,621**	**24**
Jenny Michel – Group GM – HR (appointed 1 February 2007) (b)	**2007**	**34,580**	**8,638**	**-**	**3,112**	**-**	**-**	**109**	**46,439**	**19**
Neil Hitchcock – Group GM – IT & Facilities (b)	**2007**	**178,109**	**62,314**	**450**	**39,407**	**-**	**-**	**-**	**280,280**	**22**
Malcolm Raedel – Managing Director – SAIBT and Eynesbury	2006	219,480	120,391	26,874	19,753	-	-	9,443	395,941	30
Heather Tinsley – Managing Director – QIBT	2006	161,637	59,797	5,761	23,923	-	-	3,653	254,771	23
Andrew Dawkins - Managing Director – SIBT	2006	161,637	66,832	26,853	23,923	-	-	3,431	282,676	24
Doris Humunicki – Managing Director Pollin8	2006	200,000	71,687	2,230	18,000	-	-	-	291,917	25
Total Remuneration	**2007**	**997,512**	**488,926**	**74,408**	**357,686**	**-**	**-**	**16,863**	**1,935,395**	**25**
	2006	1,415,584	629,154	178,729	169,925	-	-	23,354	2,416,746	27
Total Remuneration: key management personnel (consolidated)	**2007**	**2,073,598**	**791,872**	**89,254**	**884,949**	**190,910**	**-**	**45,275**	**4,075,858**	**19**
	2006	2,854,611	1,248,922	209,889	323,594	-	-	24,809	4,661,825	27
Total Remuneration: key management personnel (company)	**2007**	**1,889,761**	**655,911**	**89,254**	**791,021**	**190,910**	**-**	**37,117**	**3,653,974**	**18**
	2006	1,876,765	819,693	148,171	202,962	-	-	4,386	3,051,977	27

(a) Cash bonus comprises the annual incentive, ValueShare Incentive Plan, payments payable in September 2007. Under the terms of the plan, payments will only be made if the participant is an employee at the date of payment. Cash bonuses have been provided for in the financial statements for 30 June 2007, but are subject to review and confirmation by the Board prior to payment.

(b) For these Executives, up to 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 2007. It is therefore not currently possible to quantify the component of the cash bonus that will be used to buy ordinary shares in the company.

Independent Audit and Remuneration Report

The required disclosures pursuant to AASB 124: Related Party Disclosures as included on pages 93 and 94 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
Chief Executive Officer

Perth, Western Australia, 31 July 2007

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Directors
IBT Education Limited
Building 7
ECU Churchlands Campus
CHURCHLANDS WA 6018

31 July 2007

Dear Directors

Auditor's independence declaration to IBT Education 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 IBT Education Limited.

As lead audit partner for the audit of the financial statements of IBT Education Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Directors' Declaration

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

1. In the opinion of the directors:

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

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 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) there are reasonable grounds to believe that the Company will be able to pays its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

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 25 will 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
Chief Executive Officer
Perth, Western Australia, 31 July 2007

Independent Audit Opinion

For the year ended 30 June 2007

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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www.deloitte.com.au

Independent Auditor's Report to the members of IBT Education Limited

We have audited the accompanying financial report of IBT Education Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 30 to 82 and on page 97.

As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the compensation of key management personnel ("compensation disclosures"), as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures* ("AASB 124") under the heading "remuneration report" on pages 93 to 94 of the directors' report, and not in the financial report. These compensation disclosures are identified in the directors' report as being subject to audit. The remuneration report also contains information not subject to audit.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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 and the compensation disclosures comply with AASB 124.

Member of
Deloitte Touche Tohmatsu

Independent Audit Opinion

For the year ended 30 June 2007

Deloitte.

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 and fair presentation of the financial report 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.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

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

(i) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

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

(b) the compensation disclosures that are contained on pages 93 to 94 under the heading "remuneration report" of the directors' report comply with paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures*; and

(c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b).

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 31 July 2007

Corporate Information

Directors

Executive Director

Mr Rod Jones

Non Executive Directors

Mr Harvey Collins

Mr Ted Evans

Mr James King

Prof. Di Yerbury

Mr Peter Campbell

Dr Peter Larsen

Company Secretary

Mr Hugh Hangchi

Registered Office

IBT Education Limited
Building 7
ECU Churchlands Campus
Pearson Street
Churchlands WA 6018

Share Registry

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

Auditors

Deloitte Touche Tohmatsu
240 St Georges Terrace
Perth WA 6000

Internet Address

www.ibteducation.com

Additional Information

Additional information required by the ASX and not shown elsewhere in this annual report is as follows. The information is current as at 3 September 2007.

The number of shares held by the substantial Shareholders were:

Shareholder	Ordinary
JP Morgan Chase & Co	32,839,433
Peter John Campbell	20,109,495
Rodney Malcolm Jones	55,579,977
Peter Devon Larsen	31,240,865
Coolah Holdings Pty Ltd	29,879,594
Capital Group Companies Inc	20,100,000
AMP Limited	17,440,918

The number of holders of the class of ordinary shares was 1,055.

The voting rights attached to the class of ordinary shares as set out in rule 111 of IBT's constitution are the right to attend and vote at metings of IBT and on a show of hands to 1 vote and on a poll to 1 vote for each Share held.

Distribution of shareholders

1 - 1,000	158
1,001 – 5,000	381
5,001 – 10,000	210
10,001 – 100,000	241
100,001 – and over	65
Total	**1,055**

The number of holders holding less than a marketable parcel of IBT's ordinary shares, based on the market price at 3 September 2007 was 6 holders holding 230 shares.

Top 20 Holders of Ordinary Shares

Rank	Name	Units	% of Issued Capital
1	HSBC Custody Nominees (Australia) Ltd	49,738,273	14.34
2	Remjay Investments Pty Ltd	34,677,043	10.00
3	Landmark Holdings (WA) Pty Ltd	30,937,879	8.92
4	Wonder Holdings Pty Ltd	24,975,734	7.20
5	Coolah Holdings Pty Ltd	23,557,554	6.79
6	Hoperidge Enterprises Pty Ltd	20,511,692	5.91
7	Cambo Investments Pty Ltd	19,058,919	5.49
8	JP Morgan Nominees Australia Ltd	16,106,152	4.64
9	National Nominees Ltd	14,004,318	4.04
10	Max Schroder	9,403,162	2.71
11	Julianne Hannaford	9,343,113	2.69
12	AMP Life Limited	7,854,151	2.26
13	Citicorp Nominees Pty Ltd	7,662,918	2.21
14	Lily Investments Pty Ltd	5,598,380	1.61
15	Pictorial Holdings Pty Ltd	4,989,614	1.44
16	Lawrence Da Silva	4,940,000	1.42
17	Luniarty Kartosudiro	4,394,061	1.27
18	ANZ Nominees Ltd	3,434,110	0.99
19	Cogent Nominees Ltd	3,192,874	0.92
20	Dasam Nominees Pty Ltd	2,913,779	0.84
Total		297,293,726	85.70

There are 9,006,640 ordinary shares subject to voluntary escrow that are on issue, and the voluntary escrow period ends in October 2007.

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 of section 611 of the Corporations Act which have not yet been completed.

Investors Information

Annual General Meeting

The annual general meeting of IBT will be held at the Freshwater Bay Room, Hyatt Regency Perth, 99 Adelaide Terrace, Perth on Thursday 15 November 2007 at 11am. 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 Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000
Telephone 1300 557 010
Facsimile +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.

IBT 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. IBT financial reports are also available on IBT's website (see below).

IBT website

Information about IBT and the IBT Group is available on the Internet at http://www.ibteducation.com

Glossary

ACAP	Australian College of Applied Psychology Pty Ltd
AIBT	Australian Institute of Business and Technology
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
ASX Listing Rules	The official listing rules of the ASX
AUSI	Australian Studies Institute
Board or IBT Board	The board of directors of IBT
CAGR	Cumulative Annual Growth Rate
CHESS	Clearing House Electronic Subregister System
CIC	Curtin International College
Corporations Act	Corporations Act 2001 (Cth)
CRICOS	Commonwealth Register of Institutions and Courses for Overseas Students
Directors	directors of IBT
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EFTSU	Equivalent Full Time Student Units
ELICOS	English Language Intensive Courses for Overseas Students
EOL	Employment Overseas Limited
EPS	Earnings per share
ESOS Act	Educational Services for Overseas Students Act 2000
EVA	Economic value added®
FEE-HELP	A government loan facility for eligible students enrolled in fee paying, post-graduate non-research courses
HIBT	Hertfordshire International College of Business and Technology
Holding Statements	Holding Statements for Shares under CHESS
IBT or Company	IBT Education Limited ACN 109 613 309
IBT Group or Group	IBT and its subsidiary companies
IELTS	International English Language Testing System
LIBT	London International College of Business and Technology
LMT	LM Training Specialists Pty Ltd
MIBT	Melbourne Institute of Business and Technology
MQC	Macquarie City College
PIBT	Perth Institute of Business and Technology
Pollin8	Pollin8 Pty Ltd (formerly CSM Knowledge Pty Ltd)
QIBT	Queensland Institute of Business and Technology
SAIBT	South Australian Institute of Business and Technology
Share Registry	Computershare Investor Services Pty Ltd
Shareholder	A holder of a Share
Shares	Fully paid ordinary shares in the capital of IBT
SIBT	Sydney Institute of Business and Technology
SOL	Study Overseas Limited
TFN	Tax File Number
VET	Vocational Education Training

Business contact details

AUSTRALIAN COLLEGES

Curtin International College (CIC)
ABN 13 092 155 970
CRICOS Provider Code 02042G
Curtin University of Technology
Bentley Campus, GPO Box U1987
PERTH Western Australia 6845
Telephone: +61 8 9266 4888 Facsimile: +61 8 9266 4889
Email: info@cic.wa.edu.au Website: www.cic.wa.edu.au
In association with Curtin University of Technology

Perth Institute of Business and Technology Pty Ltd (PIBT)
ABN 35 064 377 993
CRICOS Provider Code 01312J
ECU Churchlands Campus (Building 19)
Pearson Street
CHURCHLANDS Western Australia 6018
Telephone: +61 8 9442 1300 Facsimile: +61 8 9442 1311
Email: info@pibt.wa.edu.au Website: www.pibt.wa.edu.au
In association with Edith Cowan University

Melbourne Institute of Business and Technology Pty Ltd (MIBT)
ABN 11 074 633 668
CRICOS Provider Code 01590J
Deakin University Toorak Campus, 336 Glenferrie Road
MALVERN Victoria 3144
Telephone: +61 3 9244 5197 Facsimile: +61 3 9244 5198
Email: mibt@deakin.edu.au Website: www.mibt.vic.edu.au
In association with Deakin University

Queensland Institute of Business and Technology Pty Ltd (QIBT)
ABN 38 076 195 027
CRICOS Provider Code 01737F
Griffith University, Mt Gravatt Campus, Messines Ridge Road
MT GRAVATT Queensland 4111
Telephone: +61 7 3875 6900 Facsimile: +61 7 3875 6901
Email: info@qibt.qld.edu.au Website: www.qibt.qld.edu.au
In association with Griffith University

South Australian Institute of Business and Technology Pty Ltd (SAIBT)
ABN 12 087 769 097
CRICOS Provider Code 02193C
University of South Australia, City East Campus, North Terrace
ADELAIDE South Australia 5000
Telephone: +61 8 8302 1520 Facsimile: +61 8 8302 1695
Email: info@saibt.sa.edu.au Website: www.saibt.sa.edu.au
In association with University of South Australia

Sydney Institute of Business and Technology Pty Ltd (SIBT)
ABN 18 074 470 447
CRICOS Provider Code 01576G
At Macquarie University NSW 2109
Telephone: +61 2 9850 6222 Facsimile: +61 2 9850 6223
Email: future@sibt.nsw.edu.au Website: www.sibt.nsw.edu.au
In association with Macquarie University

Eynesbury College, Eynesbury Institute of Business and Technology
ACN 008 194 689
CRICOS Provider Code 00561M (Educational Enterprises Australia Pty Ltd)
15 – 19 Franklin Street
ADELAIDE South Australia 5000
Telephone: +61 8 8410 5266 Facsimile: +61 8 8410 5254
Email: mstyles@eynesbury.sa.edu.au
Website: www.eynesbury.sa.edu.au
In association with the three South Australian Universities

The Sydney Campus of Curtin University of Technology
CRICOS Provider Code 02637B
Curtin House
39 – 47 Regent Street
Chippendale Sydney NSW 2000
Telephone: +61 2 9270 2222 Facsimile: +61 2 9241 2288
Email: info@sydney.curtin.edu.au
Website: www.sydney.curtin.edu.au
In association with Curtin University of Technology

Australian Campus Network (ACN)
ACN 85 092 792 133
CRICOS Provider Code La Trobe University 02218K (NSW)
Level 1, 65 York Street
SYDNEY NSW 2000
Telephone: +61 2 9397 7600 Facsimile: +61 2 9397 7601
Email: info@auscampus.net Website: www.latrobe.edu.au/acn
In association with La Trobe University

Macquarie City College
CRICOS Provider Code Macquarie University 00002J
11 York Street
SYDNEY NSW 2000
Telephone: +61 2 8297 7777 Facsimile: +61 2 8297 7766
Email: info@city.mq.edu.au Website: www.city.mq.edu.au
In association with Macquarie University

Australian College of Applied Psychology
ABN 94 057 495 299
CRICOS Provider Code 01328A (NSW)
CRICOS Provider Code 02565B (QLD)

39 Regent Street
Chippendale NSW 2008
Telephone: +61 2 9211 2122 Facsimile: +61 2 9211 2172

Level 2, 99 Creek Street
BRISBANE QLD 4000
Tel: +61 07 3234 4400 Fax: +61 07 3236 0037
Email: info@acap.edu.au Website: www.acap.edu.au

Australian College of English and ATTC
ABN 13 002 069 730
CRICOS Provider Code 00289M (NSW)
CRICOS Provider Code 02252G (WA)
CRICOS Provider Code 00711B (QLD)
PO Box 82
Bondi Junction NSW 2022
Telephone: +61 2 9389 0113 Facsimile: +61 2 9389 6880
Email: info@ace.edu.au Website: www.ace.edu.au

ACL
ABN 51 003 916 701
CRICOS Provider Code 00031D (NSW)
CRICOS Provider Code 02783C (NT)
Level 4, 11 York Street
SYDNEY NSW 2000
Telephone: +61 2 9252 3788 Facsimile: +61 2 9252 3799
Email: enquiry@acl.edu.au Website: www.acl.edu.au

Pollin8
ABN 25 100 404 199
Level 4, 111 Coventry Street
SOUTH MELBOURNE VIC 3205
Telephone: +61 3 9699 6500 Facsimile: +61 3 9699 6556
Email: info@pollin8.com.au Website: www.pollin8.com.au

UNITED KINGDOM COLLEGES

HIBT Ltd
University of Hertfordshire
Hatfield Campus, College Lane
HATFIELD, Herts. AL10 9AB
United Kingdom
Telephone: +44 (0) 1707 285 590 Facsimile: +44 (0) 1707 285 591
Email: hibt@herts.ac.uk Website: www.hibt.uk.com
an Associate College of the University of Hertfordshire

London IBT Ltd (LIBT)
Brunel University
Kingston Lane
UXBRIDGE, Middlesex UB8 3PH
United Kingdom
Telephone: +44 (0) 1895 265 540 Facsimile: +44 (0) 1895 269 704
Email: libt@brunel.ac.uk Website: www.libt.uk.com
In association with Brunel University

CANADIAN COLLEGE

Fraser International College (FIC)
Simon Fraser University
Discovery Park, Multi Tenant Facility
Suite 100-8900 Nelson Way
Burnaby campus, Business Building
BURNABY, BC
Canada V5A 4W9
Telephone: +1 778 782 5011 Facsimile: +1 778 782 5101
Email: info@fraseric.ca Website: www.fraseric.ca
In association with Simon Fraser University

AFRICAN COLLEGES

Australian Studies Institute
5th Floor, Centro House
WESTLANDS, Nairobi Kenya
Telephone: +254 (20) 444 1110 Facsimile: +254 (20) 444 1120
Email: info@ausied.com

Australian Institute of Business and Technology
Unit No. 1, Kabulonga Shopping Complex
Chindo Road, Kabulonga
LUSAKA, Zambia
Facsimile/Telephone: +260 1 260864
Email: info.aibt@aibt.co.zm

IBT EDUCATION

IBT Education Limited
ACN 109 613 309

ECU Churchlands Campus
Pearson St Churchlands
Western Australia 6018

Phone: +61 8 9273 8111
Facsimile: +61 8 9273 8222
Email: info@ibteducation.com

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