Navitas Limited

Annual Report

2008

Your World of English

ACE – Sydney, Perth, Cairns, Brisbane
ACL – Sydney
HELC – Melbourne
LMT – Adelaide

Your World at University

ACBT – Colombo (Sri Lanka)
ACN – Sydney
AIBT – Lusaka (Zambia)
AUSI – Nairobi (Kenya)
CIC – Perth
CRIC – Cambridge (UK)
Curtin – Sydney, Singapore
EIBT – Adelaide
Eynesbury – Adelaide
FIC – Vancouver (Canada)
HIBT – Hertfordshire (UK)
ICM – Winnipeg (Canada)
ICWS – Swansea (UK)
LIBT – London (UK)
MIBT – Melbourne
MQC – Sydney
PIBT – Perth
QIBT – Brisbane
SAIBT – Adelaide
SIBT – Sydney

Your World at Work

ACAP – Sydney, Melbourne, Brisbane
AIPS – Melbourne
Cytech – Sydney
MEG – Melbourne
Navitas Workforce – Sydney
Pollin8 – Melbourne, Sydney, Adelaide, Perth, Brisbane

Your World of Recruitment

EduGlobal – (China, Australia)
EOL – (UK)
SOL – (India)
StudyLink – (Australia)

Contents

The annual general meeting of Navitas will be held at the Jarrah Room, Navitas Limited, Level 2, Kirin Centre, 15 Ogilvie Road, Mt Pleasant, Western Australia 6153 on Thursday 20 November 2008 at 11 am.

Sydney

Winnipeg

Navitas – Your World of Education

The Navitas Group is a world leader in the development and provision of educational services and learning solutions. The Navitas Group excels in understanding the world's learning needs and continually adapts to meet the needs of the changing global environment.

Each year, thousands of students choose to study with Navitas as their preferred option for learning English, accessing higher education studies, preparing for their future careers and broadening their opportunities in life.


London


Vancouver

Who are we?

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

Vision

Navitas is universally recognised as the most trusted global learning organisation in the world.

Mission

Navitas is passionate about creating opportunities through lifelong learning and is 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.

Wherever its customers are or want to be, Navitas accelerates their success by harnessing the knowledge and resources of 1,000 staff in 21 countries.

Values

We have **conviction** of purpose and potential.

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

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

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

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

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

Partnerships – The Key to Success

Key to the continuing success of Navitas has been its ability to identify and work with a broad spectrum of partners ensuring that a high quality, tailored education service is provided.

In the University Programs (UP) Division, pathway colleges and managed campuses are partnered with 15 different universities across Australia, Canada and the United Kingdom to provide students with opportunities to pursue tertiary education.

The course curriculum used by each of the UP colleges is developed in conjunction with qualified academics at the partner universities, and as a result, it benefits from the academic rigour applied by each university to its own degrees. In addition, these universities provide the college with high levels of quality assurance by applying well established moderation processes to ensure the application of academic standards equivalent to those at the university.

Our English Division provides English language training to international students, migrants and humanitarian entrants, as well as prospective teachers of English. The Division works with the Australian Government to deliver programs including the AMEP and LLNP, as well as working with other tertiary education providers to provide English language education.

In providing these services the Division has developed a consortium approach, so that the individual needs of the students are met by the partner best suited to ensure high quality outcome working with a variety of organisations to ensure students needs are met. These partners include leading universities, community, charitable and not for profit welfare organisations.

The Workforce Division is focused on ensuring that it operates in partnership with business and industry so that the education service is tailored to the needs of employers.

The business model adopted by this Division position us alongside employers, as partners, ensuring that the needs of both employee and employer are met.

Universities across the globe utilise student agents to channel international students into their courses. Our Student Recruitment business operates in Australia, India, China and the UK as a partner to universities in Australia, UK, Canada and the US, so that prospective students have the opportunity to participate in tertiary education and experience a different cultural environment.

Navitas is proud of its position with its worldwide partners, so that Navitas can be the most trusted learning organisation and create opportunities for life long learning for any prospective student, wherever they may be in life.

The Navitas Group operates an innovative business model that provides students with high quality and tailored education services.

Highlights

Financial Highlights

- Total Group revenue up 22% to $345.4 million
- Earnings before interest, tax, depreciation and amortisation (EBITDA) increased 17% to $63.4 million
- Net profit after tax, but before amortisation of ACL government contracts acquired, increased 14% to $41.1 million
- Net profit after tax up 16% to $37.4 million
- Earnings per Share increased 16% to 10.8 cents
- Adjusted earnings per Share (excluding amortisation) up 15% to 12.2 cents
- Operating cash flow up 61% to $78.6 million
- Return on capital employed up 25% to 33.6%
- Fully franked full year dividend increased 17% to 10.9 cents
- Economic Value Added of $27.3 million
- Growth in Economic Value Added of $6.7 million

Financial Summary	2008 $000s	2007 $000s	2006 $000s	% change 08/07
Revenues	345,438	282,710	226,046	22%
EBITDA	**63,443**	**54,039**	**47,915**	**17%**
Profit before income tax expense	55,377	47,060	44,681	18%
Income tax expense	17,362	14,659	13,407	18%
Profit for the period	38,015	32,401	31,274	17%
Profit attributable to members of Navitas	**37,430**	**32,245**	**31,488**	**16%**
Basic earnings per Share	10.8 cents	9.3 cents	9.1 cents	16%
Interim dividends per Share (fully franked)	4.7 cents	4.3 cents	4.7 cents	9%
Final dividends per Share (fully franked)	6.2 cents	5.0 cents	4.8 cents	24%
EVA created	**27,288**	**20,591**	**18,340**	**33%**
Operating cash flows	**78,609**	**48,899**	**41,384**	**61%**
Intangible assets	175,929	170,299	139,825	3%
Total assets	**255,857**	**217,021**	**228,880**	**18%**
Deferred revenue	102,833	67,549	52,948	52%
Total liabilities	**161,877**	**117,722**	**96,759**	**38%**
Net (cash)/debt	**(5,754)**	**10,370**	**(49,835)**	**-155%**
Total equity	**93,980**	**99,299**	**132,121**	**-5%**
Return on capital employed	**33.6%**	**26.9%**	**25.1%**	**25%**

Our achievements

University Programs

- MQC opens in July 2007, with 220 students
- FIC opened in 2007 and now has 575 students
- MIBT and QIBT each enrol 1,600 students – a significant growth increase on last year
- Curtin University Sydney exceeds 1,050 students (from 28 students in 2005)
- UK enrolments showing growth
- New buildings opened for MIBT (Melbourne) and PIBT (Perth)
- University agreements renewed at QIBT, MIBT and ACN
- Acquisition of 75% of ACBT completed December 2007

English

- Acquisition of HELC
- Citizenship grants awarded to ACL and LMT
- ACL opens English Language test centre at Wynyard Green
- Appointment of a highly experienced General Manager, Government Programs

Workforce

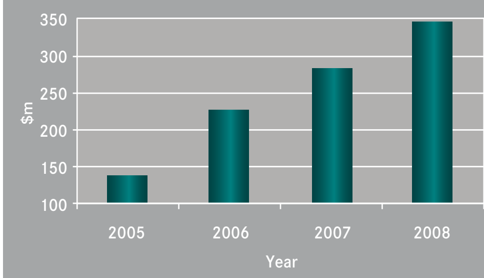
- ACAP achieves strong student growth
- Successful pilot of Seek Learning's on-line distribution channel by ACAP
- Successful outcomes from ACAP's AUQA audit
- Cytech, AIPS and MEG acquisitions completed

Student Recruitment

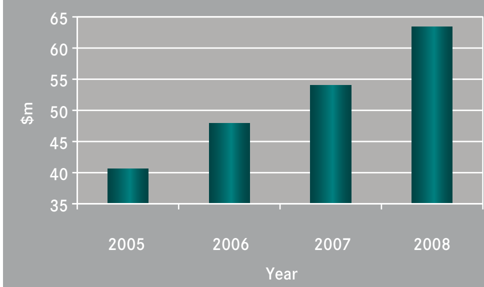
- Appointment of a market experienced General Manager, Student Recruitment
- 19 EduGlobal offices in China and one in Sydney
- EduGlobal enters into a joint venture with OUA
- Growth in EduGlobal printing unit
- New SOL offices in Pune and Chandigarh, India

Financial Summary

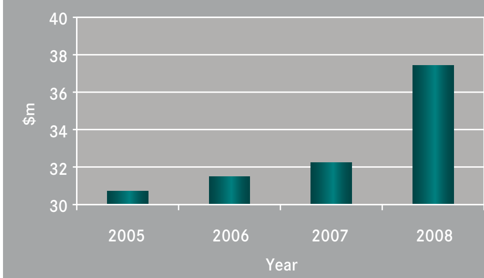
Revenue



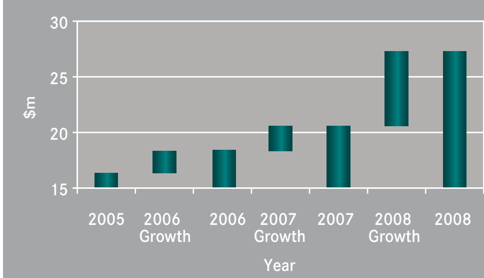
EBITDA



NPAT



EVA Growth



Group Leadership Team

Rod Jones

Chief Executive Officer and Managing Director

Rod 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.

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

Helen Zimmerman

Executive General Manager, English and Workforce

Helen has overall responsibility to lead and grow the operations of Navitas' english language and settlement programs and for the development and growth of Navitas' new Workforce Division.

Helen has been Managing Director of ACL, a Navitas subsidiary, since 1998. She has been Managing Director of the ACL Group, consisting of ACL, ACE and ACN, since 2004.

Helen is a member of the NSW Vocational Education and Training Board representing the provision, accreditation or evaluation of education or training for overseas students.

Helen graduated with first class honours from the Australian National University. She also holds a Diploma in Education, and a Graduate Diploma in Adult Education. She is a Fellow of the Australian Institute of Company Directors and has a Diploma in Company Directorship.

In 2004 Helen was appointed by the Minister for Education, Science and Training to an industry advisory body, which advises the Minister on issues relating to international education and training in Australia. She was also invited to join the International Relations Committee of CEDA (The Committee for Economic Development of Australia) in 2006.

Tony Cullen

Group General Manager, Marketing and Sales

Tony joined the Navitas Group in June 2002 as Director of Marketing and Business Development for QIBT. Tony has been involved in international education since 1987 and prior to joining the Navitas Group was Director of Sales and Marketing, Asia Pacific for Study Group.

With the consolidation of the Group in 2004, Tony now heads up the Group Marketing Unit and is responsible for the development and implementation of the Strategic Marketing Plan across the Group, working with the college and regional marketing teams and managing the in-country offices.

Bryce Houghton

Chief Financial Officer

Bryce joined the Navitas Group in January 2005. Previously Bryce was the CFO of Evans & Tate Limited, and has held senior positions with Fonterra Cooperative Group Ltd and its antecedent companies.

In his role as CFO, Bryce is responsible for board and external financial reporting, treasury management, the internal control framework, tax planning and the financial aspect of mergers and acquisitions.

John Wood

Executive General Manager, University Programs

John has overall responsibility to lead and grow the operations of the university pathway programs and managed university campuses. He also oversees the relationships with Navitas' partner universities.

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

Rod Jones Helen Zimmerman Tony Cullen Bryce Houghton

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

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

Jenny Michel

Group General Manager, Human Resources

Jenny joined the Navitas Group in July 2006 and as the Group General Manager, Human Resources is responsible for leading the development and co-ordination of the Group's HR strategy.

Prior to joining the Navitas Group, Jenny worked in senior HR roles across a variety of industries including Education, Banking and Finance, Media, Medical and Building and Construction.

Jenny holds an MBA from the Macquarie Graduate School of Management, a MA (Education) from Macquarie University, a Graduate Diploma in Educational Studies from the University of Technology Sydney, a Bachelor of Arts (with a triple major in Economics, Psychology and History) and a Diploma in Education from the University of New South Wales.

Hugh Hangchi

Company Secretary and Group General Counsel

Hugh 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 ASX Listing Rules and corporate governance.

Hugh holds a Bachelor of Laws and a Bachelor of Commerce from the University of Western Australia.

Prior to joining the Company, Hugh 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.

Neil Hitchcock

Group General Manager, IT and Facilities

Neil has worked with the Navitas Group for over 9 years. Originally in the Finance & Administration function of PIBT, Neil was also involved in the Navitas set-up team which oversaw the establishment of structure, systems and processes into the newly established Navitas. He was also responsible for the development and management of the various Management Information Systems that are used by most of the Navitas Group.

With the consolidation of the Navitas Group in November 2004, Neil undertook the role of Group General Manager, IT and Facilities.

In a consultative approach, his role includes the setting of Group IT policies and guiding the management, dissemination, structure and use of information by all stakeholders to enhance decision making processes.

Scott Jones

General Manager, Student Recruitment

Scott has extensive experience in fast moving consumer goods companies, previously holding a sales management position with Uncle Bens of Australia, a subsidiary of Mars Corporation, and a sales position with Coca-Cola Amatil.

Scott also has extensive international management experience through his role as Director of Marketing for Curtin University's Sydney Campus and is currently employed in the position of General Manager, Student Recruitment for Navitas. This role involves managing Navitas' off-shore Student Recruitment operations in India, China and Europe.

Chairman's letter

Navitas has delivered a record profit after tax of $37.4 million.

Harvey Collins, Chairman

Dear Shareholder

It is my pleasure to present the fourth annual report of Navitas.

In what have been difficult economic conditions, Navitas has delivered a record net profit after tax of $37.4 million and EBITDA of $63.4 million. Total Group revenue was up 22% to $345.4 million and adjusted earnings per Share was up 15% to 12.2 cents. This pleasing result has come from solid performance across the Group's Divisions and the University Programs Division in particular.

Much of the Group's success is attributable to the strength of the Navitas brand. Navitas' vision is to be universally recognised as the most trusted global learning organisation in the world. In order to realise this vision, Navitas colleges and business units must offer and deliver high quality educational outcomes. Navitas staff must be committed and deliver the highest quality service for their students. Navitas' steadfast commitment to maintenance and delivery of high quality educational outcomes is recognised by our students, partners and other stakeholders.

Details of the Group's performance for the year ended 30 June 2008 is contained in this annual report and I commend the report to you.

Organic Growth and Acquisitions

In what has been a busy year for the management team, the growth of the Navitas Group continues at an exciting pace. The University Programs Division announced 3 new college agreements with the University of Manitoba (Canada), Anglia Ruskin University (United Kingdom) and Swansea University (United Kingdom). Canada and the United Kingdom are growth markets for Navitas and all 3 new colleges are on track to meet their target enrolments. The acquisition of 75% of ACBT in Sri Lanka was also completed in December 2007. The consolidation of ACBT into the University Programs Division will generate synergies within the Division and enable ACBT to capitalise on growth opportunities in that country.

In March 2008, Navitas announced the exciting Curtin Singapore initiative. Under this initiative, Curtin University of Technology will establish a new campus centrally located in the heart of Singapore and the campus will be managed by Navitas. Curtin Singapore will give students access to flexible quality education in one of the world's most cosmopolitan cities. Students will enjoy first-rate facilities, high calibre staff and close links with industry practitioners. Curtin Singapore continues the dynamic emphasis on innovative teaching methods, strong industry links and highly employable graduates that are synonymous with the Curtin name. Navitas looks forward to working with Curtin University on this initiative and to welcoming students for the opening of the campus in December 2008.

Our valued relationships with our "partner" universities continues. In this regard, Navitas was able to secure the renewal of the following agreements during the year: Griffith University (QIBT – 10 years), Deakin University (MIBT – 10 years) and La Trobe University (ACN – 5 years). We thank all of our "partner" universities for their support and look forward to many more years of mutually beneficial associations with them.

The English Division added value to its business with the acquisition of HELC from the University of Melbourne. As part of the terms of the acquisition, HELC is entitled to refer to itself as being endorsed by the University of Melbourne as a provider of English language intensive courses for overseas students in Melbourne. HELC has an outstanding reputation and presence in the ELICOS market and is a valuable addition to the English Division.

The new Workforce Division has focused on building its portfolio of businesses with the acquisitions of AIPS, MEG and Cytech. These acquisitions give the Division a platform to capitalise on opportunities in the growing industries of public safety, health and community services; in which there are well-documented skills shortages.

Dividend

The Directors declared a fully franked final dividend of 6.2 cents per Share. Together with the interim dividend of 4.7 cents per Share, the total dividend for the financial year ending 30 June 2008 is 10.9 cents per Share fully franked.

Shareholder value

Navitas' key objective is to maximise Shareholder returns. Navitas utilises the economic value added (EVA®) framework to assess Shareholder value.

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 to the funds employed by the business. EVA® for the financial year ended 30 June 2008 was $27.3 million, compared to $20.6 million in 2007, for a growth in EVA® of $6.7 million.

Board

During the year Emeritus Professor Di Yerbury retired from the Board and, on behalf of the Board, I wish to thank her for her valuable contribution.

Staff

With the rebranding of the Group and the change in the Company's name from "IBT Education Limited" to "Navitas Limited" in November 2007, workshops were conducted across the Group to discuss Navitas values and how staff could apply them daily in their working lives personally and in their team. It is pleasing to note that staff have embraced the Navitas values and there is a real commitment to embed the values into the organisation's culture.

We thank our staff for their commitment to Navitas and for their special efforts during the year.

Yours sincerely,

H R Collins

Harvey Collins
Chairman

Chief Executive Officer's review of operations

The 2008 year demonstrated the strength of the Navitas growth strategy.

Rod Jones, Chief Executive Officer

Navitas presents the following review of its operations during 2008.

Financial Performance

Navitas results for the financial year ended 30 June 2008 and the previous corresponding period are shown below:

($ millions)	Year ended 30 June 2008	Year ended 30 June 2007	Change (%)
Total revenue	345.4	282.7	22
EBITDA	63.4	54.0	17
Net profit before tax	55.4	47.0	18
Adjusted net profit after tax*	42.2	36.7	15
Net profit attributable to members	37.4	32.2	16
Adjusted EPS (cents)*	12.2	10.6	15
EPS (cents)	10.8	9.3	16
Total dividend per Share (cents)	10.9	9.3	17

* Excludes amortisation

Consolidated operating revenue for the 2008 financial year was $345.4 million, an increase of 22% on the previous year. This significant growth was driven largely by increased enrolments in the University Programs Division and contributions from new acquisitions including ACBT, HELC and Cytech.

Underlying operating expenses rose essentially in line with operating revenues. Overall operating expenses rose by 23% to $279.7 million, however this includes $5.1 million of net losses from the Wynyard Green lease and the start up of MQC, Curtin Singapore and the new colleges in the UK and Canada. Excluding these, operating costs increased by only 19% and the Group EBITDA margin increased to 20.7% (FY07: 19.1%).

Divisional EBITDA results are as follows:

($ millions)	Year ended 30 June 2008	Year ended 30 June 2007	Change (%)
University Programs	58.4	44.6	31
English	11.2	13.1	(15)
Workforce	2.1	2.7	(22)
Student Recruitment	1.9	1.8	5
Divisional EBITDA	73.6	62.2	18
Corporate costs & consolidation items	(10.2)	(8.2)	24
Group EBITDA	63.4	54.0	17

Net interest income for the year was $0.9 million, including a $1.3 million write-back of interest accrued in relation to redeemable preference shares issued to ACL vendors. Excluding this, the Group recorded net interest expense of just $0.4 million.

Adjusted net profit after tax attributable to members increased from $36.7 million to $42.2 million, a rise of 15%. Adjusted earnings per Share also increased from 10.6 cents to 12.2 cents (15%).

Final Dividend

The Directors have declared a fully franked final dividend of 6.2 cents per Share to be paid on 29 August 2008 to those Shareholders on the register on 15 August 2008. Together with the interim dividend of 4.7 cents per Share, this brings the full year fully franked distribution to Shareholders to 10.9 cents per Share.

The 2008 full year dividend was up 1.6 cents (or 17.2%) on the full year dividend in 2007.

Financial Position

The Navitas balance sheet remained very strong at year end with net assets of $94 million and net cash of $5.8 million.

Such was the strength of the balance sheet and the Group's strong operating cash flows that during the year Navitas announced an on-market buy back of up to 5% of its Shares on issue.

The buy back is part of a longer-term capital strategy to:

- Manage capital to pursue strategic growth objectives;
- Create an efficient balance sheet while maintaining financial flexibility; and
- Return capital to Shareholders where there is balance sheet capacity in excess of strategic requirements.

To date, 4.3 million Shares have been purchased under the buy back at an average cost of $1.96 per Share. The total consideration for the Shares acquired was $8.4 million. A further 13.1 million Shares may be purchased under the terms of the buy back.

Organic and acquisition growth initiatives through the year were funded from Group cash flows.

The strong cash flows and the Group's conservatively geared balance sheet position Navitas well to pursue substantial acquisitions should appropriate opportunities arise.

Cash Flows

Operating cash flows for the year ended 30 June 2008 increased by 61% on the corresponding period, up to $78.6 million, reflecting significant growth in student enrolments at existing and new campuses.

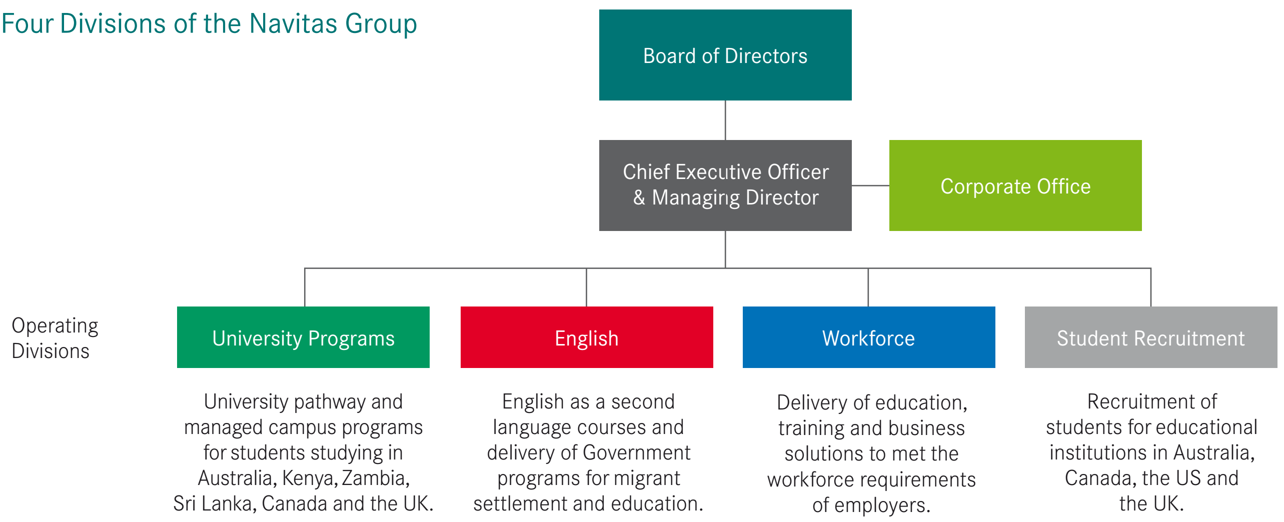
The Group's strong operating cash flow provided the Group with a healthy cash realisation ratio of 1.69x in FY08, which compares with 1.25x in FY07. This was driven by increases in deferred revenue (student fees paid in advance), non-cash lease expenses and incentive accruals as well as timing of income tax payments.

Operations

In the financial year ended 30 June 2008, Navitas continued to consolidate operations under its Group structure.

The Group incorporates four Divisions, as the diagram below shows:

Four Divisions of the Navitas Group



Chief Executive Officer's review of operations (continued)

Key highlights for the year were the announcement of an in principle agreement with Curtin University of Technology for the establishment of a new Singapore campus, and further international opportunities created by 3 new college agreements in the United Kingdom and Canada.

The Group also continued its strategic acquisition and investment strategy across all Divisions, which Navitas believes will continue to deliver strong results.

University Programs

University Programs recorded strong returns in FY08, with EBITDA up 31% to $58.4 million (FY07: $44.6 million), underpinned by continued growth in student enrolments.

The result was affected by investment in new international projects ($1.8 million) and the start-up trading loss for MQC ($1.6 million).

Substantial increases in EBITDA were recorded at SIBT, CUS, ACN and Eynesbury, while strong gains were made at MIBT, QIBT, CIC and PIBT.

Importantly, new campuses continue to move into the profitability phase ahead of schedule, including MQC reaching operational break even in the first semester of 2008, less than a year after opening its doors. FIC also made its first profit and had 575 students as the financial year ended.

In FY08, Navitas continued to focus on developing a pipeline of projects, including:

- Announcement of an in principle agreement with Curtin University of Technology for the establishment of a new Singapore campus, to be operated and managed by Navitas, delivering degree programs to international and local students wishing to study in Singapore. The campus is due to open in December 2008;
- Execution of three new college agreements in proven growth markets – one in Canada (Manitoba) and two in the UK (Swansea and Anglia Ruskin). All three colleges are scheduled to open in September 2008 and are on track to achieve their target enrolments; and
- On-going discussions with Portsmouth University in the United Kingdom and McMaster University in Canada.

Critically, these new campuses have 6,000-plus incremental student potential at maturity, developing a significant new stream of student enrolment with low capital expenditure.

During the year, Navitas also consolidated and expanded its existing businesses, including:

- Renewal of agreements with Griffith University (QIBT – 10 years), Deakin University (MIBT – 10 years) and La Trobe University (ACN – 5 years); and
- New buildings for MIBT and PIBT.

The key acquisition was a 75% stake in ACBT for $6.75 million.

This strategic acquisition provides Navitas with a foothold in Sri Lanka where ACBT has existing operations in Colombo and with a significant capacity to grow. ACBT made a positive EBITDA contribution in FY08 with expectations of good earnings growth in FY09 and beyond.

Overall, University Programs continues to perform very strongly and is set for further growth ahead.

Student enrolments are at record levels in the second semester of 2008, average fee income per student is rising and demand for services is providing Navitas with additional flexibility with its pricing model.

With a range of campus operations at various stages of development, Navitas has a portfolio of businesses that create a platform for sustainable growth into the future.

English

Navitas continued building the English Division during the year, with a number of positive initiatives and outcomes being achieved, including:

- Completion of the acquisition of HELC for $5.1 million, comprising a school in Melbourne with direct links to Melbourne University and a franchise in Muscat, Oman. The acquisition was earnings accretive in FY08;
- The ELICOS business delivering a strong result, with increased revenue per student compensating for a slight reduction in student numbers;
- Federal Governments grants being won for programs operated by ACL and LMT; and
- Appointment of a highly experienced General Manager of Government Programs to assist in the development of the business.

Earnings for the Division eased back after a period of record growth, with divisional EBITDA of $11.2 million compared to $13.1 million in FY07. This was largely due to a reduction in migrant and refugee numbers in the Division's Government Programs' regions (which is expected to be reversed in FY09), as well as a minor increase in costs due to staff and occupancy costs. In addition the participation rate in the AMEP was also adversely impacted by the strong labour market in Australia.

The annualised impact of the HELC acquisition and the Federal Government's plan to increase the intake of the Refugee and Migration Programs provides an encouraging outlook for FY09.

Workforce

Vocational Training and Education is a target growth market for Navitas, with current investment focusing on pursuing opportunities created by the strong demand for courses and the well-documented skills shortage.

Navitas believes this sector has good prospects for future growth as Australia struggles to meet market demands in a number of service areas.

In FY08, ACAP operations recorded 50% student growth in the second half of FY08 and successfully piloted Seek Learning's online distribution channel to deliver a positive return for the Division.

Navitas also continued to build its strategic portfolio to position the Division for future growth, including:

- Announcement of the acquisition of 75% of the independent vocational and higher education provider AIPS and 100% of the issued share capital of RTO MEG for $2.2 million in June 2008; and
- The strategic acquisition of Cytech, a labour hire company servicing the healthcare industry. Cytech, which has made a positive EBITDA contribution since its acquisition in May 2008, will be the platform for driving the growth of the Group's labour recruitment services.

The acquisitions are aligned with the business objectives of the Division and are expected to deliver strong growth in future years.

Pollin8, which delivers customised corporate training programs, recorded a softer result in FY08.

The further diversification of the Navitas customer base is expected to drive improved performance in Workforce, with an expectation that this Division will become a more significant and growing contributor to future Group earnings.

Student Recruitment

Student Recruitment, the newest of the Group's Divisions, has now firmly established itself in the fast-growing international student recruitment markets of India and China through the SOL and EduGlobal businesses.

Student Recruitment recorded EBITDA for the financial year of $1.9 million (increase of 5%), with highlights including:

- Appointment of a market experienced General Manager to drive the growth and development of this business;
- Expansion of the EduGlobal network with the establishment of 9 new offices bringing the total to 19 in China and one in Sydney;
- Expansion of the SOL network with the establishment of 4 new offices bringing the total to 14 in India; and
- Establishing a joint venture between EduGlobal and online higher education provider OUA.

The continued strong demand from Chinese and Indian students to study abroad is expected to drive further improvement in this growth Division.

Strategic Developments

Navitas is committed to continued expansion of its Australian and international business base to offer a broad range of education services into high growth markets.

The FY08 result demonstrated the Shareholder value created by the Group's growth strategy where it has sought to build both University Programs and non-traditional education services that are aligned with the core business. Navitas believes that this growth is sustainable and that it further benefits the Group by offering broader market exposure and a natural hedge against shifts in individual markets.

There are many opportunities for growth and Navitas is committed to its current incremental approach of developing a portfolio of businesses and continuing to assess opportunities in Australia and overseas.

Board

During the year Emeritus Professor Di Yerbury retired from the Board and we thank her for her valuable contribution.

Outlook

Navitas looks forward to FY09 with confidence. The growth strategy that has been adopted by the Group is now delivering significant and sustainable benefits for Shareholders.

The Group is budgeting for continued strong growth in revenue and earnings per Share in FY09, underpinned by:

- A pipeline of University Programs colleges based on a proven, profitable and capital efficient business model;
- Continued development of the English, Workforce and Student Recruitment Divisions;
- Growing world demand for education services; and
- Effective management of operating margins.

Rod Jones
Chief Executive Officer

Partnerships for the future

Curtin Singapore – a key development for 2009

Navitas will develop and operate a brand new Singapore campus for Curtin University of Technology – Curtin Singapore – opening in December 2008. This state of the art campus close to the Singapore CBD will allow Curtin to significantly expand its course range and student numbers in Singapore and has exciting long term growth potential.

Curtin Singapore – the partnership

Curtin University of Technology has offered courses in Singapore since 1986 in partnership with the Singapore Institute of Materials Management (SIMM), Singapore Human Resources Institute (SHRI) and Marketing Institute of Singapore (MIS). To further expand Curtin's offering in Singapore, Navitas has signed an agreement with Curtin to develop and operate a brand new campus close to the Singapore CBD which will offer a range of undergraduate and postgraduate courses. The campus is scheduled to open in December 2008 and will initially cater for 750 existing Curtin students plus new intakes.

Development of the new Singapore Campus

Construction of the brand new state of the art campus is nearing completion. The campus is well positioned close to the Singapore CBD and Mass Rapid Transit stations. The fully self contained campus has capacity for up to 5,000 students. It includes lecture and study facilities, computer labs, a library and recreation facilities as well as scope for development of on-campus accommodation.

Course offerings

Initially, a range of undergraduate and postgraduate Commerce courses will be available. During 2009, the course range will be expanded to include further undergraduate and postgraduate Commerce courses and courses from other disciplines. A Pro-Vice Chancellor, Professor John Neilson, has been appointed to ensure the academic quality at the campus is consistent with Curtin's main Perth campus. The existing Curtin programs delivered in partnership with SIMM, SHRI and MIS will now be delivered at the new campus.

High growth potential

The opening of Curtin Singapore will further strengthen Curtin University of Technology's strong brand presence in South-East Asia and significantly increase Curtin's penetration into Singapore's booming international student market. Long term growth potential for this campus is high. This development will also cement Navitas' capability in development and operation of offshore campuses.

Key Highlights

New Singapore Campus
Navitas is collaborating with Curtin University of Technology on the development of a new university campus in Singapore. Located at the Jalan Rajah site, just outside the Central Business District.

Navitas and Curtin partnership
In 2005, Curtin and Navitas cooperated in the successful establishment of a Curtin University campus in Sydney (Navitas is responsible for the operation and management). Curtin will establish the campus and Navitas will operate and manage it, delivering degree programs to the international and local students. Navitas plans to grow its business by including the delivery of degree programs in association with partner universities on campuses established by Navitas.

Programs on offer
Full undergraduate and post-graduate courses will be on offer in similar format to the Curtin Sydney campus.

Opening
Due to open in December 2008.

Navitas and Steve Waugh

In March 2008, ex Australian cricket captain Steve Waugh was engaged as 'brand ambassador' for the Navitas Group to assist in promoting the Navitas brand and its portfolio of programs across a number of key markets including India, Sri Lanka, Pakistan, Bangladesh and Australia.

The Steve Waugh brand is strongly associated with humanitarian and philanthropic causes. Through activities of The Steve Waugh Foundation, Steve Waugh is widely recognised for charity work in the areas of youth and community; in particular providing financial support to young Australians in need.

This relationship was established to leverage the 'Steve Waugh' brand to raise Navitas brand awareness, increase credibility and reinforce Navitas as a market leader. The partnership was felt to be particularly relevant in the current environment where Navitas has recently transitioned from IBT Education.

Media and Public Relations Activity

A professional, co-branded marketing and public relations campaign has since been implemented across key markets for the Navitas Group, leveraging the many synergies between the Navitas and Steve Waugh brands.

Navitas television advertisements featuring Steve Waugh were produced and aired in May and June 2008 across the Indian NDTV network, within relevant sports related programming.

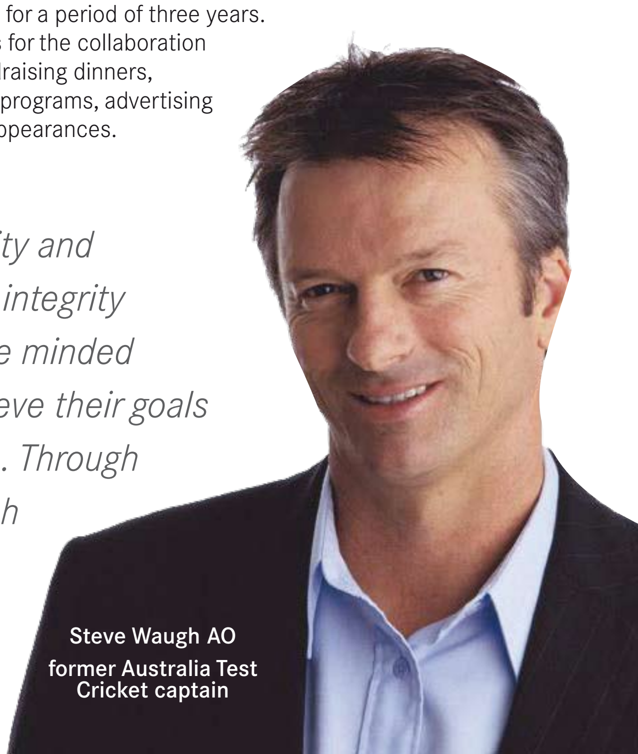
A secondary campaign has since been implemented in August and September 2008 to maximise awareness and television coverage of the Beijing Olympics.

Across relevant international regions, the Navitas University Program recruitment materials also incorporate a prominent endorsement message from Steve Waugh regarding the relationship.

Future Opportunities

The agreement between Navitas and Mr Waugh is for a period of three years. Future plans for the collaboration include fundraising dinners, scholarship programs, advertising and event appearances.

In my work, values such as Courage, Character, Integrity and Compassion are key attributes. In order to protect the integrity of the Steve Waugh brand, I will only associate with like minded organisations. Navitas is all about helping people achieve their goals and I am proud to be associated with this organisation. Through our joint collaboration, we can help young people reach their potential and realise their dreams.



Steve Waugh AO
former Australia Test Cricket captain

Divisional review of operations

navitas
University Programs

Key Highlights

- **Revenue of $209.1 million**
- **EBITDA of $58.5 million**
- **21 Colleges/Campuses**
- **8 Countries**
- **Over 15,000 students**
- **Long term contracts with 15 partner universities**
- **Start up of new colleges/campuses**
  - CRIC (Cambridge, UK)
  - Curtin Singapore (Singapore)
  - ICM (Winnipeg, Canada)
  - ICWS (Swansea, UK)
  - MQC (Sydney, Australia)
- **Acquisition of 75% of a Sri Lankan college – ACBT**

Introduction

The University Programs Division currently operates in 8 countries and comprises 17 colleges and also manages 4 campuses on behalf of universities. The Division provides opportunities for students to achieve university degrees via pathway preparation to university programs.

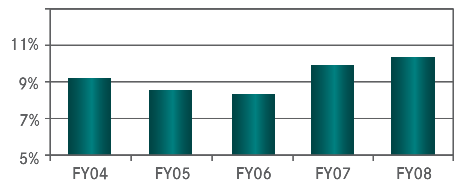
During the past year, the Division has focused on academic outcomes, opening new colleges and managed campuses, continued student growth, maintenance of recruitment numbers from key markets, and growth in new and emerging markets.

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

Financial Outcomes

The Division recorded strong revenues and returns for the year. Operating revenues were up 34% to $209.1 million (FY07: $155.9 million) and EBITDA was up 31% to $58.4 million (FYO7: $44.6 million). This impressive performance was underpinned by continued growth in student enrolments.

Navitas' Share of International Higher Education Student Commencements in Australia*



* Data Source: Navitas and Australian Education International

Business Development and Academic Outcomes

The colleges have continued to work 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 extended with the entire university executive, to create greater transparency around performance outcomes of students transferring to the host university. These outcomes demonstrated that Navitas students generally performed as well as students who had gained direct entry to university.

QIBT celebrated its ten year anniversary with Griffith University and participants included students, staff of QIBT, other Australian Navitas colleges, Griffith University, senior staff representatives from the government regulatory bodies, education agents and representatives from peak education professional bodies.

Colleges continued to develop a range of new courses with a wide range of disciplines accredited during the year. For example, at MIBT, three new Diploma programs were established – Engineering and Science at the Geelong campus and Management at the Burwood campus. Three new Pre-Masters courses commenced in Engineering, Information Technology and Science. SIBT established the SIBT Diploma course at Wynyard Green in the Sydney CBD to allow for continued growth of the college. At MQC, the Masters of Accounting (CPA Extension) and Masters of Commerce were introduced. HIBT successfully worked with the Business School at Brunel University to offer the Master Qualifying Programme in Business.

CIC established the CIC Transfer program in collaboration with Curtin. The program offers units in the Diploma of Commerce and students flow onto CIC and Curtin to complete their degree. Students are able to transition to a Western style tertiary education with support in-country. FIC introduced new units which have allowed students to transfer into a greater number of programs at SFU. In addition SFU has also agreed to support the offering of an associate degree and negotiations are currently underway with the local Ministry of Education.

The Navitas Group is a world leader in the development and provision of educational services and learning solutions.

Divisional review of operations (continued)

The inaugural NARI workshop was hosted by both QIBT and SIBT with their partner universities, Griffith and Macquarie. The teaching and learning workshop focused on “Enhancing Student Performance - It’s More than Just English”. The interactive workshop examined the challenges facing international students embarking on tertiary education in Australia with a focus on English proficiency and the development of essential academic skills for successful learning with a culturally supportive environment.

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. Student surveys at all colleges demonstrate that we are meeting student needs. At PIBT, for example, student survey results show that over 90% of students would recommend PIBT to family and friends. QIBT achieved a 94% overall satisfaction rating from the graduate survey which compares most favourably with ratings across the university sector and published by the Australian Government in the Learning and Teaching Performance indicators.

There has been a continued 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 teaching observation, student evaluation and staff review. At CIC, for example, there was an 86% retention rate;
- 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. At QIBT for example 85% of students who commenced diplomas in 2007 have either graduated or are still enrolled at the college. FIC’s first three groups of students have transferred to SFU and while the numbers are small the results indicate that FIC students are performing better than other international students; 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.

A significant development that occurred in October 2007 was 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 has further strengthened the relationship between MIBT and Deakin University and provided 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.

PIBT also moved into new purpose built facilities provided by ECU in May 2008 which, like MIBT, will provide excellent synergies with the university as well strengthening the relationship between the two parties.

Governance, Risk Management and Quality

The year has witnessed increased demands from Commonwealth and State regulatory education authorities in relation to quality processes and compliance. These include:

- The revised and more rigorous standards of the AQTF governing RTOs;
- The revision of the National Code supporting the ESOS Act; and
- The future AUQA.

This changing environment has afforded colleges a positive opportunity to consolidate continuous improvement processes in all operational areas, both administrative and academic.

In preparation for the AUQA audit in 2010, a full mock AUQA audit was undertaken at QIBT. The report findings were most reassuring. These findings, together with the outcomes of the formal ACAP AUQA audit (referred to below) are now informing continuous improvement of QIBT and other Navitas colleges.

The colleges have continued to strive for best practice in all areas of the business, with a number of colleges being subject to audits of IT, financial and general processes by the Group’s internal audit function.

Colleges continued their 100% success rate in course re-accreditation. PIBT, for example, had its RTO, and overseas student provider status re-confirmed as well as the Certificate in University Foundation Studies for all Navitas colleges re-accredited. SIBT passed the triennial audit for re-certification of the Quality Management System ISO9001. They also successfully passed the Australian AQTF audit to be an RTO in NSW. QIBT also achieved successful audit outcomes by government regulatory authorities, re-registration as an RTO for a further 5 year period and reaccreditation of two higher education programs. CIC received excellent results from its AQTF, ESOS and WA college registration audits. They also had the registration and re-accreditation of 5 diplomas.

In the United Kingdom both LIBT and HIBT were successful in their re-accreditation with the BAC. In the case of HIBT, the BAC made special mention of the quality of the documentation and attention to quality and the manner in which quality was embedded in the college’s operations.

A risk management strategy is being implemented across all colleges.

Colleges have continued to work closely with their partner university to conduct tracer studies and produce longitudinal data on results for Navitas graduates studying at the host universities. Results indicate the impressive performance of Navitas students when they transfer to the host university.

Maintenance of academic standards has been achieved through a strict moderation process, which is controlled by the host university. Academic Advisory Committees in all colleges regularly reviewed academic processes and outcomes.

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. The outcomes of the joint MIBT-Deakin efforts have resulted in significant increases in domestic enrolments. 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.

Eynesbury International has extended its UniStart Program. This program not only offers entry into the three South Australian universities, but also to interstate universities, including members of the Group of Eight universities. UniStart provides students with the opportunity to qualify for entry into an extensive range of undergraduate programs. Preparations are well advanced to roll out the program to China and Vietnam.

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 academic positions as well as in finance, information technology, 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 Sydney, a new General Manager to oversee the operation of the Sydney colleges was appointed.

Outlook

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

Despite the strong Australian dollar and historically low unemployment rates, which will continue to provide challenges in terms of new student recruitment, the University Programs Division is expecting solid growth in FY09. This is already being reflected in the significant growth in new student enrolments in the first two semesters of 2008.

A significant development that will occur before the end of 2008 will be the opening of the Curtin Singapore campus. This campus will deliver degree programs to local and international students in Singapore.

navitas
English

Key Highlights

- Revenue of $101.8 million
- EBITDA of $11.2 million
- Largest private English language provider in Australia
- Over 25,000 students across 18 campuses
- Contract with Department of Immigration and Citizenship extended until June 2010
- Acquisition of HELC from University of Melbourne

Introduction

The unifying theme for the Navitas English 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 a number of highly respected brands. Over 1,000 staff are employed across 18 campuses catering for more than 25,000 student enrolments each year in Australia.

Strategic Achievements

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

These include:

- Acquiring companies that support the strategic directions of the Division and Navitas;
- Ensuring the Division has the capability to respond successfully 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 Victoria with the acquisition of HELC from UMEE Limited (a wholly owned subsidiary of the University of Melbourne) in February 2008. HELC is an established pathway for international students to tertiary institutions. It specialises in courses for academic studies including running the University of Melbourne English Language Bridging Program. HELC also has a franchise operation in Muscat, Oman.

In January 2008 ACL was approved to open an IELTS centre at Navitas' Wynyard Green educational precinct in Sydney.

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

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.

ACL continued as 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 FY08 earnings for the English Division eased back after a period of record growth. This was largely due to a reduction in the number of refugees and humanitarian entrants settling in the Sydney regions where ACL has its principal operations for the Commonwealth Government funded AMEP. It was however, pleasing to note that the ELICOS business delivered a strong result. It was also very pleasing to see that much of the ELICOS growth flowed from collaboration and synergistic marketing with the University Programs Division.

Business Description

ELICOS

English language programs for international students are delivered through a number of leading brands, ACL, HELC, ACE, Eynesbury and CELUSA. TESOL training is delivered by the ATTC.

ACL

This business unit operates the SEC, HELC and 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 38 tertiary institutions in Australia and to 12 overseas institutions. The high standards and rigour 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.

The performance of ACL's Sydney operation in the 2008 financial year has been extremely pleasing with student weeks delivered increasing by 19% over the previous year. This has been driven by strong growth in the ELICOS, VTE and higher education sectors

Navitas is committed to assisting migrants and refugees from around the world to settle and obtain employment in Australia.

Divisional review of operations (continued)

that has led to increased demand for high quality, preparatory academic English programs. Growth out of China and Vietnam was a key contributor to this strong performance. Thailand and Taiwan also showed strong growth in both weeks delivered and bookings. SEC works closely with University Programs' colleges in Sydney on joint marketing and student recruitment opportunities to bring benefits to both arms of the business.

ACE

The ACE business has colleges in Bondi Junction (Sydney), Manly (Sydney), Sydney City, Brisbane, Perth, Darwin and Cairns. While ACE has the strength of over 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 weeks delivered for FY08 were down by 7% over the previous year reflecting soft enrolments from key markets including Japan and Korea, two of the three largest markets for Australia. ACE has shown strong growth in traditionally smaller markets, including Germany, France, Spain and Thailand, increasing ACE's market diversification. Despite a slightly slowing Swiss market across Australia, ACE still maintains a market share of over 25%. During the year ACE continued its leadership in providing Cambridge courses to the European and Latin American markets.

HELC

This newly acquired operation has been providing English language programs to international students since 1986. The centre specialises in preparing students for further study in Australia. It has become an established pathway for international students to the University of Melbourne, and other tertiary institutions and high schools, through its range of EAP programs.

HELC also provides a full range of general and specialist English programs for students who want to develop their English skills for other personal or career goals. It is also an award-winning IELTS testing facility.

Teacher Training

The ATTC, established in 1983, offers professional development courses focusing 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 for native English speakers (leading to the Cambridge Certificates and Diplomas in English Language Teaching to Adults) and non-native English speaker's courses: English for TESOL, English for Teaching Children and English for Teaching Teenagers.

In the 2008 financial year, 1,183 teachers were trained in programs offered in Sydney, Brisbane, Perth and Cairns. ATTC also began operating the ACL IELTS testing centre at Wynyard Green this year. The strong demand for IELTS testing has seen strong financial performance from the centre since inception in January 2008.

Government Programs

AMEP NSW and South Australia

In consortium with public, not-for-profit and welfare partners, ACL has delivered the AMEP since 1998 to almost 100,000 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 delivers English language settlement and work preparation programs in Western and South Western Sydney and, through its subsidiary LMT, in Adelaide.

ACL and LMT work actively to assist in rebuilding the lives of these new Australians and provide 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 FY08 there were over 10,000 participants in the program and enrolments exceeded the contract reach key performance indicators in all contract regions. The major source countries for AMEP students were Iraq, China, Vietnam, Afghanistan and India.

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. AMEP learners have access to on-site or locally based child care, counselling and referral support, and a range of other settlement services. ACL has continued its high client satisfaction ratings from previous 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.

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.

During the year ACL was successful in being awarded two small grants to deliver information sessions to clients seeking Australian citizenship. ACL also provided submissions to the Commonwealth Government on the Citizenship Test Review, the Employment Services Review, the AMEP Review and the LLNP review.

The Employment Pathways Unit, established in 2007, has provided an excellent platform for the delivery of services to clients with a focus on employment as a basis for social inclusion under the current policy setting of the Commonwealth Government.

The ACL consortia and LMT completed the fifth year of the 5-year AMEP contracts, and successfully negotiated contract extensions until 30 June 2009. In May 2008 the new Federal Government announced further contract extensions until June 2010 to allow a comprehensive review of the program leading up to the next tender round (2010-2015). ACL and LMT have been actively involved in the review process.

LLNP South Australia

LMT also delivers the LLNP for the Department of Education, Employment and Workplace Relations and LLNP Vocational Training through partnerships with industry registered training organisations. In FY08 LMT consolidated on its past performance to further improve the learning and contract outcomes of the trainees.

IHSS NSW

An ACL consortium delivers the federally funded IHSS in two regions of NSW, covering the areas of greater 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 FY08, the ACL consortium assisted more than 3,500 humanitarian entrants to settle in Australia. Almost 70% of families arriving during this year were from four source countries: Iraq, Iran, Afghanistan and Myanmar.

Outlook

In FY09 there is expected to be good growth in ELICOS primarily due to packaged offers of enrolment with University Programs. While there is a continuing soft outlook for the Japanese and Korean markets it is expected there will be consistent growth in other key markets.

In Government Programs, on the basis of Government policy directions, we expect to see an increase in the numbers of refugee, humanitarian entrant and migrants entering the IHSS and AMEP programs and a closer aligning of the AMEP and LLNP through the Government's agenda for skilling Australia and social inclusion.

Divisional review of operations (continued)

navitas
Workforce

Key Highlights

- Revenue of $16.9m
- EBITDA of $2.2m
- Development of Workforce Solutions business
- Australian expansion of workforce products
- Acquisition of Cytech and AIPS

Introduction

Navitas established the Workforce Division to deliver training and business solutions to employers to meet their requirements for 'work-ready', skilled employees, and to provide learners and clients with relevant, practical tertiary and vocational skills, work experiences and support in their career development and working lives.

During FY08, the Division is focused on delivering an operational platform that assists industry by finding, training and placing skilled labour.

In FY08 the training capabilities of the Workforce Division have also focused on the industry sectors of health and community services through ACAP, business through Pollin8, and public safety through the acquisition of AIPS.

Our capabilities in sourcing and placing work ready employees were enhanced with the establishment of the newly formed Workforce Solutions unit comprising Business Solutions, Career Solutions and Recruitment.

Financial Outcomes

ACAP achieved EBITDA growth in FY08 of 22%. Revenue growth was also strong at 18%. Growth has been strong in distance and online student modules, as well as for the Melbourne campus.

Pollin8 financial results were disappointing largely due to a cancellation of a key Government funding program and the strategic repositioning of the business to a managed solutions provider which included investment in development software solutions products.

Business Description

Workforce Solutions

Workforce Solutions coordinates and drives the "find, train and place" paradigm. It comprises Recruitment, Business and Careers Solutions.

In May, Navitas acquired Cytech, a company specialising in filling staffing shortages in the healthcare industry. It will be the initial platform for the Recruitment Solutions business.

Business Solutions' function is to broker training and provide solutions for employers to meet their current and ongoing workforce requirements, including providing software solutions through our in-house developed technology known as K Track. During FY08 significant effort was expended on commercialising K Track. Growth in K Track sales have been encouraging, finding a niche in the RTO sector as well as enabling a few key corporate clients to effectively manage their HR induction, learning and compliance obligations. This product is now well positioned for strong growth in the coming year.

Career Solutions has been established to offer internships and graduate employment support services. This includes the new Federal Government initiative of a Professional Year to assist international student graduates gain relevant employment.

Workforce Solutions will harness Navitas' existing capabilities, drive and reputation across the four Navitas Divisions; through Navitas' partnerships with universities, agents, industry and Government; and across the Navitas expanding global footprint to maintain a 'trusted, whole of learning life' relationship with its student and customer base.

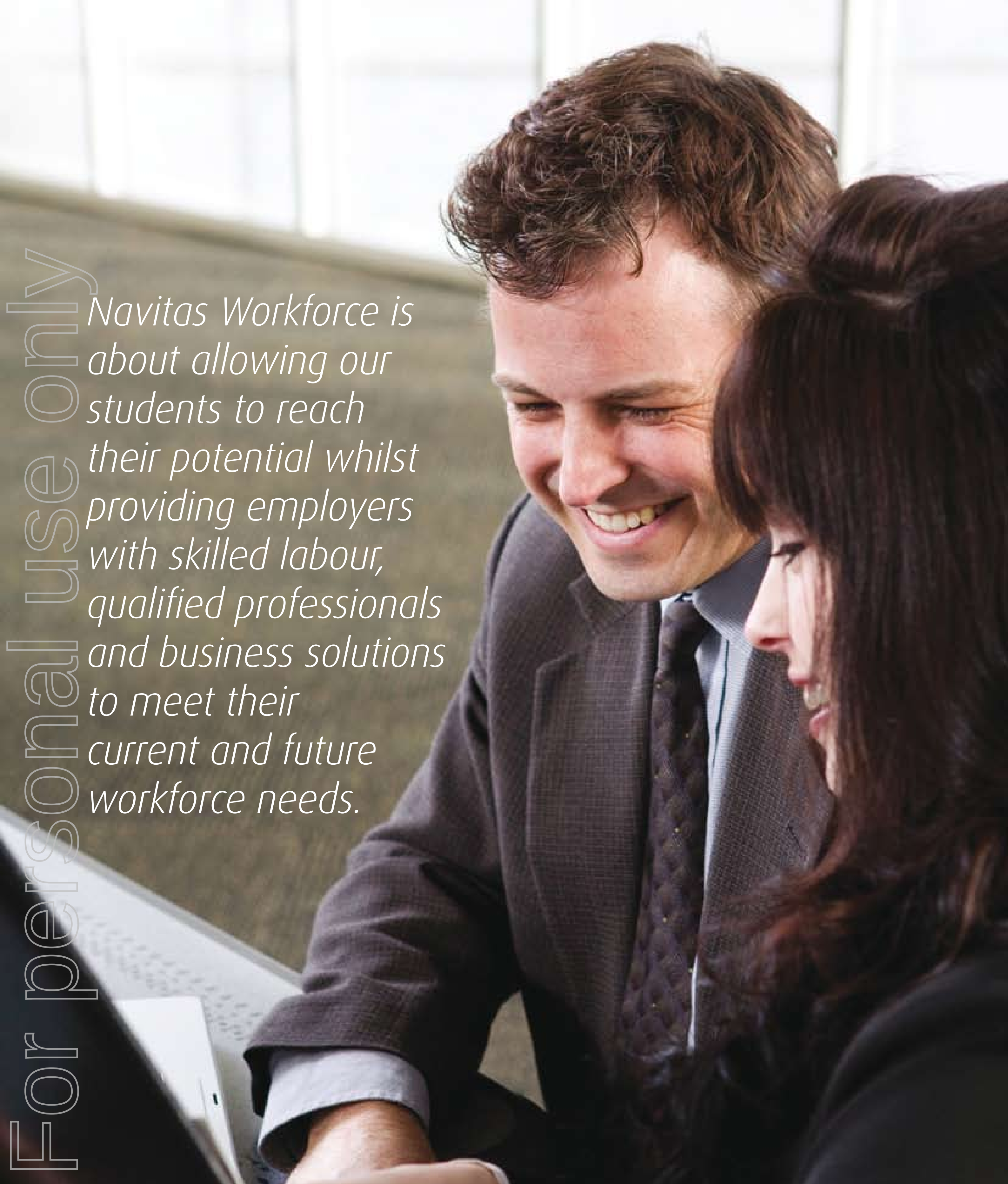
ACAP

ACAP is a highly respected vocational and higher education provider of courses in counselling, applied psychology, the social sciences, and people management and leadership. It offers qualifications ranging from Certificate IV, Diplomas, and Associate Degrees through to Bachelors, Graduate Diplomas and Masters Degrees. ACAP also delivers a Psychologist Registration Supervision Program.

The college has campuses in Sydney, Brisbane, and Melbourne and also offers its suite of programs through distance and online modes of delivery.

The Melbourne campus which ACAP acquired in 2007 moved to new premises this year and welcomed a new Campus Director, who has already made a positive contribution to ACAP's reputation and expansion in Melbourne.

In March 2008, ACAP became only the second non-self accrediting higher education institution to be audited by AUQA. The findings of the audit report were pleasing and commendations were received for ACAP's good reputation in the field of experience-based counselling and the positive experiences it offers its on-campus students. In addition, ACAP's counselling programs were successfully reviewed by the Psychotherapy and Counselling Federation of Australia.



Navitas Workforce is about allowing our students to reach their potential whilst providing employers with skilled labour, qualified professionals and business solutions to meet their current and future workforce needs.



Divisional review of operations (continued)

ACAP is expected to deliver strong earnings growth in the coming financial year, broaden program offerings and leverage marketing opportunities within Navitas to expand its campus networks.

Additional articulations with quality Diploma providers in Singapore and Malaysia have been established to feed more students into the ACAP Bachelor programs being delivered in the region. The ACAP relationship with SEEK Learning has resulted in increased enrolments. ACAP is also working on strategies to attract more students into its vocational courses, which will be eligible for FEE-HELP later in 2008.

Pollin8

Pollin8 has established a presence as a quality RTO in the Victorian market for lower level skills training and delivery of Government funded skills training to individuals and organisations. It has expanded market presence into South Australia and New South Wales over the past two years.

During FY08 Pollin8 achieved its strategic objective of developing its outsourcing and IT products and services and completed the transition of the business into a managed services provider in education and training.

The strategic goal for Pollin8 over the next three years is to consolidate its market position as the RTO of choice for Certificate II to Diploma level courses in the business, IT and finance arm of Workforce, and as an outsourced provider of low level VTE qualifications for the Hospitality and Community Services arms of the Workforce Division.

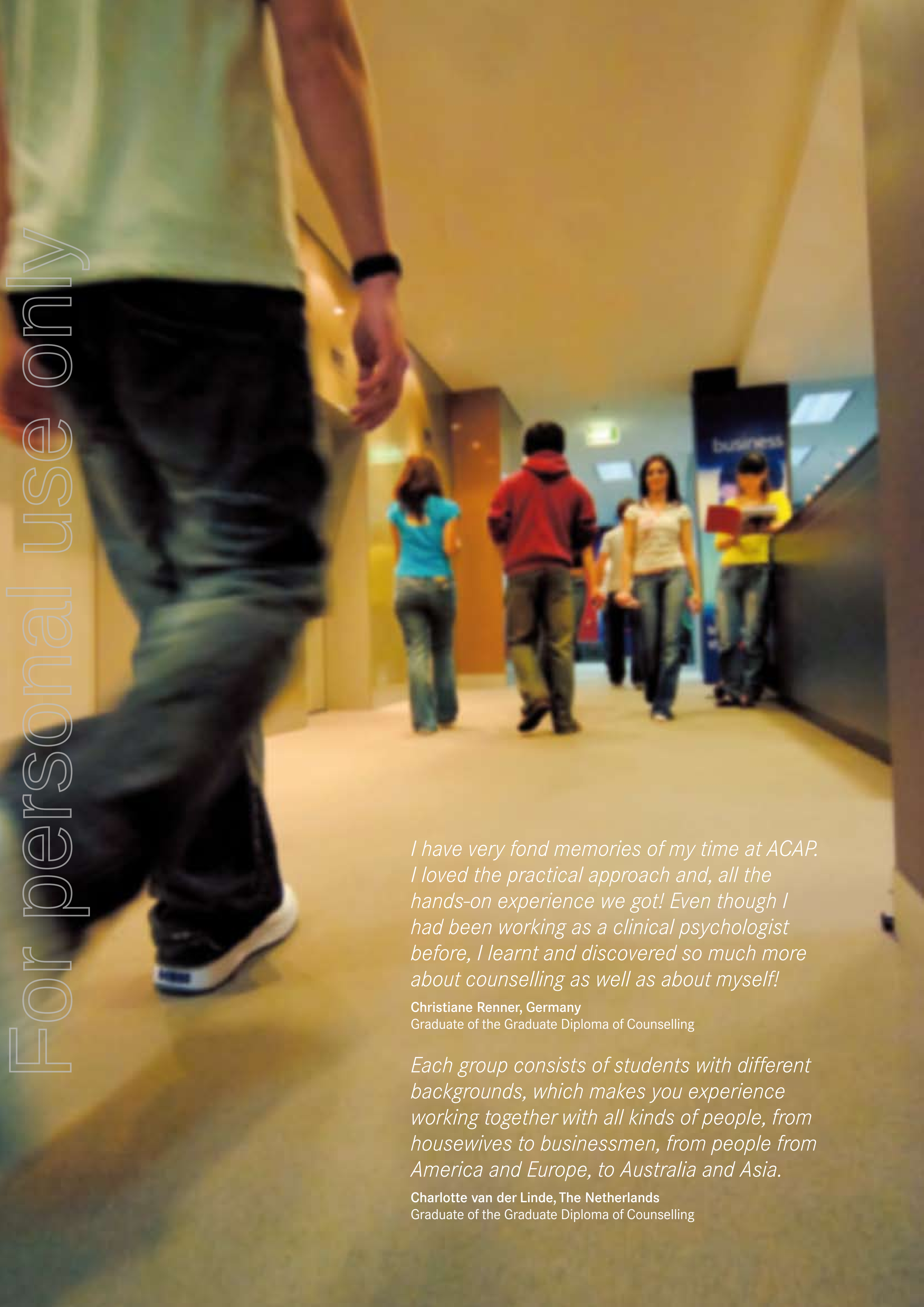
AIPS

In June 2008 Navitas entered into an agreement to acquire 75% of the issued share capital of AIPS and 100% of MEG. The sale completed on 4 July 2008.

AIPS is an independent tertiary education provider that offers accredited vocational and higher education courses in criminal justice, public safety and security. The acquisition positions Navitas Workforce as the leader in public safety education and training.

Outlook

The further diversification of the Navitas customer base is expected to drive improved performance in Workforce, with an expectation that this Division will become a more significant and growing contributor to future Group earnings.



I have very fond memories of my time at ACAP. I loved the practical approach and, all the hands-on experience we got! Even though I had been working as a clinical psychologist before, I learnt and discovered so much more about counselling as well as about myself!

Christiane Renner, Germany
Graduate of the Graduate Diploma of Counselling

Each group consists of students with different backgrounds, which makes you experience working together with all kinds of people, from housewives to businessmen, from people from America and Europe, to Australia and Asia.

Charlotte van der Linde, The Netherlands
Graduate of the Graduate Diploma of Counselling

Divisional review of operations (continued)

navitas
Student Recruitment

Key Highlights

- Revenue of $14.2 million
- EBITDA of $1.9m
- 12 new offices established
- Over 2,500 students recruited
- Development of student recruitment operations for Canadian universities
- Joint venture with OUA

Introduction

In FY08, Student Recruitment firmly established itself as one of the major players in the fast growing international recruitment markets of China, India and Europe.

The Student Recruitment Division is comprised of 4 businesses: EduGlobal, SOL, EOL and StudyLink.

During the past year, the Student Recruitment Division has continued to focus 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 owned and operated by Beijing EduGlobal Development Co Limited on behalf of EduGlobal.

With over 15 years of experience in student recruitment and 19 offices currently covering 10 provinces (including 8 established in FY08), EduGlobal is one of the largest recruitment agencies in China. EduGlobal has expanded its recruitment activities beyond Australia and is now recruiting for the UK, US and Canadian markets.

For the first time since the company was formed, EduGlobal has expanded its operations outside of China by establishing an office in Sydney. This office will act as a support office for EduGlobal China students as well as recruit students for clients both internationally and domestically.

Founded in 1996, SOL is one of the largest education consultancies in India. 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. SOL currently operates from 14 offices (including 4 established in FY08). During FY08 SOL expanded its recruitment activities to include recruitment for Australia.

Part of the SOL acquisition included EOL, a British based company. In addition to recruiting locally based British and international students, EOL also provides migration and support services. With large numbers of students entering the UK from India and other countries as well as the introduction of top-up fees in the UK, EOL is well positioned to recruit students in the UK for both local colleges and universities and for students interested in studying in Australia.

StudyLink provides a searchable database of courses being offered by educational institutions in Australia, Europe, India, Singapore and the USA. In addition to its comprehensive search database, StudyLink offers Australian and international educational institutions student admissions and recruitment technologies.

Financial Outcomes

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

In FY08, the Division increased earnings by 5% which was commendable given the investment made by EduGlobal and SOL in new recruitment channels such as on-line recruitment, and the expansion of their office networks.

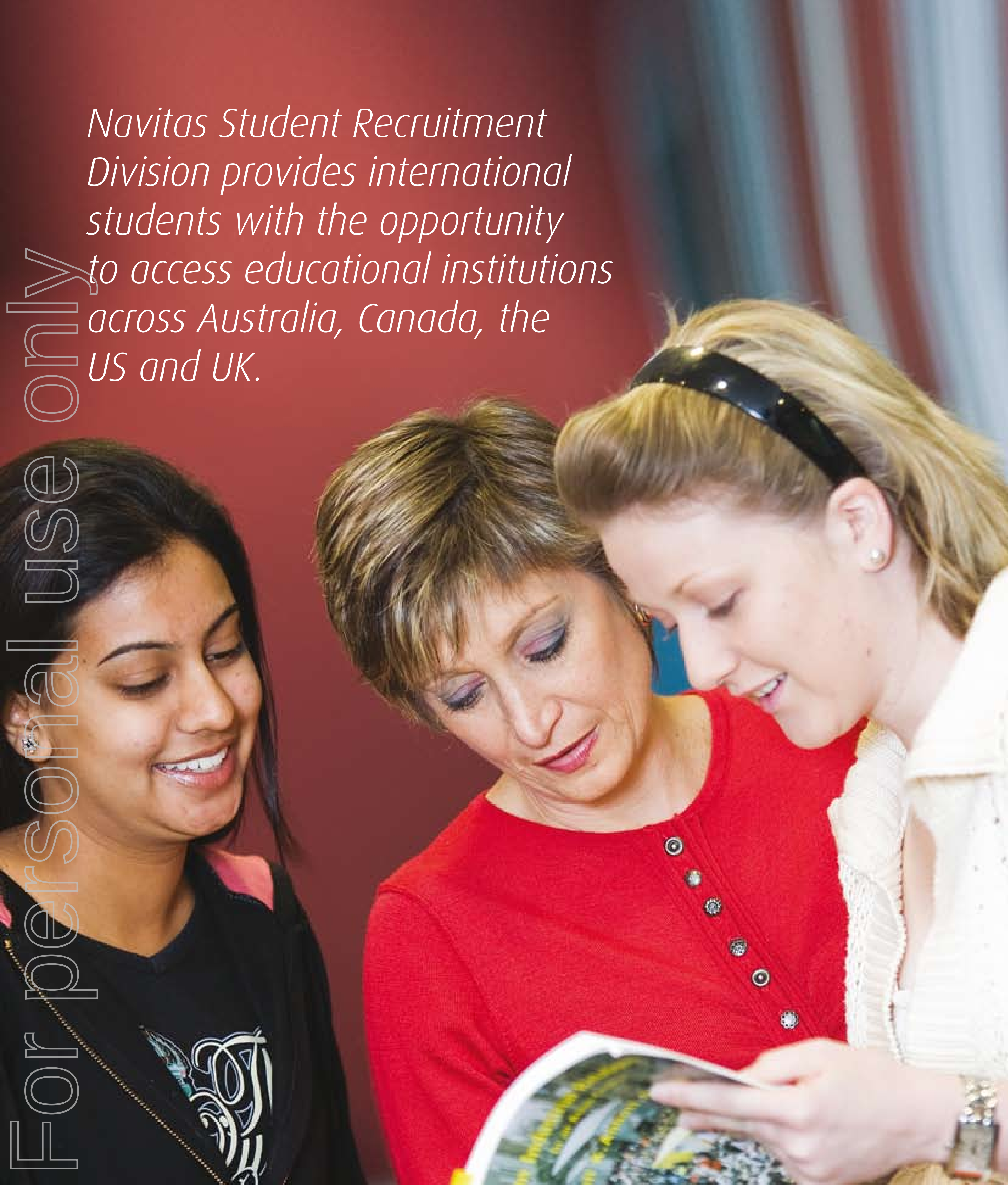
As anticipated, StudyLink and EOL reported small losses for the year.

Business Development

With market research indicating continued growth in the demand for Chinese students interested in studying abroad, EduGlobal is well positioned through its geographic spread and online strategies to capture this increase.

While the principal recruitment activities of EduGlobal have been focused primarily on the Australian market, the company has been implementing its global recruitment vision by also recruiting for universities and colleges in the UK, Canada and the USA. Agreements signed with the Canadian Education Centres Network (CECN) in late 2006 have been extremely successful with 3 offices now in operation (2 opened in 2008) and a 100% increase in students recruited year on year.

Navitas Student Recruitment Division provides international students with the opportunity to access educational institutions across Australia, Canada, the US and UK.



Divisional review of operations (continued)

Post acquisition, EduGlobal recognised two key opportunities that complemented the existing recruitment business. In late 2006 EduGlobal created two new businesses: EGL and EGM.

EGL is a provider of business logistics solutions, specialising in printing and distribution for educational institutions, particularly their international student brochures and other marketing materials.

EGM was established in recognition of the growth in the web as a source of information in China. EGM has entered into 3 year agreements with seven 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.

In May 2008 a pilot agreement was signed between EduGlobal and OUA, to operate OUA China. This relationship, although in its infancy, is expected to be a successful partnership.

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 Canada and the USA. This will also include further expansion in the number of offices in India.

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

Outlook

The year ahead is expected to provide solid growth for the Division through the expansion of the recruitment operations within EduGlobal and SOL as well as the development of the logistics business of EduGlobal.

The maximisation of synergies between EOL/SOL and EduGlobal to create economies of scale will assist the Student Recruitment Division to grow its market share of students interested in studying abroad.

Before coming to Adelaide, I was a bit worried about starting a new life away from home, because I did not have any relatives or friends here. However, after the first few days going to Eynesbury, I was already relaxed. As the other students in the Foundation Studies Program were also from overseas, we could help each other and support each other. The teachers also helped us with schoolwork and also in blending into the local lifestyle!

Tsui Ka Ya, Gary, Hong Kong
Foundation Studies Program 2007, Flinders University, Bachelor of Nutrition and Dietetics 2008

Board of Directors

James King BComm, FAICD

Non Executive Director
Appointed 9 November 2004

Mr King brings to the Board of Navitas over 25 years of management and board experience with major multinational corporations in Australia and internationally.

Until 2003, Mr King was with Foster's Group Limited and was Managing Director Carlton & United Breweries and Managing Director Foster's Asia. Prior to joining Foster's in 1997, Mr King was President of Kraft Foods (Asia Pacific) and resided in Hong Kong for six years from 1991. Mr King is a director of JB Hi-Fi Limited, 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 (FAICD).

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

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

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 Westpac Banking Corporation*. He has been Chairman since April 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), Brierty Limited and Verve Energy (Electricity Generation Corporation). 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
- Brierty Limited*

James King Ted Evans Harvey Collins

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 Navitas and has been instrumental in the expansion and development of the Navitas model into the various markets which it now operates.

In April 2007 Mr Jones received an Honorary Doctor of Education from Edith Cowan University in recognition of his 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.

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 La Trobe University in 1993. In October 1996, Mr Campbell left La Trobe 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.

Dr Peter Larsen AAP, B AppSc, BEd, MEd, PhD, DEd (Hon)

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 Navitas Group of colleges. Dr Larsen developed the original academic framework within which Navitas pathway colleges now operate.

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

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

* denotes current directorship

Corporate governance statement

The Board of Navitas is responsible for the corporate governance of Navitas and its subsidiary companies. The Board determines all matters relating to the strategic direction, policies, practices, management and operations of Navitas 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 ASX 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. Navitas' 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 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 Navitas' compliance with the Recommendations for the year ended 30 June 2008 are disclosed in this statement.

For further information on corporate governance policies adopted by Navitas, please refer to our website: http://www.navitasworld.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 on pages 34 to 35, 39 and 102. Directors of Navitas are considered to be independent where they are not a member of management and when they:

1. Are not a substantial Shareholder of Navitas or an officer of, or otherwise associated directly with a substantial Shareholder of Navitas (as defined in section 9 of the Corporations Act);
2. Have not, within the last 3 years, been employed in an executive capacity by the Navitas 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 Navitas Group, or an employee materially associated with the services provided;
4. Are not a material supplier or customer of the Navitas Group, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
5. Have no material contractual relationship with the Navitas Group other than as a Director of Navitas;
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 Navitas; 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 Navitas.

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

The Navitas Board is committed to maintaining high standards of good corporate governance.

Corporate governance statement (continued)

In accordance with the definition of independence above, and the materiality thresholds set, the Board reviewed the positions and associations of each of the 6 Directors in office at the date of this statement and considers that 3 of the Directors are independent as follows:

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

The Board will assess the independence of new Directors upon appointment, and the independence of other Directors, as appropriate. To facilitate independent judgement in decision-making, each Director has the right to seek independent professional advice at Navitas' expense. However, prior approval from the 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	3 years
Rod Jones	4 years
Ted Evans	3 years
James King	3 years
Dr Peter Larsen	4 years
Peter Campbell	3 years

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 Navitas;
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 102 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 102 of the Directors' Report.

Performance

The performance of the Board will be reviewed regularly. During the reporting period, the Chairman of the Nomination and Remuneration Committee conducted individual performance evaluations involving an assessment of each Board member's performance.

An external consultant was also appointed to conduct an Executive Leadership and Management Survey for key executives in October 2007. The survey was used for diagnosis/analysis of executive leadership and management behaviour by receiving survey feedback from senior colleagues, peers, reports and others. The survey enabled key executives to analyse further their skills, work practices, behaviour and other competencies all in the context of executive leadership and management effectiveness. With the help of a coach, priority personal development opportunities are determined and action plans are drawn up and pursued.

The survey covered the following areas:

1. Executive leadership effectiveness – a brief overview focussing on the executive environment, information and knowledge age (versus industrial age) styles of executive behaviour and emotional intelligence;
2. Influencing – leading senior people over whom one has no direct control, within and outside the organisation;
3. Synergising – leading peers and developing synergy;
4. Enabling – leading direct reports forward;
5. Energising – self motivation and creating a motivational environment for others; and
6. Trusting – living the vision and upholding the fundamental values of the organisation and change leadership.

The performance evaluation for Directors and key executives was conducted in accordance with the above process.

In September 2007, the NRC conducted an internal review evaluating its performance against its objectives and responsibilities as set out in the NRC Charter. Following that review, the NRC is of the view that its composition, operations and discharge of its responsibilities are consistent with Recommendations 2 and 8. As disclosed in Navitas' 2007 annual report, as an internal review of the ARC's performance was

Corporate governance statement (continued)

conducted for the financial year ended 30 June 2007, a review of the ARC's performance for the financial year ending 30 June 2008 was considered unnecessary.

Remuneration

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

For a full discussion of Navitas' remuneration philosophy and framework and the remuneration received by Directors in the current period please refer to the remuneration report, which is contained at pages 105 to 107 of the Director's Report.

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

Summary

In summary, Navitas concludes that it substantially complied with all of the Recommendations other than as previously disclosed in this statement and as follows.

In relation to Recommendation 2.1, with the resignation of Emeritus Professor Di Yerbury from the Board on 25 March 2008, a majority of the Board is no longer independent for the purposes of Recommendation 2.1. As at the date of this statement, given the size and market capitalisation of the Company, the Board is of the view that there is no current need to expand Board membership. However, the Board will consider potential candidates with extensive experience and contacts in the higher education sector should they become available.

In respect of Recommendation 7.2, the Directors received the annual certification from the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The certification given by the CEO and CFO is not in accordance with the form of wording provided for in Recommendation 7.2 because, although the Company has made significant progress in implementing its risk management framework (as set out below), the establishment of its formal risk management framework is not yet complete.

Navitas recognises the importance of risk management by having an Audit and Risk Committee, a risk policy, procedure manual and a Group Risk Co-ordinator.

Navitas recognises the need to obtain a reasonable and cost effective balance between risk and reward. The Board has endorsed a Charter that requires the Audit and Risk Committee to monitor and review the policies on risk oversight and management.

Management is ultimately responsible to the Board for managing risk by having adequate processes in place.

The Audit and Risk Committee assists the Board in monitoring the extent to which management discharges this responsibility. There will be a standing agenda item on risk at the meetings of the Audit and Risk Committee.

Risk management activity at Navitas is based on the methodology contained in the Australian Standard AS/NZS 4360 and the draft international standard ISO/DIS 31000 on risk management and is applied on an enterprise wide basis. This methodology is assisting each operational area of Navitas to produce its own initial Operational Risk Management Plan that will then be reviewed on a 6 monthly basis. Navitas has also produced a draft initial Strategic Risk Management Plan that will be subject to a similar review.

The extreme and high risks contained in these plans are recorded in a Risk Register that is reviewed at the meetings of the Group Leadership Team and the Audit and Risk Committee. Navitas, whenever practicable, aims to reduce these risks to lower levels. The Audit and Risk Committee will report every 6 months to the Board on the management of extreme and high risks of Navitas.

Risk management is also applied at a project level.

The following risk management activities have occurred during the year:

- A Group Risk Co-ordinator was appointed;
- Risk management presentations have been made to the Group Leadership Team, the Audit and Risk Committee, the Finance Team and the University and the College Director's forum;
- Navitas staff have attended an education session on Risk Management;
- A draft Strategic Risk Management Plan has been produced; and
- Risk plans were prepared for major projects.

Financial statements

Income statement

For the year ended 30 June 2008

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	$000s	$000s	$000s	$000s
Revenue	5	345,438	282,710	64,403	40,634
Marketing expenses		(53,726)	(40,548)	(3,045)	(3,742)
Academic expenses		(67,373)	(55,103)	-	-
Administration expenses		(167,624)	(138,191)	(14,660)	(9,010)
Finance costs	6	(1,338)	(1,808)	(2,358)	(1,762)
Profit before income tax expense		55,377	47,060	44,340	26,120
Income tax (expense)/benefit	7	(17,362)	(14,659)	1,984	3,171
Profit for the year		38,015	32,401	46,324	29,291
Profit attributable to minority interest	22	(585)	(156)	-	-
Profit attributable to members of parent entity		37,430	32,245	46,324	29,291
		Cents	**Cents**		
Earnings per share	9				
Basic		10.8	9.3		
Diluted		10.8	9.3		
Dividends per share	8				
Final Divided proposed		6.2	5.0		
Interim Dividend paid		4.7	4.3		

The above income statement should be read in conjunction with the accompanying notes.

Balance sheet

As at 30 June 2008

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
ASSETS					
Current Assets					
Cash and cash equivalents	10	7,033	1,041	361	800
Trade and other receivables	11	35,751	18,162	68,998	34,540
Other financial assets	13	-	-	9,482	-
Other	12	6,480	3,778	436	214
Total Current Assets		49,264	22,981	79,277	35,554
Non Current Assets					
Other financial assets	13	1,600	1,000	148,398	136,151
Investments accounted for using the equity method	14	1,224	1,357	-	-
Property, plant and equipment	15	21,389	16,473	6,428	8,648
Deferred tax assets	7	6,451	4,213	2,029	1,128
Intangible assets	16	175,929	170,299	-	-
Other	12	-	698	-	-
Total Non Current Assets		206,593	194,040	156,855	145,927
TOTAL ASSETS		255,857	217,021	236,132	181,481
LIABILITIES					
Current Liabilities					
Trade and other payables	17	40,333	31,422	135,935	92,353
Deferred revenue		102,833	67,549	-	-
Borrowings	18	63	78	4,173	3,784
Current tax payable	7	6,580	1,769	7,435	2,447
Provisions	19	1,240	1,905	204	181
Total Current Liabilities		151,049	102,723	147,747	98,765
Non Current Liabilities					
Trade and other payables	17	6,366	2,000	4,909	824
Borrowings	18	1,216	11,333	-	-
Provisions	19	3,246	1,666	154	52
Total Non Current Liabilities		10,828	14,999	5,063	876
TOTAL LIABILITIES		161,877	117,722	152,810	99,641
NET ASSETS		93,980	99,299	83,322	81,840
EQUITY					
Equity attributable to equity holders of the parent					
Issued capital	20	70,609	78,339	70,609	78,339
Reserves	21	1,076	3,270	-	3,445
Retained earnings	21	21,284	17,521	12,713	56
Parent interest		92,969	99,130	83,322	81,840
Minority interest	22	1,011	169	-	-
Total Equity		93,980	99,299	83,322	81,840

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of recognised income and expense

For the year ended 30 June 2008

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	$000s	$000s	$000s	$000s
Foreign currency translation	21	1,251	(290)	-	-
Net income recognised directly in equity		1,251	(290)	-	-
Profit for the year		38,015	32,401	46,324	29,291
Total recognised income and expense for the year		39,266	32,111	46,324	29,291
Attributable to:					
Equity holders of the parent		38,644	31,884	46,324	29,291
Minority interest		622	227	-	-
		39,266	32,111	46,324	29,291

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

Statement of cash flows

For the year ended 30 June 2008

For personal use only

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	$000s	$000s	$000s	$000s
Cash flows from operating activities					
Receipts from customers		359,843	292,808	2,000	1,400
Payments to suppliers and employees		(265,221)	(224,190)	(9,611)	(10,204)
Dividends received		-	-	715	-
Interest received		2,286	1,652	324	2,972
Interest paid		(2,634)	(1,029)	(2,101)	(1,602)
Income tax paid		(15,665)	(20,342)	(14,538)	(19,610)
Net cash flows from/(used in) operating activities	10	78,609	48,899	(23,211)	(27,044)
Cash flows from investing activities					
Purchase of property, plant and equipment	15	(12,842)	(9,204)	(9,136)	(5,302)
Proceeds on disposal of plant and equipment		515	917	491	-
Purchase of other non current assets		(828)	(2,462)	-	-
Net cash paid for controlled entities	26	(12,836)	(30,019)	(8,154)	(13,582)
Net cash flows used in investing activities		(25,991)	(40,768)	(16,799)	(18,884)
Cash flows from financing activities					
Payment for share buy back	20	(8,445)	-	(8,445)	-
Return of capital to shareholders	20	-	(34,691)	-	(34,691)
Transaction costs for return of capital		-	(54)	-	(54)
Proceeds from borrowings		114,335	52,940	104,236	52,940
Repayment of borrowings		(113,053)	(55,491)	(104,473)	(52,316)
Settlement of redeemable preference shares	18	(5, 172)	-	-	-
Proceeds from borrowings with related parties		-	-	141,786	145,892
Repayment of borrowings with related parties		-	-	(59,716)	(70,238)
Contributions from minority interest		243	1,573	-	-
Payment of dividends	8	(33,667)	(31,549)	(33,667)	(31,549)
Payment of dividends to minority interests		(150)	-	-	-
Net cash flows (used in) from financing activities		(45,909)	(67,272)	39,721	9,984
Net increase/(decrease) in cash and cash equivalents		6,709	(59,141)	(289)	(35,944)
Net foreign exchange differences		(717)	(96)	(150)	-
Cash and cash equivalents at beginning of the financial year		1,041	60,278	800	36,744
Cash and cash equivalents at the end of the financial year	10	7,033	1,041	361	800

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

Notes to the financial statements

For the year ended 30 June 2008

1 Corporate information

The financial report of Navitas Limited (the "Company") for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of directors dated 4 August 2008.

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

Navitas Limited changed its name from IBT Education Limited on 15 November 2007.

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

2 Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and Interpretations and complies with other requirements of the law. 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 ($000s) 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').

(i) 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 2008, but would be relevant to its operations, are:

Affected Standards and Interpretations	Application date (reporting period commences on or after)	Application date for Group	Nature of change to accounting policy
AASB 8 Operating Segments	1 January 2009	1 July 2009	See (i) below
AASB 101 Presentation of Financial Statements (revised September 2007)	1 January 2009	1 July 2009	See (i) below
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	1 January 2009	1 July 2009	See (i) below
AASB 127 Consolidated and Separate Financial Statements	1 January 2009	1 July 2009	See (i) below
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	1 January 2009	1 July 2009	See (i) below
AASB 3 Business Combinations (2008)	1 January 2009	1 July 2009	See (ii) below

Notes to the financial statements

For the year ended 30 June 2008

2 Summary of significant accounting policies (continued)

(b) Statement of compliance (continued)

(i)

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

(ii)

From 1 July 2009, the material impact of AASB 3 Business Combinations (2008) will be increased volatility of the Group's earnings, as transaction costs of business combinations and changes in the valuation of contingent settlement arrangements will be recognised through the profit and loss statement, rather than capitalized into the investment value and recorded in goodwill.

(c) Basis of consolidation

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

Notes to the financial statements

For the year ended 30 June 2008

2 Summary of significant accounting policies (continued)

(f) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Navitas Limited and its Australian subsidiaries is Australian dollars (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, Canadian Dollars for the companies situated in Canada, Kenyan Schillings for the company situated in Kenya, Zambian Kwachas for the Zambian company, Chinese Yuan Renminbi for the company situated in Hong Kong, Indian Rupees for the companies situated in India, and Sri Lankan Rupees for the company situated in Sri Lanka.

(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 Navitas 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 transition 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 to 60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

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.

Notes to the financial statements

For the year ended 30 June 2008

2 Summary of significant accounting policies (continued)

(i) Investments and other financial assets

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

Notes to the financial statements

For the year ended 30 June 2008

2 Summary of 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.

Notes to the financial statements

For the year ended 30 June 2008

2 Summary of 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 shorter of the lease term or the estimated useful life

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

(i) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

(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.

Notes to the financial statements

For the year ended 30 June 2008

2 Summary of 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 intangible assets

(i) 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:

1. Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
2. 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 Summary of significant accounting policies (continued)

(n) Goodwill and intangibles (continued)

(i) Goodwill (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.

(ii) Intangible assets

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

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

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

	Licences	Government contracts	Copyrights
Useful lives	Finite	Finite	Finite
Method used	Contract life (no longer than 10 years)	Contract life (no longer than 3 years)	25 years – straight line
Internally generated/acquired	Acquired	Acquired	Acquired
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.

Notes to the financial statements

For the year ended 30 June 2008

2 Summary of significant accounting policies (continued)

(n) Goodwill and intangibles (continued)

(iii) 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.

(i) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(q) Provisions and employee leave benefits

(i) Provisions

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

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

Notes to the financial statements

For the year ended 30 June 2008

2 Summary of significant accounting policies (continued)

(q) Provisions and employee leave benefits (continued)

(ii) Employee leave benefits

Wages, salaries, annual leave and sick leave

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

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(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 Securities 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 the extent to which the vesting period has expired, and the Group's best estimate of the number of equity instruments that will ultimately vest. The 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 (in respect of non-market vesting conditions).

(s) 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.

Notes to the financial statements

For the year ended 30 June 2008

2 Summary of significant accounting policies (continued)

(t) 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.

(u) Income tax and other taxes

(i) Income tax

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

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

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

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Notes to the financial statements

For the year ended 30 June 2008

2 Summary of significant accounting policies (continued)

(u) Income tax and other taxes (continued)

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.

(ii) Other taxes

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

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

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

(v) 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.

Notes to the financial statements

For the year ended 30 June 2008

3 Significant accounting judgements, estimates and assumptions

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

(a) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amount recognised in the financial statements:

(i) Investment in controlled entities

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

(ii) Recovery of deferred tax assets

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

(b) Significant accounting estimates and assumptions

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

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

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the intangibles and the cash generating units to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount of goodwill and intangibles with indefinite useful lives are discussed in note 16.

(ii) Long service leave provision

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

Notes to the financial statements

For the year ended 30 June 2008

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 provided. 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 – delivers English language tuition.

Workforce – delivers vocational and job skills training.

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

(a) Segment accounting policies

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

Segment accounting policies are the same as the Group's policies described in Note 2. During the financial period, there were no changes in segment accounting policies that had a material effect on the segment information.

(b) 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 2008 and 30 June 2007.

Notes to the financial statements

For the year ended 30 June 2008

4 Segment information (continued)

(b) Primary segment – Business segments (continued)

2008 $000s	University Programs	English	Workforce	Student Recruitment	Unallocated	Total
Revenue						
Sales to external customers	209,138	101,766	16,859	14,218	1,171	343,152
Total segment revenue	209,138	101,766	16,859	14,218	1,171	343,152
Other revenue					2,286	2,286
Total consolidated revenue						345,438
Result						
EBITDA*	58,461	11,174	2,155	1,879	(10,226)	63,443
Depreciation	(1,253)	(1,456)	(319)	(170)	(1,031)	(4,229)
Amortisation	–	(4,476)	(309)	–	–	(4,785)
Profit before tax and net finance expense	57,208	5,242	1,527	1,709	(11,257)	54,429
Net finance income					948	948
Profit before income tax						55,377
Income tax expense						(17,362)
Profit for the year						38,015
Assets and liabilities						
Segment assets	127,223	80,933	26,414	26,854	(5,567)	255,857
Segment liabilities	130,196	26,269	4,411	4,579	(3,578)	161,877
Other segment information						
Capital expenditures	8,845	9,670	1,753	218	5,788	26,274

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

Notes to the financial statements

For the year ended 30 June 2008

4 Segment information (continued)

(b) Primary segment - Business segments (continued)

2007 $000s	University Programs	English	Workforce	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)
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	1,541	10,086	117,722
Other segment information						
Capital expenditures	2,593	5,146	16,603	17,979	8,645	50,966

Notes to the financial statements

For the year ended 30 June 2008

4 Segment information (continued)

(c) Secondary segment – Geographical segments

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

2008 $000s	External Segment revenue	Segment assets	Expenditure on plant and equipment and intangible assets
Australia	304,343	214,875	19,279
United Kingdom	10,249	15,579	104
Canada	6,777	1,831	33
Asia	13,575	19,162	6,649
India	4,114	2,620	44
Africa	4,094	1,790	165
Total	343,152	255,857	26,274

2007 $000s	External Segment revenue	Segment assets	Expenditure on plant and equipment and intangible assets
Australia	256,341	195,754	35,103
United Kingdom	8,464	8,961	712
Canada	1,820	835	75
Asia	5,756	8,049	6,337
India	4,215	2,138	8,642
Africa	4,462	1,284	97
Total	281,058	217,021	50,966

5 Revenue

	Consolidated		Parent	
	2008 $000s	2007 $000s	2008 $000s	2007 $000s
Tuition services	310,499	256,603	-	-
Commission services	8,397	10,250	-	-
Other services	24,256	14,205	5,019	2,382
Interest				
Other corporations	2,286	1,652	324	712
Subsidiaries	-	-	2,611	2,261
Dividends				
Subsidiaries	-	-	56,449	35,279
	345,438	282,710	64,403	40,634

6 Expenses

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	$000s	$000s	$000s	$000s
(a) Finance costs					
Bank loans and overdrafts		2,634	1,029	2,101	1,029
Loans from controlled entities		-	-	257	733
Other loans (including redeemable preference shares)	16(b)	(1,296)	779	-	-
		1,338	1,808	2,358	1,762
(b) Depreciation and amortisation					
Depreciation	15	4,229	2,379	1,031	91
Amortisation					
Government contracts		3,696	3,696	-	-
Licences		445	144	-	-
Copyrights		644	604	-	-
Total amortisation	16	4,785	4,444	-	-
		9,014	6,823	1,031	91
(c) Lease payments					
Minimum lease payments – operating lease		15,836	10,480	5,079	1,363
(d) Employee benefits expense					
Employee benefits		106,438	85,483	6,733	5,161
(e) Losses and gains					
Net loss/(gain) on disposal of property, plant and equipment		299	(221)	(164)	-
Foreign exchange loss/(gains)		77	(198)	(199)	301
		376	(419)	(363)	301

7 Income tax

(a) Income tax expense

The major components of income tax expense are:

Income Statement				
Current income Tax				
Current income tax charge	(19,728)	(16,577)	2,268	2,843
Adjustments in respect of current income tax of previous years	(727)	(686)	(1,379)	423
Deferred income tax				
Relating to the origination and reversal of temporary differences	3,093	2,604	1,095	(95)
Income Tax reported in the income statement	(17,362)	(14,659)	1,984	3,171

Notes to the financial statements

For the year ended 30 June 2008

7 Income tax (continued)

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

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Accounting profit before tax		55,377	47,060	44,340	26,120
At the Group's statutory income tax rate of 30%		(16,613)	(14,118)	(13,302)	(7,836)
Adjustments in respect of current income tax of previous years		(727)	(686)	(1,379)	423
Dividends from subsidiaries		-	-	16,720	10,584
Sundry items		(22)	145	(55)	-
Income Tax reported in the income statement		(17,362)	(14,659)	1,984	3,171

(c) Recognised deferred tax assets and liabilities

	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Deferred Income Tax				
Opening balance	4,213	1,247	1,128	1,408
Charged to income	3,093	2,604	1,095	(95)
Charged to equity	(194)	(194)	(194)	(194)
Other payments	-	-	-	9
Acquisitions/Disposals	(661)	556	-	-
Closing balance	6,451	4,213	2,029	1,128
Deferred income tax relates to the following:				
Deferred tax assets				
Employee provisions	2,225	1,757	194	153
Other provisions	254	196	27	7
Equity raising costs	274	466	274	466
Lease incentives	1,820	596	830	202
Other temporary differences	3,110	2,835	704	300
	7,683	5,850	2,029	1,128
Deferred tax liabilities				
Intangible assets acquired	(1,232)	(1,637)	-	-
	(1,232)	(1,637)	-	-
	6,451	4,213	2,029	1,128

Notes to the financial statements

For the year ended 30 June 2008

7 Income tax (continued)

(d) Tax consolidation

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

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

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

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

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

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

	Parent	
	2008 $000s	2007 $000s
Total increase to inter company assets of head entity	20,609	18,999

8 Dividends paid and proposed

	Parent	
	2008 $000s	2007 $000s
(a) Recognised amounts		
Declared and paid during the year		
Dividends on ordinary shares:		
Final franked dividends for 2007: 5.0 cents (2006: 4.8 cents)	17,346	16,632
Interim franked dividend for 2008: 4.7 cents (2007: 4.3 cents)	16,321	14,917
	33,667	31,549
(b) Unrecognised amounts		
Dividends proposed and not recognised as a liability		
Dividends on ordinary shares:		
Final franked dividends for 2008: 6.2 cents (2007: 5.0 cents)	21,264	17,346

Notes to the financial statements

For the year ended 30 June 2008

8 Dividends paid and proposed (continued)

(c) Franking credit balance

	Parent 2008 $000s	Parent 2007 $000s
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%	17,155	16,719
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	7,435	2,447
- 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	(9,113)	(7,434)
	15,477	11,732

(d) Tax rates

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

9 Earnings per Share

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

(a) Earnings used in calculating earnings per share

	Consolidated 2008 $000s	Consolidated 2007 $000s
Basic earnings per share		
Net profit attributable to equity holders of the parent	37,430	32,245
Diluted earnings per share		
Net profit attributable to equity holders of the parent (from basic EPS)	37,430	32,245
Adjustment for dilutive potential ordinary shares	-	-
Net profit attributable to equity holders of the parent adjusted for the effect of dilutive potential ordinary shares	37,430	32,245

(b) Weighted average number of shares

	2008 Number of shares	2007 Number of shares
Weighted average number of ordinary shares for basic earnings per share	346,417,310	346,820,657
Effect of dilution:		
Options	1,706,605	1,280,536
Weighted average number of ordinary shares for diluted earnings per share	348,123,915	348,101,193

(c) Other transactions

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

Notes to the financial statements

For the year ended 30 June 2008

10 Cash and cash equivalents

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Cash at bank and in hand		7,033	1,041	361	800

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

(a) Reconciliation to cash flow statement

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

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Cash and cash equivalents		7,033	1,041	361	800

(b) Reconciliation of profit for the period to net cash flows from operating activities

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Net profit for the period		38,015	32,401	46,324	29,291
Non cash items					
Depreciation		4,229	2,379	1,031	91
Amortisation		4,785	4,444	-	-
Lease incentives		4,092	1,560	2,096	672
Net (profit)/loss on disposal of property, plant and equipment		299	(221)	(164)	-
Net exchange differences		77	(198)	(199)	301
Dividends received via the intercompany account		-	-	(55,734)	(35,279)
Transfer of tax assets and liabilities on tax consolidation		-	-	(20,609)	(18,999)
Other non cash items		261	105	(134)	-
Decrease/(increase) in assets					
Trade and other receivables		(19,484)	216	(2,901)	(983)
Prepayments and other assets		(1,554)	170	(229)	203
Deferred tax assets		(2,899)	(3,039)	(901)	280
Increase/(decrease) in liabilities					
Trade and other payables		8,860	1,900	3,096	(191)
Deferred revenues		36,787	14,601	-	-
Current tax liabilities		4,596	(2,643)	4,988	(2,364)
Provisions		545	(2,776)	125	(66)
Net cash flows from/(used in) operating activities		78,609	48,899	(23,211)	(27,044)

Notes to the financial statements

For the year ended 30 June 2008

10 Cash and cash equivalents (continued)

(c) Financing activities

At balance date, the following financing facilities had been negotiated and were available.

		Consolidated		Parent	
	Note	2008 $000s	2007 $000s	2008 $000s	2007 $000s
Total facilities					
Credit facility		100,000	100,000	100,000	100,000
Facilities utilised at balance date					
Credit facility		–	–	–	–
Facilities unutilised at balance date					
Credit facility		100,000	100,000	100,000	100,000

(d) Non cash financing and investing activities

Refer to notes 20 and 26 for disclosures of non cash financing and investing activities (including business acquisitions).

11 Trade and other receivables

		Consolidated		Parent	
	Note	2008 $000s	2007 $000s	2008 $000s	2007 $000s
Trade receivables		19,251	6,159	36	8
Allowance for doubtful debts		(785)	(654)	–	–
		18,466	5,505	36	8
Accrued Income		9,648	7,832	–	–
Other receivables		7,561	4,574	2,325	1,139
Related party receivables					
Associate		487	251	447	9
Subsidiaries		–	–	5,374	3,169
Allowance for impairment		(411)	–	(411)	–
		76	251	5,410	3,178
Loans to controlled entities		–	–	61,227	30,649
Allowance for impairment		–	–	–	(434)
		–	–	61,227	30,215
		35,751	18,162	68,998	34,540

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For the year ended 30 June 2008

11 Trade and other receivables (continued)

(a) Allowance for doubtful debts (continued)

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. An additional allowance of $0.028 million (2007: $0.047 million) (Parent: $nil (2007: $nil)) 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 present value of the estimated future cash flows expected to be recovered from the relevant debtors.

Movements in the allowance for doubtful debts were as follows:

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	$000s	$000s	$000s	$000s
Opening balance		654	607	-	-
Balance acquired		103	-	-	-
Charge for the year		28	47	-	-
Closing balance		785	654	-	-

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

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	$000s	$000s	$000s	$000s
0-30 days		6,245	3,502	36	8
31-60 days		11,966	2,116	-	-
+60 days PDNI*		927	541	-	-
+60 days CI*		113	113	-	-
Total		19,251	6,159	36	8

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

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

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

(b) Related party receivables and loans to controlled entities

Refer to note 28 for terms and conditions of related party receivables and loans to controlled entities.

An allowance for impairment of $0.411 million (2007: $0.434 million) has been made for loans receivable from a related party. There has been no movement in this allowance, except for foreign exchange adjustments. These loans are considered impaired as the related party is currently reporting operating losses.

(c) Fair value and credit risk

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

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

Refer to note 25 for further disclosures on credit risk.

(d) Foreign exchange and interest rate risk

Refer to note 25 for disclosures on foreign exchange and interest rate risk.

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For the year ended 30 June 2008

12 Other assets

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Current					
Prepayments		4,715	3,421	116	51
Other		1,765	357	320	163
		6,480	3,778	436	214
Non Current					
Other		-	698	-	-

13 Other financial assets

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Current					
Loans to controlled entities – at amortised cost		-	-	9,482	-
Non Current					
Investments in controlled entities – at cost		-	-	98,940	93,693
Loans to related parties – at amortised cost	28	1,600	1,000	-	-
Loans to controlled entities – at amortised cost		-	-	49,458	42,458
		1,600	1,000	148,398	136,151

All amounts are in Australian Dollars and are not considered past due or impaired.

(b) Loans to related parties and controlled entities

Refer to note 28 for terms and conditions of loans to related parties and controlled entities.

(c) Fair value and credit risk

Due to the nature of these related party loan assets, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the assets. No collateral is held as security.

Refer to note 25 for further disclosures on credit risk.

(d) Interest rate risk

Refer to note 25 for disclosures on interest rate risk.

Notes to the financial statements

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14 Investments accounted for using the equity method

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Investments in associates (unlisted)		1,224	1,357	-	-

(a) Investment information

Name of Entity	Principal Activity	Country of Incorporation	Ownership interest 2008	Ownership interest 2007
Learning Information Systems Pty Ltd	Student recruitment	Australia	30%	30%
Australian Institute of Business & Technology Ltd	Education	Zambia	50%	-

(b) Summarised Financial Information

The following table illustrates the financial information relating to the Group's associates:

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s
Financial position			
Total assets		2,756	1,602
Total liabilities		(5,367)	(2,167)
Net liabilities		(2,611)	(565)
Group's share of associate's net liabilities		(1,054)	(170)
Financial performance			
Total revenue		5,511	3,760
Net loss for the year		(663)	(351)
Group's share of associate's loss		(243)	(105)

(c) 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 27.

Notes to the financial statements

For the year ended 30 June 2008

15 Property, plant and equipment

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

	Consolidated		
$000s	**Plant and equipment**	**Leasehold Improvements**	**Total**
Gross carrying amount			
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	1,502	-	1,502
Exchange differences	(203)	-	(203)
Balance at 1 July 2007	11,320	8,457	19,777
Additions	3,566	5,930	9,496
Disposals	(2,341)	(321)	(2,662)
Transfers	(5,865)	5,865	-
Acquisition of a subsidiary	885	-	885
Exchange differences	(341)	(53)	(394)
Closing balance at 30 June 2008	7,224	19,878	27,102
Accumulated depreciation			
Balance at 1 July 2006	(3,003)	-	(3,003)
Depreciation expense	(2,379)	-	(2,379)
Disposals	2,010	-	2,010
Exchange differences	68	-	68
Balance at 1 July 2007	(3,304)	-	(3,304)
Depreciation expense	(2,086)	(2,143)	(4,229)
Disposals	1,413	266	1,679
Transfers	303	(303)	-
Exchange differences	147	(6)	141
Closing balance at 30 June 2008	(3,527)	(2,186)	(5,713)
Net book value			
At 1 July 2006	4,610	-	4,610
At 1 July 2007	8,016	8,457	16,473
At 30 June 2008	3,697	17,692	21,389

Notes to the financial statements

For the year ended 30 June 2008

15 Property, plant and equipment (continued)

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

	Parent		
$000s	**Plant and equipment**	**Leasehold Improvements**	**Total**
Gross carrying amount			
Balance at 1 July 2006	148	-	148
Additions	188	8,457	8,645
Disposals	(10)	-	(10)
Balance at 1 July 2007	326	8,457	8,783
Additions	437	5,351	5,788
Transfers to subsidiaries	-	(6,652)	(6,652)
Disposals	(154)	(491)	(645)
Closing balance at 30 June 2008	609	6,665	7,274
Accumulated depreciation			
Balance at 1 July 2006	(54)	-	(54)
Depreciation expense	(91)	-	(91)
Disposals	10	-	10
Balance at 1 July 2007	(135)	-	(135)
Depreciation expense	(185)	(846)	(1,031)
Disposals	152	168	320
Closing balance at 30 June 2008	(168)	(678)	(846)
Net book value			
At 1 July 2006	94	-	94
At 1 July 2007	191	8,457	8,648
At 30 June 2008	441	5,987	6,428

(b) Plant and equipment under lease

Included in the Group plant and equipment values are $0.044 million (2007: $0.069 million) of assets under finance lease. These assets are pledged as security for the associated finance lease.

The Parent entity has no assets under finance lease.

(c) Impairment losses

No impairment loss was recognized in relation to property, plant and equipment assets during 2008 and 2007.

Notes to the financial statements

For the year ended 30 June 2008

16 Intangible assets

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

	Consolidated				
$000s	**Goodwill**	**Government Contracts**	**Copyrights**	**Licences**	**Total**
Gross Carrying amount					
Balance at 1 July 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
Acquisition of subsidiaries	11,778	-	2,000	3,000	16,778
Purchase price adjustments (b)	(6,363)	-	-	-	(6,363)
Balance at 30 June 2008	156,489	10,835	17,113	4,440	188,877
Accumulated amortisation and impairment losses					
Balance at 1 July 2006	(89)	(3,190)	(440)	-	(3,719)
Amortisation expense	-	(3,696)	(604)	(144)	(4,444)
Balance at 30 June 2007	(89)	(6,886)	(1,044)	(144)	(8,163)
Amortisation expense	-	(3,696)	(644)	(445)	(4,785)
Balance at 30 June 2008	(89)	(10,582)	(1,688)	(589)	(12,948)
Net book value					
At 1 July 2006	122,871	6,380	10,558	-	139,809
At 1 July 2007	150,985	3,949	14,069	1,296	170,299
At 30 June 2008	156,400	253	15,425	3,851	175,929

(b) Settlement of contingent consideration

During the year ended 30 June 2006, the Group purchased the ACL Group of businesses for $55.821 million. Included in this amount was contingent consideration of $13.364 million, comprising options valued at $3.445 million and redeemable preference shares valued at $9.918 million.

During the year ended 30 June 2008, the options expired prior to being exercised and the Group settled the contingent consideration due under the redeemable preference shares for a sum of $7.0 million. These transactions resulted in a $6.363 million reduction in goodwill.

In addition during the year ended 30 June 2008, interest owed to the redeemable preference share holders of $1.296 million was not paid and was reversed through the profit and loss statement.

(c) Description of the Group's intangible assets

(i) Government contracts

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 of 3 years. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that recoverable amount is lower than the carrying amount.

Notes to the financial statements

For the year ended 30 June 2008

16 Intangible assets (continued)

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

(ii) Copyrights

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

(iii) Licences

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

(iv) Goodwill

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

(d) Impairment losses recognised

No impairment losses were recognized in relation to intangible assets in 2008 and 2007.

(e) Impairment testing of goodwill

(i) Carrying amount of goodwill allocated to each of the cash generating units

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

	Consolidated	
	Carrying amount of Goodwill	
$000s	**2008**	**2007**
Cash generating unit (or group of units)		
ACL	38,277	44,640
SIBT	32,332	32,332
MIBT	11,738	11,738
QIBT	9,979	9,979
CIC	13,089	13,089
ACAP	10,804	10,804
SOL	9,062	9,062
Multiple units without significant intangibles	31,119	19,341
	156,400	150,985

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% (2007: 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.

Notes to the financial statements

For the year ended 30 June 2008

16 Intangible assets (continued)

(e) Impairment testing of goodwill (continued)

(ii) Key assumptions used in value in use calculations for 30 June 2008 and 30 June 2007

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

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

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

17 Trade and other payables

		Consolidated		Parent	
	Note	2008 $000s	2007 $000s	2008 $000s	2007 $000s
Current					
Trade payables		7,118	5,207	1,305	3
Other payables		31,923	25,633	5,975	5,168
Lease incentives		1,292	582	1,128	444
		40,333	31,422	8,408	5,615
Loans from controlled entities		-	-	127,527	86,738
		40,333	31,422	135,935	92,353
Non Current					
Lease incentives		6,366	2,000	4,909	824

(a) Fair value

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

(b) Interest rate, foreign exchange and liquidity risk

Refer to note 25 for disclosures on interest rate, foreign exchange and liquidity risk.

(c) Loans from controlled entities

Refer to note 28 for terms and conditions of loans from controlled entities.

Notes to the financial statements

For the year ended 30 June 2008

18 Borrowings

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
At amortised cost					
Current					
Obligations under finance leases		63	78	–	–
Loans from controlled entities		–	–	4,173	3,784
		63	78	4,173	3,784
Non Current					
Obligations under finance leases		77	83	–	–
Redeemable preference shares	(e)	–	9,918	–	–
Loans from other related parties		1,139	1,332	–	–
		1,216	11,333	–	–

(a) Fair value

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

(b) Interest rate, foreign exchange and liquidity risk

Refer to note 25 for disclosures on interest rate, foreign exchange and liquidity risk.

(c) Assets pledged as security

Finance lease liabilities are secured over the assets to which they relate. Bank credit facilities are unsecured.

(d) Loans from controlled entities and other related parties

Refer to note 28 for terms and conditions of loans from controlled entities and other related parties.

(e) Redeemable preference shares

At 30 June 2007 there were 8,720,932 redeemable preference shares on issue.

During the year ended 30 June 2008, the redeemable preference shares were settled for a sum of $7.0 million. $5.172 million was paid in May 2008 and $1.828 million was paid in July 2008. Refer to note 16(b) for further information.

(f) Defaults and breaches

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

Notes to the financial statements

For the year ended 30 June 2008

19 Provisions

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Current					
Long service leave		1,240	1,905	204	181
Non Current					
Make good provision		849	658	89	22
Long service leave		2,397	1,008	65	30
		3,246	1,666	154	52

(a) Nature and timing of provisions

(i) Long service leave

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

(ii) Make good provisions

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

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

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

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Make good provision					
At 1 July		658	615	22	-
Additions		191	43	67	22
At 30 June		849	658	89	22
Current		-	-	-	-
Non current		849	658	89	22

Notes to the financial statements

For the year ended 30 June 2008

20 Issued Capital

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Ordinary shares		70,609	78,339	70,609	78,339

(a) Terms and conditions of ordinary shares

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

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

(b) Movements in shares on issue

	2008 Shares Number	2008 $000s	2007 Shares Number	2007 $000s
Movements in shares on issue				
At 1 July	346,915,826	78,339	346,500,000	112,336
Employee share schemes (i)	340,459	715	415,826	748
Share buy back (ii)	(4,287,180)	(8,445)	-	-
Capital return (iii)	-	-	-	(34,691)
Transaction costs	-	-	-	(54)
At 30 June	342,969,105	70,609	346,915,826	78,339

(i) Employee share schemes

During the year the Company issued 284,572 (2007: 358,893) shares to executive employees (under terms of the executive share plan) to a value of $0.599 million (2007: $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 2007 financial year. In addition, the Company issued 55,887 (2007: 56,933) shares valued at $0.116 million (2007:$0.103 million) to eligible employees in lieu of salaries and wages as part of the Company's Employee Share Ownership Plan.

(ii) Share buy back

During the period the Company commenced a publicly announced on-market share buy back programme. All shares purchased by the Company are cancelled. During the year the Company purchased 4,287,180 shares for a total cost of $8.445 million.

(iii) Capital return

During 2007 the Company paid a return of capital to all shareholders of 10 cents per share. The total amount paid (including transaction costs) was $34.745 million.

(c) Capital management

Refer to note 24 for further disclosures in relation to the Group's capital management activity.

Notes to the financial statements

For the year ended 30 June 2008

21 Reserves and retained earnings

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Option reserve		–	3,445	–	3,445
Foreign currency translation reserve		1,076	(175)	–	–
		1,076	3,270	–	3,445
Retained earnings		21,284	17,521	12,713	56

(a) Movements in reserves and retained earnings

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

	Note	Consolidated 2008 $000s	Consolidated 2007 $000s	Parent 2008 $000s	Parent 2007 $000s
Option reserve					
At 1 July		3,445	3,445	3,445	3,445
Option expiry prior to exercise		(3,445)	–	(3,445)	–
At 30 June		–	3,445	–	3,445
Foreign currency translation reserve					
At 1 July		(175)	115	–	–
Currency translation differences		1,251	(290)	–	–
At 30 June		1,076	(175)	–	–
Retained earnings					
At 1 July		17,521	16,825	56	2,314
Profit attributable to members of the parent entity		37,430	32,245	46,324	29,291
Dividends		(33,667)	(31,549)	(33,667)	(31,549)
At 30 June		21,284	17,521	12,713	56

(b) Nature and purpose of reserves

(i) Option reserve

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

During 2008 the options expired prior to being exercised. Refer to note 16(b) for further information.

(ii) Foreign currency translation reserve

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

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

Notes to the financial statements

For the year ended 30 June 2008

22 Minority interest

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	$000s	$000s	$000s	$000s
Minority interest		1,011	169	-	-

(a) Movements in minority interest

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

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	$000s	$000s	$000s	$000s
Minority interest					
At 1 July		169	(600)	-	-
Acquisition of subsidiary		220	542	-	-
Net profit/(loss) for the year		585	156	-	-
Movements in reserves		37	71	-	-
At 30 June		1,011	169	-	-
Comprising					
Ordinary share capital		814	814	-	-
Reserves		(141)	(50)	-	-
Retained earnings/(Accumulated losses)		338	(595)	-	-
		1,011	169	-	-

23 Derivative financial instruments

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	$000s	$000s	$000s	$000s
Current Assets - receivables					
Forward currency contracts – held for trading		539	-	539	-
Current Liabilities - payables					
Forward currency contracts – held for trading		842	-	842	-

(a) Instruments used by the Group

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

Notes to the financial statements

For the year ended 30 June 2008

23 Derivative financial instruments (continued)

(a) Instruments used by the Group (continued)

(i) Forward currency contracts - held for trading

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

	Note	Consolidated		Parent	
		2008 $000s	2007 $000s	2008 $000s	2007 $000s
Maturity 0-12 months					
Sell GBP/Buy AUD					
Notional Amounts		2,605	-	2,605	-
Average exchange rate		0.4395	-	0.4395	-
Sell CAD/Buy AUD					
Notional Amounts		2,460	-	2,460	-
Average exchange rate		0.8700	-	0.8700	-
Buy CNY/Sell AUD					
Notional Amounts		(3,201)	-	(3,201)	-
Average exchange rate		5.9202	-	5.9202	-
Buy INR/Sell AUD					
Notional Amounts		(2,163)	-	(2,163)	-
Average exchange rate		34.8631	-	34.8631	-
Maturity 12-24 months					
Sell GBP/Buy AUD					
Notional Amounts		1,437	-	1,437	-
Average exchange rate		0.4384	-	0.4384	-
Sell CAD/Buy AUD					
Notional Amounts		1,615	-	1,615	-
Average exchange rate		0.86	-	0.86	-
Buy CNY/Sell AUD					
Notional Amounts		(1,383)	-	(1,383)	-
Average exchange rate		5.2404	-	5.2404	-
Buy INR/Sell AUD					
Notional Amounts		(1,365)	-	(1,365)	-
Average exchange rate		34.1413	-	34.1413	-

These contracts are fair valued by comparing the contracted rate to the market rates for contracts with the same length of maturity. All movements in fair value are recognised in the income statement in the period they occur. The net fair value losses on foreign currency derivatives during the year were $0.240 million (2007: $nil) for the Group and $0.240 million (2007: $nil) for the Company.

Notes to the financial statements

For the year ended 30 June 2008

23 Derivative financial instruments (continued)

(b) Interest rate risk

Refer to note 25 for disclosures on interest rate risk.

(c) Credit risk

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

24 Capital risk management objectives and policies

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

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

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

As disclosed in note 20, during 2008, management has instigated an on market share buy back programme. This programme plans to purchase a total of 17,362,814 shares (5% of issued capital at 31 December 2007) over a two to three year period. As at 30 June 2008 4,287,180 shares had been purchased.

The capital structure of the Group and the Company consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents, and equity attributable to equity holders of the parent (comprising issued capital, reserves and retained earnings as disclosed in note 20 and 21). The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements.

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

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

Management monitors capital through the combination of gearing ratio (net debt/total capital) and return on capital employed. The limit for the Group's gearing ratio is no greater than 50%, based on current credit facilities. The Group's gearing ratios at 30 June 2008 and 2007 were as follows:

		Consolidated		Parent	
		2008	**2007**	**2008**	**2007**
	Note	**$000s**	**$000s**	**$000s**	**$000s**
Total borrowings		1,279	11,411	4,173	3,784
Less cash and cash equivalents		(7,033)	(1,041)	(361)	(800)
Net (cash)/debt		(5,754)	10,370	3,812	2,984
Total equity		92,969	99,130	83,322	81,840
Total capital		87,215	109,500	87,134	84,824
Gearing ratio		0%	9%	4%	4%

Management's target for return on capital employed is a minimum return in excess of the Group's weighted average cost of capital (WACC). For 2008 and 2007, the Group's WACC was approximately 12%, and returns achieved were 33.6% in 2008 and 26.9% in 2007.

Notes to the financial statements

For the year ended 30 June 2008

25 Financial risk management objectives and policies

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

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

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

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

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

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

Risk exposures and responses

(a) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's long term borrowing obligations with a floating interest rate. The level of debt is disclosed in note 18.

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

		Consolidated		Parent	
		2008	2007	2008	2007
	Note	$000s	$000s	$000s	$000s
Financial Assets					
Cash and cash equivalents		7,033	1,041	361	800
Financial Liabilities					
Bank borrowings		-	-	-	-
Net exposure		7,033	1,041	361	800

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

Current borrowings	between 25% and 75% of borrowings at fixed rates of interest
Non current borrowings (1 to 3 years)	between 25% and 50% of borrowings at fixed rates of interest
Non current borrowings (3 to 5 years)	between 0% and 25% of borrowings at fixed rates of interest

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

During 2008 and 2007 cash flows from operations allowed the Group to retire all bank debt at balance date.

At 30 June 2008 the value of interest rate swaps, collars and caps held was $nil (2007: $nil).

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For the year ended 30 June 2008

25 Financial risk management objectives and policies (continued)

(a) Interest rate risk (continued)

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

(i) Sensitivity analysis

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

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Consolidated		Parent	
	2008 $000s	2007 $000s	2008 $000s	2007 $000s
Judgments of reasonably possible movements				
Post tax profit and equity higher/(lower)				
+1% (100 basis points)	49	7	49	6

The movements in profit and equity are due to higher interest revenues from variable rate cash balances. The sensitivity is higher in 2008 than in 2007 because of an increase in cash balances that has occurred due to increased revenues.

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

(b) Foreign currency risk

(i) Transactional risk

The Group also has transactional currency exposures. Such exposures arise from sales or purchases by an operating entity in currencies other than its functional currency.

The Group's policy is to use forward currency contracts to reduce currency exposures over a rolling 24 month horizon. Contracts are taken out where exposures are in excess of $0.5m in any single rolling 12 month period.

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

Current exposure (1-12 months)	between 25% and 75% of forecast transactional exposure
Non current exposure (13 - 24 months)	between 25% and 50% of forecast transactional exposure

The Group has, as disclosed in note 23, forward currency contracts held for trading that are subject to fair value movements through profit and loss as foreign exchange rates move.

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For the year ended 30 June 2008

25 Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

(ii) Sensitivity analysis

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

At 30 June 2008, if exchange rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Consolidated		Parent	
	2008 $000s	**2007 $000s**	**2008 $000s**	**2007 $000s**
Judgments of reasonably possible movements				
Post tax profit and equity higher/(lower)				
AUD/CNY +5%	261	1	198	-
AUD/INR +5%	180	22	144	-
AUD/CNY -10%	(466)	(2)	(341)	-
AUD/INR -10%	(322)	(45)	(249)	-

The movements in profit and equity in 2008 are more sensitive than in 2007 due continued offshore expansion and increased use of forward currency contracts.

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

(c) Credit risk

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

Exposure at balance date is addressed in each applicable note.

The Group is not exposed to significant credit risk due to the nature of revenue which is generally received in advance of the service being provided.

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

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

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

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

Credit risk exposure from financial guarantees is set out in note 27.

(d) Liquidity risk

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

The Group has a $100 million credit facility consisting of two tranches. The first tranche of $75 million is available to be drawn down at any time over a two year period ending 13 March 2010. The second tranche of $25 million is available to be drawn down over a 364 day period ending 12 March 2009.

At 30 June 2008 none of the facility had been utilised (2007: $nil). Cashflows from operations for 2008 were $78.609 million (2007: $48.899 million).

The Group's policy is that no more than 50% of credit facilities should mature within the following 12 months. At 30 June 2008, assuming no facility extension, 25% of the Group's credit facilities will mature with the following 12 months (2007: 25%).

Notes to the financial statements

For the year ended 30 June 2008

25 Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

(i) Contractual maturities

The table below reflects all contractually fixed settlement, repayments, receivables and interest resulting from recognised financial liabilities and assets, including derivative financial instruments, as of 30 June 2008. For derivative financial instruments the market value is presented, whereas for the other obligations and assets the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities are based on the earliest possible date for on which the Group can be required to pay. Cash flows for financial assets are based on the terms and conditions existing at 30 June 2008.

Consolidated	<3 months	3 months to a year	1 – 5 years	Total
2008	**$000s**	**$000s**	**$000s**	**$000s**
Financial assets				
Cash and cash equivalents	7,033	-	-	7,033
Trade and other receivables	30,116	7,635	-	37,751
Other financial assets	-	-	1,600	1,600
Derivatives	62	319	158	539
	37,211	7,954	1,758	46,923
Financial liabilities				
Trade and other payables	7,118	31,923	-	39,041
Borrowings	-	63	1,216	1,279
Derivatives	117	385	340	842
	7,235	32,371	1,556	41,162
Net maturity	29,976	(24,417)	202	5,761

Consolidated	<3 months	3 months to a year	1 – 5 years	Total
2007	**$000s**	**$000s**	**$000s**	**$000s**
Financial assets				
Cash and cash equivalents	1,041	-	-	1,041
Trade and other receivables	13,337	4,825	-	18,162
Other financial assets	-	-	1,000	1,000
Derivatives	-	-	-	-
	14,378	4,825	1,000	20,203
Financial liabilities				
Trade and other payables	5,207	25,633	-	30,840
Borrowings	-	78	11,333	11,411
Derivatives	-	-	-	-
	5,207	25,711	11,333	42,251
Net maturity	9,171	(20,886)	(10,333)	(22,048)

Notes to the financial statements

For the year ended 30 June 2008

25 Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

(i) Contractual maturities (continued)

Parent	<3 months	3 months to a year	1 – 5 years	Total
2008	**$000s**	**$000s**	**$000s**	**$000s**
Financial assets				
Cash and cash equivalents	361	–	–	361
Trade and other receivables	36	68,962	–	68,998
Other financial assets	–	9,482	49,458	58,940
Derivatives	62	319	158	539
	459	78,763	49,616	128,838
Financial liabilities				
Trade and other payables	1,305	133,502	–	134,807
Borrowings	–	–	4,173	4,173
Derivatives	117	385	340	842
	1,422	133,887	4,513	139,822
Net maturity	(963)	(55,124)	45,103	(10,984)

Parent	<3 months	3 months to a year	1 – 5 years	Total
2007	**$000s**	**$000s**	**$000s**	**$000s**
Financial assets				
Cash and cash equivalents	800	–	–	800
Trade and other receivables	8	34,532	–	34,540
Other financial assets	–	–	42,458	42,458
Derivatives	–	–	–	–
	808	34,532	42,458	77,798
Financial liabilities				
Trade and other payables	3	91,906	–	91,909
Borrowings	–	–	3,784	3,784
Derivatives	–	–	–	–
	3	5,168	90,522	95,693
Net maturity	805	(4,029)	(14,671)	(17,895)

Management manages this liquidity risk by the maintenance of appropriate unutilised credit facilities and continued operation of the business as a going concern generating operating cash flows. Whilst operating as a going concern, the material business units of the Group receive operating cash flows prior to the provision of the service. At 30 June 2008, the Group had recognised deferred revenue of $102.833 million (2007: $67.549 million), representing cash receipted by the Group for which tuition services had yet to be provided. Management have utilised these cash receipts to reduce debt, return capital to shareholders, and to purchase investments. At 30 June 2008, the Group had no bank debt (2007: $nil) and had unutilised credit facilities of $100 million available (2007: $100 million). Management is confident this is sufficient to cover any liquidity risk exposure at 30 June.

Notes to the financial statements

For the year ended 30 June 2008

25 Financial risk management objectives and policies (continued)

(e) Fair value

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

26 Business combinations

During the year, the Company acquired interests in the following entities.

Australian College of Business & Technology Pvt Ltd (Sri Lanka)

Interest:	75%
Effective date:	1 July 2007
Consideration:	$6.75 million
Transaction costs:	$0.32 million
Total cost of business combination:	$7.07 million

Australian College of Business & Technology Pvt Ltd (ACBT) provides pre-university and university pathway programmes for domestic and overseas students.

The vendors of ACBT included two Directors of Navitas Limited, Mr R Jones and Dr P Larsen. Mr Jones owned 14% of the issued capital of ACBT and received $1,242,017, whilst Dr Larsen owned 10% of the issued capital of ACBT and received $900,002. The purchase of ACBT by Navitas Limited was conducted on an arms length basis and was overseen by those Directors without shareholdings in ACBT.

Hawthorn English Language Centre (Australia)

Interest:	100%
Effective date:	1 January 2008
Consideration:	$5.10 million
Transaction costs:	$0.20 million
Total cost of business combination:	$5.30 million

Hawthorn English Language Centre provides English language tuition for domestic and overseas students.

Cytech Intersearch Pty Ltd (Australia)

Interest:	100%
Effective date:	1 May 2008
Consideration:	$1.53 million
Transaction costs:	$0.09 million
Total cost of business combination:	$1.62 million

Cytech Intersearch Pty Ltd is a small labour hire company servicing the healthcare industry.

From acquisition, these entities have contributed revenues of $10.0 million and net profit of $1.3 million to the Group. The results of the combined entity as though the acquisition date for all entities had been 1 July 2007 are revenues of $345.4 million and net profit for the period of $38.0 million.

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

	$000s
Cost of business combination	
Cash consideration paid	12,855
Deferred consideration	531
Transaction costs	607
Total cost of the business combination	13,993

Notes to the financial statements

For the year ended 30 June 2008

26 Business combinations (continued)

Aggregated net assets at acquisition

	Recognised on acquisition $000s	Carrying value $000s
Cash and cash equivalents	626	626
Trade receivables	260	260
Property, plant and equipment	885	885
Intangible assets	5,000	-
Deferred tax assets	239	239
Other assets	459	459
	7,469	2,469
Trade payables	(853)	(853)
Deferred revenue	(2,608)	(2,608)
Current tax liability	(215)	(215)
Provisions	(370)	(370)
Borrowings	(88)	(89)
Deferred tax liability	(900)	-
Outside equity share	(220)	-
	(5,254)	(4,135)
Fair value of share of net assets at acquisition	2,215	
Goodwill arising on acquisition	11,778	
Total cost of the business combination	13,993	
Cash outflow on acquisition		
Total cash paid for the business combination	13,462	
Net cash acquired with subsidiaries	(626)	
Net cash outflow	12,836	

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.

Notes to the financial statements

For the year ended 30 June 2008

27 Commitments and contingencies

(a) Leasing

(i) Operating leases- Group as lessee

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

	Consolidated		Parent	
	2008 $000s	2007 $000s	2008 $000s	2007 $000s
Future minimum rentals payable				
Within one year	8,044	9,872	7,018	4,570
After one year but not more than five years	37,215	45,701	33,095	40,288
More than five years	41,405	33,256	37,544	31,884
	86,664	88,829	77,657	76,742

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

	Consolidated		Parent	
	2008 $000s	2007 $000s	2008 $000s	2007 $000s
Lease incentives				
Current	1,292	582	1,128	444
Non Current	6,366	2,000	4,909	824
	7,658	2,582	6,037	1,268

Notes to the financial statements

For the year ended 30 June 2008

27 Commitments and contingencies (continued)

(a) Leasing (continued)

(ii) Finance leases – 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.

	Consolidated		Parent	
	2008 $000s	**2007 $000s**	**2008 $000s**	**2007 $000s**
Future minimum lease payments				
Within one year	63	95	-	-
After one year but not more than five years	87	93	-	-
Less amounts representing finance charges	(10)	(27)	-	-
	140	161	-	-
Present value of future minimum lease payments				
Within one year	63	78	-	-
After one year but not more than five years	77	83	-	-
Present value of minimum lease payments	140	161	-	-
Finance leases are included in the financial statements as:				
Current	63	78	-	-
Non Current	77	83	-	-
	140	161	-	-

(b) Property, plant and equipment

	Consolidated		Parent	
	2008 $000s	**2007 $000s**	**2008 $000s**	**2007 $000s**
Leasehold improvements				
Less than one year	12,053	4,410	2,782	4,410

(c) Guarantees

Navitas Limited has entered into lease rental guarantees with a face value of $9.611 million (2007: $8.086 million) and performance guarantees with a face value of $8.297 million (2007: $nil). 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 provided by Navitas Limited and its controlled entities as listed in note 28. The fair value of the cross guarantee has been assessed as nil based on the underlying performance of the entities in the closed group.

Notes to the financial statements

For the year ended 30 June 2008

28 Related party disclosures

(a) Equity interests in related parties

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

Name	Country of Incorporation	Beneficial Interest (%)		Investment ($000s)	
		2008	2007	2008	2007
ACL Pty Ltd*	Australia (i)	100	100	55,821	55,821
Ausedken Pty Ltd	Kenya	100	100	859	859
Australian Campus Network Pty Ltd*	Australia (i)	100	100	-	-
Australian College of Applied Psychology Pty Ltd*	Australia (i)	100	100	13,581	13,581
Australian College of Business and Technology Pvt Ltd	Sri Lanka	75	-	7,070	-
Australian College of English Pty Ltd*	Australia (i)	100	100	-	-
Australian Education Holdings Pty Ltd*	Australia (i)	100	100	-	-
Australian Institute of Business and Technology Limited	Zambia	-	50	-	-
Beijing EduGlobal Development Company Pty Ltd	China	55	55	-	-
Cambridge Ruskin International College Limited	United Kingdom	100	-	-	-
Colleges of Business and Technology (NSW) Pty Ltd*	Australia (i)	100	100	-	-
Colleges of Business and Technology (WA) Pty Ltd*	Australia (i)	100	100	12,914	12,914
Cytech Intersearch Pty Ltd	Australia	100	-	1,620	-
Pollin8 Pty Ltd*	Australia (i)	100	100	3,720	3,720
East Coast College of English (Brisbane) Pty Ltd*	Australia (i)	100	100	-	-
Educational Enterprises Australia Pty Ltd*	Australia (i)	100	100	1,689	1,689
Educational Services Pty Ltd*	Australia (i)	100	100	-	-
EduGlobal Australia Pty Ltd	Australia	55	-	-	-
EduGlobal China Ltd	Hong Kong	55	55	5,090	5,090
EduGlobal Pty Ltd*	Australia (i)	100	100	-	-
Employment Overseas Limited	United Kingdom	100	100	-	-
Fraser International College Ltd	Canada	100	100	-	-
Hawthorn Learning Pty Ltd	Australia	100	-	5,290	-
HIBT Ltd	United Kingdom	100	100	1,666	1,666
IBT Education Pty Ltd*	Australia (i)	100	100	-	-
IBT (Canada) Pty Ltd*	Australia (i)	100	100	-	-
IBT Finance Pty Ltd*	Australia (i)	100	100	-	-
IBT (Sydney) Pty Ltd*	Australia (i)	100	100	-	-
IBT (UK) Holdings Ltd	United Kingdom	100	-	-	-
Institutes of Business & Technology (UK) Pty Ltd*	Australia (i)	100	100	-	-
International College Wales Ltd	United Kingdom	100	-	-	-
London IBT Ltd	United Kingdom	100	100	24	24
LM Training Specialists Pty Ltd*	Australia (i)	100	100	3,089	3,089
Melbourne Institute of Business and Technology Pty Ltd*	Australia (i)	100	100	11,875	11,875
Navitas Asia Holdings Pte Ltd	Singapore	100	-	-	-
Navitas Canada Holdings Limited	Canada	100	-	-	-
Navitas Singapore Pte Ltd	Singapore	90	-	-	-
Navitas Workforce Solutions Pty Ltd	Australia	100	-	-	-
South Australian Institute of Business & Technology Pty Ltd*	Australia (i)	100	100	465	465

Notes to the financial statements

For the year ended 30 June 2008

28 Related party disclosures (continued)

(a) Equity interests in related parties (continued)

Name	Country of Incorporation	Beneficial Interest (%) 2008	Beneficial Interest (%) 2007	Investment ($000s) 2008	Investment ($000s) 2007
Study Overseas Limited	United Kingdom	100	100	9,790	9,790
Study Overseas India Pvt Ltd	India	100	-	-	-
Study Overseas Global Pvt Ltd	India	100	-	-	-
Study Overseas (Mauritius) Holdings Pvt Ltd	Mauritius	100	-	-	-
Sydney Institute of Business and Technology Pty Ltd*	Australia (i)	100	100	32,603	32,603
The Australian Centre for Languages Pty Ltd*	Australia (i)	100	100	-	-
Queensland Institute of Business and Technology Pty Ltd*	Australia (i)	100	100	10,339	10,339
Perth Institute of Business and Technology Pty Ltd*	Australia (i)	100	100	2,201	2,201

* indicates member of the closed group

(i) 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, Navitas Limited and the closed group entities entered into a Deed of Cross Guarantee on 15 June 2008. The new Deed of Cross Guarantee replaces the previous Deed of Cross Guarantee dated 27 June 2007 that was revoked by way of revocation deeds. The effect of the deed is that Navitas Limited has guaranteed to pay any deficiency in the event of winding up of any closed group entity. The closed group entities have also given a similar guarantee in the event that Navitas Limited is wound up.

During the period, no entity has been:

(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.

(b) Closed Group Disclosures

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

(i) Consolidated income statement

	Closed Group 2008 $000s	Closed Group 2007 $000s
Profit before income tax	53,906	46,275
Income tax expense	(17,140)	(14,615)
Profit for the year	36,766	31,660
Retained earnings at the beginning of the period	15,197	15,086
Dividends paid	(33,667)	(31,549)
Retained earnings at the end of the period	18,296	15,197

Notes to the financial statements

For the year ended 30 June 2008

28 Related party disclosures (continued)

(b) Closed Group Disclosures (continued)

(ii) Consolidated balance sheet

	Closed Group	
	2008 $000s	2007 $000s
Current Assets		
Trade and other receivables	30,504	34,296
Other	4,810	3,116
Total Current Assets	35,314	37,412
Non Current Assets		
Plant & equipment	19,498	14,842
Deferred tax assets	6,138	4,004
Intangible assets	150,769	151,969
Other financial assets	21,055	2,549
Other	-	699
Total Non Current Assets	197,460	174,063
Total Assets	232,774	211,475
Current Liabilities		
Trade and other payables	32,845	29,586
Deferred revenue	92,028	66,049
Current tax payables	7,436	2,112
Borrowings	452	1,993
Provisions	1,203	1,087
Total Current Liabilities	133,964	100,827
Total Non Current Liabilities		
Trade and other payables	6,366	2,000
Borrowings	20	10,001
Provisions	3,246	1,666
Total Non Current Liabilities	9,632	13,667
Total Liabilities	143,596	114,494
Net Assets	89,178	96,981
Equity		
Issued capital	70,609	78,339
Reserves	273	3,445
Retained earnings	18,296	15,197
Total Equity	89,178	96,981

Notes to the financial statements

For the year ended 30 June 2008

28 Related party disclosures (continued)

(c) Transactions with other related parties

(i) Transactions between Navitas Limited and its related parties

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

- Navitas Limited recognised tax payable in respect of the tax liabilities of its wholly owned Australian subsidiaries. Payments to/from the company are made in accordance with the terms of the tax funding arrangement.
- Navitas Limited received dividends of $56,449,000 (2007: $35,279,000) from its subsidiaries.
- Navitas Limited charged management fees to certain subsidiaries amounting to $1,294,657 (2007:$1,763,641) on a cost recoupment basis.
- Navitas Limited charged subsidiaries $2,367,590 (2007: $595,826) for sub leases of property.
- Navitas Limited received interest income of $2,611,332 (2007: $2,261,000) from its subsidiaries on its intercompany loan receivables. The weighted average interest rate on the loans is 5.5% (2007: 5.5%).
- Navitas Limited paid interest expense of $257,272 (2007: $733,000) to its subsidiaries on its intercompany loan payables. The weighted average interest rate on the loans is 8% (2007: 5.5%).
- Navitas Limited acts as a central treasury for Australian operations and has receipted $32,296,000 (2007: $21,538,239) from subsidiaries (net of dividends) for cash management purposes.

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

- Current loans totaling $127,527,000 (2007: $86,738,000) are repayable to subsidiaries.
- Current loans totaling $61,227,000 (2007: $30,215,000) are receivable from subsidiaries.
- Current loans totaling $9,482,000 (2007: $nil) are receivable from subsidiaries.
- Current loans totaling $4,173,000 (2007: $3,784,000) are repayable to subsidiaries.
- Non current loans totaling $49,458,000 (2007: $42,458,000) are receivable from subsidiaries.

All amounts advanced to or repayable to related parties are unsecured and are subordinate to other liabilities. The amounts outstanding will be settled in cash. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Guarantees provided or received for any related party receivables or payables have been disclosed in note 27.

Transactions and balances between the company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

(ii) Transactions between the Group and its related parties

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

- Minority shareholders have loaned $243,000 (2007: $990,954) to controlled entities.
- Navitas Limited purchased $0.6 million (2007: $1.0 million) of convertible notes from Learning Information Systems Pty Ltd, an associate of the company. Interest is receivable at 7.5% (fixed).

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

- Non current loans totaling $1,101,314 (2007: $990,954) are repayable to Mr David Shi and his related entities. Mr Shi is the Managing Director of EduGlobal China Ltd (EGC) and owns the minority shareholding of EGC not owned by Navitas Limited. Interest on the loan is charged at 7.5%. No repayments were made during the period.
- Non current loans totaling $38,139 (2007: $nil) are repayable to Solinet Investments Pte Ltd. Solinet Investments owns 10% of Navitas Singapore Pte Ltd. The loan is interest free and no repayments were made during the period.
- Non current financial assets of $1.6 million (2007: $1.0 million) and current receivables of $40,000 are due from Learning Information Systems Pty Ltd (StudyLink), an associate of the Group, in relation to convertible notes issued by StudyLink and purchased by the Group.

Notes to the financial statements

For the year ended 30 June 2008

28 Related party disclosures (continued)

(c) Transactions with other related parties (continued)

(ii) Transactions between the Group and its related parties (continued)

- Current receivables of $447,000 are due from Australian Institute of Business & Technology Limited. An amount of $411,000 has been provided for this receivable.
- At 30 June 2007, $424,267 was repayable to the minority shareholder of Australian Institute of Business & Technology Limited. Interest on the loan was charged at 7.5%. No repayments were made during the period. At 30 June 2008 this balance is nil.

All amounts advanced to or repayable to related parties are unsecured and are subordinate to other liabilities. The amounts outstanding will be settled in cash. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Guarantees provided or received for any related party receivables or payables have been disclosed in note 27.

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

(d) Ultimate Parent

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

29 Key management personnel

(a) Details of key management personnel

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

(i) Directors

Harvey Collins	Non Executive Chairman
Rod Jones	Chief Executive Officer
Peter Campbell	Non Executive Director
Ted Evans	Non Executive Director
James King	Non Executive Director
Dr Peter Larsen	Non Executive Director
Prof. Di Yerbury	Non Executive Director (resigned 25 March 2008)

(ii) Executives

Tony Cullen	Group General Manager – Marketing & Sales
Hugh Hangchi	Company Secretary & Group General Counsel
Neil Hitchcock	Group General Manager – IT & Facilities
Bryce Houghton	Chief Financial Officer
Scott Jones	General Manager – Student Recruitment (appointed 1 January 2008)
Jenny Michel	Group General Manager – Human Resources (appointed 1 February 2007)
John Wood	Executive General Manager – University Programs (appointed 1 February 2007)
Helen Zimmerman	Executive General Manager – English and Workforce*

(* Group only)

Notes to the financial statements

For the year ended 30 June 2008

29 Key management personnel (continued)

(b) Key management personnel compensation

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

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Short term benefits	3,797,447	2,954,724	3,541,879	2,634,926
Post employment benefits	569,789	1,075,859	487,633	981,931
Other long term benefits	21,372	45,275	26,347	37,117
Share based payment	1,000	-	-	-
	4,389,608	4,075,858	4,055,859	3,653,974

(c) Shareholdings of key management personnel

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

(i) Directors

2008	Balance at beginning of year	Acquisitions	Disposals	Balance at end of year
Harvey Collins	40,000	-	-	40,000
Rod Jones	55,579,977	438,018	-	56,017,995
Peter Campbell	20,109,495	-	(60,983)	20,048,512
Ted Evans	20,000	10,000	-	30,000
James King	50,000	-	-	50,000
Dr Peter Larsen	31,240,865	-	(13,508)	31,227,357
Prof. Di Yerbury	-	-	-	-
	107,040,337	448,018	(74,491)	107,413,864

2007	Balance at beginning of year	Acquisitions	Disposals	Balance at end of year
Harvey Collins	40,000	-	-	40,000
Rod Jones	55,579,977	-	-	55,579,977
Peter Campbell	20,109,495	-	-	20,109,495
Ted Evans	20,000	-	-	20,000
James King	50,000	-	-	50,000
Dr Peter Larsen	31,240,865	-	-	31,240,865
Prof. Di Yerbury	-	-	-	-
	107,040,337	-	-	107,040,337

Notes to the financial statements

For the year ended 30 June 2008

29 Key management personnel (continued)

(c) Shareholdings of key management personnel (continued)

(ii) Executives

2008	Balance at beginning of year	Acquisitions	Disposals	Balance at end of year
Tony Cullen	135,210	26,835	-	162,045
Hugh Hangchi	28,349	25,433	-	53,782
Neil Hitchcock	56,251	30,022	-	86,273
Bryce Houghton	73,021	30,544	-	103,565
Scott Jones	2,702,136#	-	-	2,702,136
Jenny Michel	-	2,092	-	2,092
John Wood	-	34,236	-	34,236
Helen Zimmerman*	-	50,784	-	50,784
	2,994,967	199,946	-	3,194,913

2007	Balance at beginning of year	Acquisitions	Disposals	Balance at end of year
Tony Cullen	111,500	23,710	-	135,210
Hugh Hangchi	-	28,349	-	28,349
Neil Hitchcock	39,070	17,181	-	56,251
Bryce Houghton	-	73,021	-	73,021
Jenny Michel	-	-	-	-
John Wood	-	-	-	-
Helen Zimmerman*	-	-	-	-
	150,570	142,261	-	292,831

* Ms Zimmerman was a vendor of the ACL businesses to the Group, and had an option over 941,157 ordinary shares of Navitas Limited and was granted 941,157 redeemable preference shares, as part of the ACL purchase in 2006. No other member of key management was granted these options or redeemable preference shares.

During the year ended 30 June 2008, the 941,157 options expired prior to exercise, and Ms Zimmerman was paid $755,435 in settlement of the Group's obligations under the redeemable preference shares. Refer to note 16(b) for further information.

Balance at appointment on 1 January 2008.

(d) Loans to key management personnel

There were no loans provided to any key management personnel.

(e) Other transactions with key management personnel

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

As disclosed in note 26, the vendors of ACBT included two Directors of Navitas Limited, Mr R Jones and Dr P Larsen. Mr Jones owned 14% of the issued capital of ACBT and received $1,242,017, whilst Dr Larsen owned 10% of the issued capital of ACBT and received $900,002.

During 2007, Perth Institute of Business and Technology Pty Ltd (PIBT) provided management services under normal terms and conditions, amounting to $11,819, to Australian College of Business and Technology (ACBT), a company incorporated in Sri Lanka, of which Messrs Jones and Larsen were Directors and shareholders.

Notes to the financial statements

For the year ended 30 June 2008

30 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 2008 financial year. The total amount of dividend is $21.264 million, which represents a fully franked dividend of 6.2 cents per share. The dividend has not been provided for in the 30 June 2008 financial statements.

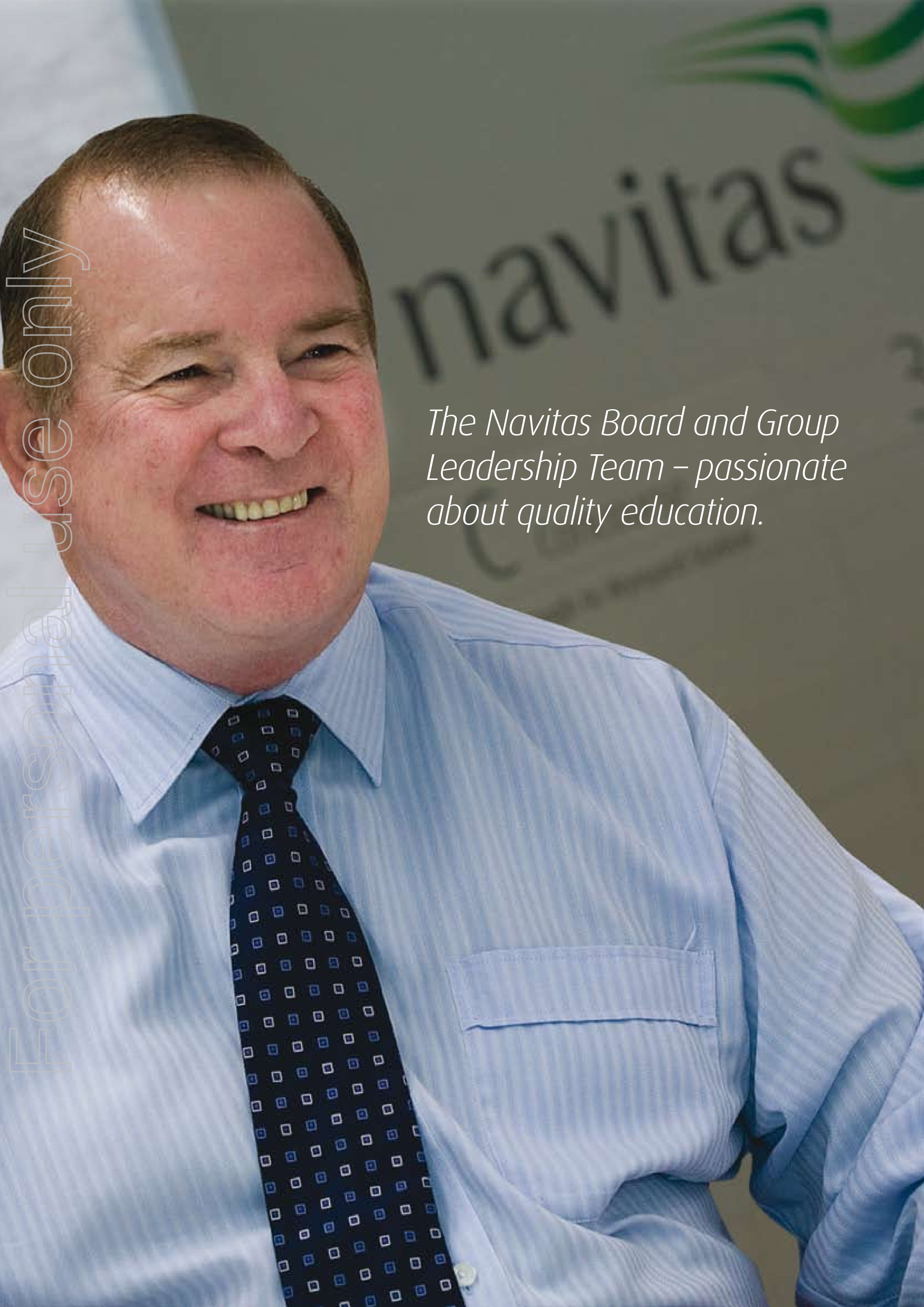
On 4 July 2008, the Company acquired 75% of Australian Institute of Public Safety Pty Ltd and 100% of Melbourne Education Group Pty Ltd for $2.2 million.

On 7 July 2008, the Group paid $1.828 million as a final payment to redeemable preference shareholders. Refer to note 18 of the financial statements for further information.

31 Auditors' remuneration

The auditor of Navitas Limited is Deloitte Touche Tohmatsu.

	Consolidated		Parent	
	2008 $	2007 $	2008 $	2007 $
Audit services				
Auditors of the Company				
Deloitte Touche Tohmatsu (Australia)				
Audit and review of financial reports	301,603	227,515	301,603	227,515
Other regulatory audit services	-	-	-	-
Overseas Deloitte Touche Tohmatsu firms				
Audit and review of financial reports	173,625	118,953	-	-
	475,228	346,468	301,603	227,515
Other services				
Auditors of the Company				
Deloitte Touche Tohmatsu (Australia)				
Other	-	-	-	-
	475,228	346,468	301,603	227,515



The Navitas Board and Group Leadership Team – passionate about quality education.

Directors' report

Your Directors submit their report for the year ended 30 June 2008.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out on pages 34 and 35. Directors were in office for this entire period unless otherwise stated.

During the financial year ended 30 June 2008, Emeritus Professor Di Yerbury resigned from the Board and her details are as follows:

Prof. Di Yerbury AO, LLB (Hons), PhD

Non Executive Director
Appointed 6 March 2006, resigned 25 March 2008

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 (2008), 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.

Interests in the Shares and options of the Company and related bodies corporate

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

Directors	Ordinary shares held
Harvey Collins	40,000
Rod Jones	56,017,995
Peter Campbell	20,048,512
Ted Evans	30,000
James King	50,000
Dr Peter Larsen	31,227,357

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		Number of meetings		Number of meetings	
	held while a Director	attended	held while a committee member	attended	held while a committee member	attended
Harvey Collins	10	10	5	5	2	2
Rod Jones	10	10	-	-	-	-
Peter Campbell	10	9	-	-	2	2
Ted Evans	10	9	5	4	2	2
James King	10	9	5	5	-	-
Dr Peter Larsen	10	10	-	-	-	-
Prof. Di Yerbury	10	-	-	-	-	-

All Directors were eligible to attend all meetings held, apart from Emeritus Professor Yerbury who was on a special leave of absence from 15 March 2007 until the date of her resignation.

Committee membership

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

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

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

Indemnification and insurance of Directors and officers

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

a) The Company is not precluded by law from indemnifying the Directors; and

b) For the amount that the Director is not otherwise entitled to be indemnified and is not actually indemnified by another person (including a related body corporate or an insurer).

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the Directors of Navitas 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 $14,025. This amount is included as part of the Directors remuneration on page 112.

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 information

Corporate structure

Navitas Limited is a company limited by shares that is registered and domiciled in Australia. Navitas Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as listed in note 28 of the financial statements.

Nature of operations and principal activities

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

Directors' report (continued)

Operating and financial review

A review of the consolidated entities' operations and financial performance has been provided for on pages 18 to 32.

Dividends

	Cents	$000s
Final dividends recommended		
- on ordinary shares	6.2	21,264
Interim dividends paid during the year		
- on ordinary shares	4.7	16,321
Final for 2007 shown as recommended in the 2007 report		
- on ordinary shares	5.0	17,346

Significant changes in the state of affairs

During the year Navitas acquired the companies listed in note 26. 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 2008 financial year. The total amount of dividend is $21.264 million, which represents a fully franked dividend of 6.2 cents per share. The dividend has not been provided for in the 30 June 2008 financial statements.

On 4 July 2008, the Company acquired 75% of Australian Institute of Public Safety Pty Ltd and 100% of Melbourne Education Group Pty Ltd for $2.2 million.

On 7 July 2008, the Group paid $1.828 million as a final payment to redeemable preference shareholders. Refer to note 18 of the financial statements for further information.

Future developments

Likely developments in, and expected results of the operations of the Group in subsequent years are referred to elsewhere in this report, particularly on pages 18 to 32. In the opinion of the Directors, further information on those matters could prejudice the interests of the Company and the Group and has therefore not been included in this report.

Environmental regulation and performance

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

Rounding

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

Non audit services

Details of the amounts paid to the auditor of the Company, Deloitte Touche Tohmatsu, and its related practices for audit and non audit services provided during the year are set out in note 31.

Auditor independence declaration

The auditor's independence declaration is set on page 114 and forms part of the Directors' report for the financial year ended 30 June 2008.

Remuneration report

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

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

(i) Directors

Harvey Collins	Non Executive Chairman
Rod Jones	Chief Executive Officer
Peter Campbell	Non Executive Director
Ted Evans	Non Executive Director
James King	Non Executive Director
Dr Peter Larsen	Non Executive Director
Prof. Di Yerbury	Non Executive Director (resigned 25 March 2008)

(ii) Executives

Tony Cullen	Group General Manager – Marketing & Sales
Hugh Hangchi	Company Secretary & Group General Counsel
Neil Hitchcock	Group General Manager – IT & Facilities
Bryce Houghton	Chief Financial Officer
Scott Jones	General Manager – Student Recruitment (appointed 1 January 2008)
Jenny Michel	Group General Manager – Human Resources (appointed 1 February 2007)
John Wood	Executive General Manager – University Programs (appointed 1 February 2007)
Helen Zimmerman	Executive General Manager – English and Workforce*

(* Group only)

Remuneration philosophy

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

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

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

Directors' report (continued)

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 2007 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 ending 30 June 2008 is detailed on pages 112 to113.

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 113.

Fixed Remuneration

Objective

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

Structure

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

Variable Remuneration

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, at least 50% of the incentive payment will be used to pay for ordinary shares in the Company (at an issue price calculated as a volume weighted average market price for the 5 trading days immediately before the date of issue) until such Executives hold a beneficial interest in shares in the Company equal to the value of their fixed remuneration. This 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 2008 in September 2008 and payments will be made subsequent to this, and in any event, by 31 October 2008. Cash bonuses have been provided for in the financial statements for 30 June 2008, but are subject to review and confirmation by the Board prior to payment.

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

Directors' report (continued)

Relationship of rewards to performance

In the opinion of the Directors the Company's remuneration policies have contributed to the Company's success in creating Shareholder value since 2005 (the Company's inaugural financial year), as demonstrated by the following table which has key measures of earnings and Shareholder returns.

	2008	2007	2006	2005
Economic Value Added (EVA)	$27.29m	$20.59m	$18.34m	$16.37m
Dividends per Share - paid and proposed (cents)	10.9 cents	9.3 cents	9.5 cents	8.4 cents
Dividends paid	$33.7m	$31.5m	$39.5m	$5.9m
Closing Share price (at 30 June)	$2.09	$1.89	$1.88	$1.76*
Earnings per Share before amortisation and impairment (cents)	12.2 cents	10.6 cents	10.2 cents	8.8 cents
Net profit after tax attributable to members of the Company	$37.43m	$32.25m	$31.49m	$30.73m
Return on capital employed (%)	34%	27%	40%	73%

During the year ended 30 June 2008 the Company commenced an on-market share buy back program. During the year 4,287,180 shares were purchased and cancelled for a total cost of $8.445 million.

* As the Company's inaugural financial year was 2005 no opening Share price has been provided.

Employment Contracts

A summary of the key employment contract terms for the Executive Key Management Personnel is provided below.
None of the non executive Directors have an employment contract with the Company.

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.

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 — **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	**Bryce Houghton**
Term	3 years
Notice Period	Either party may terminate by providing 1 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 1 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	**Scott Jones**
Term	No term specified.
Notice Period	Either party may terminate by providing 3 months' written notice. The employee may terminate by giving 2 months' written notice if there is a material diminution in the employee's responsibilities, or the employee is required to relocate outside 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	**Rod Jones**
Term	An initial fixed term of 3 years with a further term of an additional 3 years.
Notice Period	The Company may terminate at any time by giving the employee 6 months written notice. The employee may terminate his employment at any time by giving the Company 3 months written notice. The Company may terminate the employees employment immediately without notice, and without payment in lieu of notice, if the employee is guilty of, charged with, or under investigation for, any criminal or indictable offence, is disqualified from holding office under the Corporations Act, has breached any law in relation to the performance of the employee's duties, commits any serious breach of faith, or act of serious neglect or default, or performs any act, or is guilty of any omission, the likely result of which is that the Company or the business will be brought into disrepute. The Company may also terminate immediately without notice and without payment in lieu of notice if the employee is unable to perform duties due to illness, injury or incapacity.
Termination Provisions	If the Company terminates by giving 6 months written notice, the employee has no claim against the Company for compensation or damage in respect of the termination other than payment of 6 months of his remuneration.

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.

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

Remuneration of directors and key management personnel

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

(a) Directors

$ 2008	Short term benefits: Salary & Fees	Short term benefits: Cash bonus*	Short term benefits: Non monetary benefits	Post employment: Super-annuation	Post employment: Retirement benefits	Share based payment	Other long term benefit	Total	% performance related
Harvey Collins	122,727	-	2,004	33,506	-	-	-	158,237	-
Rod Jones#	569,429	532,631	3,458	85,286	-	-	5,572	1,196,376	45%
Peter Campbell	-	-	2,004	69,142	-	-	-	71,146	-
Ted Evans	72,477	-	2,004	-	-	-	-	74,481	-
James King	74,312	-	2,004	6,688	-	-	-	83,004	-
Dr Peter Larsen	-	-	2,455	63,299	-	-	-	65,754	-
Prof. Di Yerbury	47,702	-	2,004	-	-	-	-	49,706	-
	886,647	532,631	15,933	257,921	-	-	5,572	1,698,704	31%

$ 2007	Short term benefits: Salary & Fees	Short term benefits: Cash bonus*	Short term benefits: Non monetary benefits	Post employment: Super-annuation	Post employment: Retirement benefits	Share based payment	Other long term benefit	Total	% performance related
Harvey Collins	122,727	-	1,640	21,671	-	-	-	146,038	-
Rod Jones#	473,465	302,946	2,479	107,846	-	-	28,412	915,148	33%
Peter Campbell	111,012	-	1,937	246,464	95,455	-	-	454,868	-
Ted Evans	68,662	-	1,640	-	-	-	-	70,302	-
James King	-	-	1,640	69,184	-	-	-	70,824	-
Dr Peter Larsen	208,682	-	2,230	82,098	95,455	-	-	388,465	-
Prof. Di Yerbury	65,000	-	1,640	-	-	-	-	66,640	-
Trevor Flugge	26,538	-	1,640	-	-	-	-	28,178	-
	1,076,086	302,946	14,846	527,263	190,910	-	28,412	2,140,463	14%

* Cash bonus comprises the annual incentive, ValueShare Incentive Plan, payments payable in September of each financial year. 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 2008, but are subject to review and confirmation by the Board prior to payment.

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

(1) During the year Helen Zimmerman salary sacrificed $1,000 to purchase ordinary shares under the Group's Employee Share Ownership Plan, whereby each employee can salary sacrifice up to $1,000 to purchase 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).

(b) Executives

	Short term benefits			Post employment					
$ 2008	Salary & Fees	Cash bonus*	Non monetary benefits	Super-annuation	Retirement benefits	Share based payment	Other long term benefit	Total	% performance related
Tony Cullen#	181,178	107,888	14,912	52,609	-	-	10,671	367,258	28%
Hugh Hangchi#	176,608	84,281	-	17,661	-	-	1,074	279,624	30%
Neil Hitchcock#	186,788	98,573	-	40,432	-	-	1,823	327,616	30%
Bryce Houghton#	272,154	199,312	39,559	50,000	-	-	2,382	563,407	33%
Scott Jones#	69,022	49,953	-	6,902	-	-	4,231	130,108	38%
Jenny Michel#	130,946	67,733	-	24,869	-	-	282	223,830	30%
John Wood#	258,907	168,854	-	37,239	-	-	312	465,312	36%
Helen Zimmerman#	213,122	42,446	-	82,156	-	1,000(1)	(4,975)	333,749	13%
	1,488,725	819,040	54,471	311,868	-	1,000	15,800	2,690,904	30%

	Short term benefits			Post employment					
$ 2007	Salary & Fees	Cash bonus*	Non monetary benefits	Super-annuation	Retirement benefits	Share based payment	Other long term benefit	Total	% performance related
Tony Cullen#	181,410	75,297	22,068	63,849	-	-	7,376	350,000	22%
Hugh Hangchi#	160,669	54,347	-	16,351	-	-	374	231,741	23%
Neil Hitchcock#	178,109	62,314	450	39,407	-	-	-	280,280	22%
Bryce Houghton#	258,907	121,402	51,890	42,385	-	-	846	475,430	26%
Jenny Michel#	34,580	8,638	-	3,112	-	-	109	46,439	19%
John Wood#	-	30,967	-	98,654	-	-	-	129,621	24%
Helen Zimmerman#	183,837	135,961	-	93,928	-	-	8,158	421,884	32%
	997,512	488,926	74,408	357,686	-	-	16,863	1,935,395	25%

Independent Audit and Remuneration Report

The required disclosures as included on pages 105 to 113 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.

Rod Jones
Chief Executive Officer

Perth, Western Australia, 4 August 2008

Auditor's independence declaration

For the year ended 30 June 2008

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Woodside Plaze
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240 St Georges Terrace
Perth WA 6000

GPO Box A46
Perth WA 6837 Australia

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Tel: +61 (0) 2 9365 7000
Fax: +61 (0) 2 9365 7001
www.deloitte.com.au

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

4 August 2008

Dear Directors

Navitas Limited

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

As lead audit partner for the audit of the financial statements of Navitas Limited for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

Director's declaration

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

1. In the opinion of the Directors:
   (a) the financial statements and notes 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 2008 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 2008.
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 28 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

Rod Jones
Chief Executive Officer

Perth, Western Australia, 4 August 2008

Independent audit opinion

For the year ended 30 June 2008

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Perth WA 6000

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Independent Auditor's Report to the members of Navitas Limited

Report on the Financial Report

We have audited the accompanying financial report of Navitas Limited, which comprises the balance sheet as at 30 June 2008, 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 42 to 100 and 115.

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, 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.

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.

Independent audit opinion

For the year ended 30 June 2008

Deloitte.

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 Navitas 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 2008 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*; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 105 to 113 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Navitas Limited for the year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 4 August 2008

Corporate information

Directors

Executive Directors

Mr Rod Jones

Non Executive Directors

Mr Harvey Collins

Mr Peter Campbell

Mr Ted Evans

Mr James King

Dr Peter Larsen

Company Secretary

Mr Hugh Hangchi

Registered Office

Navitas Limited

Level 2, Kirin Centre

15 Ogilvie Road

Mt Pleasant WA 6153 Australia

Share Registry

Computershare Investor Services Pty Ltd

Level 2, 45 St Georges Terrace

Perth WA 6000 Australia

Auditors

Deloitte Touche Tohmatsu

240 St Georges Terrace

Perth WA 6000 Australia

Internet Address

www.navitasworld.com

Additional information

Additional information required by ASX and not shown elsewhere in this annual report is as follows. The information is current as at 8 September 2008.

The number of Shares held by the substantial Shareholders were:

Shareholder	Ordinary
Rodney Malcolm Jones	55,579,977
Peter Devon Larsen	31,240,865
Coolah Holdings Pty Ltd	29,879,594
JPMorgan Chase & Co.	20,141,501
Peter John Campbell	20,109,495
Capital Group Companies Inc	20,100,000
FMR LLC and FIL Limited	20,776,510

The number of holders of the class of ordinary shares was 1,166.

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

Distribution of Shareholders

1 - 1,000	298
1,001 – 5,000	366
5,001 – 10,000	200
10,001 – 100,000	231
100,001 – and over	71
Total	**1,1166**

The number of holders holding less than a marketable parcel of Navitas' ordinary shares, based on the market price at 8 September 2008, was 12 holders holding 972 Shares.

Top 20 Holders of Ordinary Shares

Rank	Name	Number	% of Issued Capital
1	HSBC Custody Nominees (Australia) Limited	36,125,833	10.53
2	Remjay Investments Pty Ltd	34,711,843	10.12
3	Landmark Holdings (WA) Pty Ltd	30,933,610	9.02
4	National Nominees Limited	26,439,292	7.71
5	Wonder Holdings Pty Ltd	24,997,943	7.29
6	Hoperidge Enterprises Pty Ltd	20,486,690	5.97
7	Cambo Investments Pty Ltd	19,029,971	5.55
8	Coolah Holdings Pty Ltd	17,610,117	5.13
9	J P Morgan Nominees Australia Limited	14,932,453	4.35
10	Max Shroder	9,429,443	2.75
11	Julianne Hannaford	9,361,489	2.73
12	Citicorp Nominees Pty Ltd	7,508,721	2.19
13	AMP Life Limited	6,440,331	1.88
14	Lily Investments Pty Ltd	5,527,968	1.61
15	Pictorial Holdings Pty Ltd	4,670,638	1.36
16	Cogent Nominees Pty Ltd	4,587,797	1.34
17	Luniarty Kartosudiro	4,380,364	1.28
18	Coolah Holdings Pty Ltd	4,000,000	1.17
19	ANZ Nominees Limited	3,951,673	1.15
20	Lawrence Da Silva	3,664,914	1.07
Total		**288,791,090**	**84.20**

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

The Company has a current on-market buy back for up to 5% of its issued Shares, which commenced on 25 February 2008 and has an unlimited duration.

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 Navitas will be held at the Jarrah Room, Navitas Limited, Level 2, Kirin Centre, 15 Ogilvie Road, Mount Pleasant, Western Australia on Thursday, 20 November 2008 at 11 am (WST). 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 Australia

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.

Navitas Publications

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

Navitas website

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

Glossary

ACAP	Australian College of Applied Psychology Pty Ltd
ACBT	Australian College of Business and Technology Pvt Ltd
ACE	Australian College of English Pty Ltd
ACL	ACL Pty Ltd
ACN	Australian Campus Network Pty Ltd
AIBT	Australian Institute of Business and Technology
AIPS	Australian Institute of Public Safety Pty Ltd
AMEP	Adult Migrant English Program
AQTF	Australian Quality Training Framework
ARC	Audit and Risk Committee
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
ASX Listing Rules	The official listing rules of the ASX
ATTC	Australian TESOL Training Centre
AUQA	Australian University's Quality Audits
AUSI	Australian Studies Institute
BAC	British Accreditation Council
Board	The board of directors of Navitas
CECN	Canadian Education Centres Network
CELUSA	Centre for English Language at the University of South Australia
CIC	Curtin International College
CIR	Contingent Incentive Reserve
Constitution	The constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
CRIC	Cambridge Ruskin International College
Curtin	Curtin University of Technology
Curtin Singapore or Curtin Singapore Campus	Curtin University of Technology Singapore Campus
CUS	Curtin University Sydney
Cytech	Cytech Intersearch Pty Ltd
DEC	Darwin English Centre
Directors	Directors of Navitas
EAP	English for Academic Purposes
EBITDA	Earnings before interest, taxation, depreciation and amortisation
ECU	Edith Cowan University
EduGlobal or EGC	EduGlobal China
EGL	EduGlobal Logistics
EGM	EduGlobal Media
EIBT	Eynesbury Institute of Business and Technology
ELICOS	English Language Intensive Courses for Overseas Students
EOL	Employment Overseas Limited
EPS	Earnings per Share
ESOS	Education Services for Overseas Students
ESOS Act	Education Services for Overseas Students Act 2000 (Cth)

EVA	Economic value added®
Eynesbury	Eynesbury International
FEE-HELP	A government loan facility for eligible students enrolled in fee paying, post-graduate non-research courses
FIC	Fraser International College
Group or Navitas Group	Navitas and its subsidiary companies
HELC	Hawthorn English Language Centre
HIBT	Hertfordshire International College of Business and Technology
ICM	International College of Manitoba
ICWS	International College Wales Swansea
IELTS	International English Language Testing System
IHSS	Integrated Human Settlement Strategy
LIBT	London International College of Business and Technology
LLNP	Language, Literacy and Numeracy Program
LMT	LM Training Specialists Pty Ltd
MEG	Melbourne Education Group Pty Ltd
MIBT	Melbourne Institute of Business and Technology Pty Ltd
MQC	Macquarie City Campus
NARI	Navitas Applied Research Institute
Navitas or Company	Navitas Limited ACN 109 613 309
NEAS	National ELT Accreditation Scheme
NRC	Nomination and Remuneration Committee
OUA	Open Universities Australia
PIBT	Perth Institute of Business and Technology Pty Ltd
Pollin8	Pollin8 Pty Ltd (formerly CSM Knowledge Pty Ltd)
QIBT	Queensland Institute of Business and Technology Pty Ltd
RTO	Registered Training Organisation
SAIBT	South Australian Institute of Business and Technology Pty Ltd
SEC	Sydney English Centre
SFU	Simon Fraser University
Share Registry	Computershare Investor Services Pty Ltd
Shareholder	A holder of a Share
Shares	Fully paid ordinary shares in the capital of the Company
SIBT	Sydney Institute of Business and Technology Pty Ltd
SOL	Study Overseas Limited
StudyLink	Learning Information Systems Pty Ltd trading as StudyLink
TESOL	Teachers of English to Speakers of Other Languages
TVP	Target variable pay
VTE	Vocational Training and Education
WACC	Weighted average cost of capital

Business contact details

Your World of English

Australian College of English (ACE)

Level 4, 11 York Street
11 York Street
Sydney NSW 2000 Australia
T +61 2 9389 0133 F +61 2 9389 6880
E info@ace.edu.au
www.ace.edu.au
CRICOS Provider Code 00289M (NSW)
CRICOS Provider Code 02252G (WA)
CRICOS Provider Code 00711B (QLD)

ACL

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Sydney NSW 2000 Australia
T +61 2 9252 3788 F +61 2 9252 3799
E enquiry@acl.edu.au
www.acl.edu.au
CRICOS Provider Code 00031D (NSW)
CRICOS Provider Code 02783C (NT)

Hawthorn English (HELC)

442 Auburn Road
Hawthorn VIC 3122 Australia
T +61 3 9810 3218 F +61 3 9810 3242
E enquiries@hawthornenglish.edu.au
www.hawthornenglish.edu.au
CRICOS Provider code 02931G

LM Training Specialists

LM Training Specialists (LMT)

Level 7, 68 Grenfell Street
Adelaide SA 5000 Australia
T +61 8 8100 7200 F +61 8 8100 7299
E lm@languagecentre.com.au
www.languagecentre.com.au

Your World at University

Australian College of Business and Technology (ACBT)

442 Galle Road
Colombo 03, Sri Lanka
T +94 11 471 4393 F + 94 11 471 4394
E info@acbt.lk
www.acbt.net
In association with Edith Cowan University

Australian Campus Network (ACN)

Level 1, 65 York Street
Sydney NSW 2000 Australia
T +61 2 9397 7600 F +61 2 9397 7601
E info@auscampus.net
www.auscampus.net
Courses conducted on behalf of La Trobe University
CRICOS Provider Code La Trobe University 02218K (NSW)
In association with Edith Cowan University

Australian Institute of Business and Technology (AIBT)

Unit 1 Kabulonga Shopping Complex
Chindo Road, Kabulonga
Lusaka Zambia
T +260 1 260864 F +260 1 260864
E info.aibt@aibt.co.zm
www.aibt.co.zm
In association with Edith Cowan University

Australian Studies Institute (AUSI)

Centro House, Westlands
Nairobi Kenya
T + 254 20 444 1110 F +254 20 444 1120
E info@ausied.com
www.ausied.com
In association with Edith Cowan University

Perth

Curtin International College (CIC)

at Curtin University of Technology
Building 205, Curtin Bentley Campus
Kent Street and Hayman Road
Bentley WA 6102 Australia
T +61 8 9266 4888 F +61 8 9266 4889
E info@cic.wa.edu.au
www.cic.wa.edu.au
In association with Curtin University of Technology
CRICOS Provider code 02042G

Cambridge Ruskin International College (CRIC)

at Anglia Ruskin University
Coslett Building (Cos 415), East Road
Cambridge CB1 1PT United Kingdom
T +44 1223 695700 F +44 1223 698 763
E cric@anglia.ac.uk
www.cric-uk.co.uk
An associate college of Anglia Ruskin University

Sydney Campus

The Sydney Campus of Curtin University of Technology (Curtin Sydney)

Curtin House, 39 Regent Street
Chippendale NSW 2000 Australia
T +61 2 8390 7888 F +61 2 8390 7899
E info@sydney.curtin.edu.au
www.sydney.curtin.edu.au
In association with Curtin University of Technology
CRICOS Provider Code 02637B

Eynesbury Institute of Business and Technology (EIBT)

14-16 Grote Street
Adelaide SA 5000 Australia
T +61 8 8410 8062 F +61 8 8410 5499
E eynesbury@navitasworld.com
www.eibt.sa.edu.au
In association with the three South Australian Universities
CRICOS Provider code 00561M (Educational Enterprises Australia Pty Ltd)

For personal use only

Eynesbury

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T +61 3 8410 5266 F +61 3 8410 5254
E city@eynesbury.sa.edu.au
www.eynesbury.sa.edu.au
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International College Wales Swansea (ICWS)

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Singleton Park, Swansea SA2 8PP
Wales United Kingdom
T + 44 1792 602888 F +44 1792 602889
Email icws@swansea.ac.uk
www.icws-uk.co.uk
An affiliate college of Swansea University

Perth Institute of Business and Technology (PIBT)

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Building 10, Mt Lawley Campus, 2 Bradford Street
Mt Lawley WA 6050 Australia
T +61 8 6279 1100 F +61 8 6279 1111
E info@pibt.wa.edu.au
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CRICOS Provider Code 01312J

Fraser International College (FIC)

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Burnaby Campus, Discovery park
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Burnaby BC V5A 4W9 Canada
T +1 778 782 5011 F +1 778 782 5101
E info@fraseric.ca
www.fraseric.ca
In association with Simon Fraser University

London International College of Business and Technology (LIBT)

at Brunel University
Kingston Lane, Uxbridge
Middlesex UB8 3PH United Kingdom
T +44 1895 265 540 F +44 1895 269 704
E libt@brunel.ac.uk
www.libt.uk.com
In association with Brunel University

Queensland Institute of Business and Technology (QIBT)

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Mt Gravatt QLD 4111 Australia
T +61 7 3735 6900 F +61 7 3735 6901
E qibt@navitasworld.com
www.qibt.qld.edu.au
In association with Griffith University
CRICOS Provider Code 01737F

Hertfordshire Institute of Business and Technology (HIBT)

at University of Hertfordshire
College Lane Campus, Hatfield
Herts AL10 9AB United Kingdom
T +44 1707 28 5590 F +44 1707 28 5591
E hibt@herts.ac.uk
www.hibt.uk.com
An associate college of University of Hertfordshire

macquarie city campus

Macquarie City Campus (MQC)

Level 2, 11 York Street
Sydney NSW 2000 Australia
T +61 2 9964 6533 F +61 2 9964 6588
E info@city.mq.edu.au
www.city.mq.edu.au
In association with Macquarie University
CRICOS Provider Code Macquarie University 00002J

South Australian Institute of Business and Technology (SAIBT)

University of South Australia, City East Campus
Brookman Building, North Terrace
Adelaide SA 5000 Australia
T + 61 8 8302 1555 F +61 8 8302 1557
E saibt@navitasworld.com
www.saibt.sa.edu.au
In association with University of South Australia
CRICOS Provider Code 02193C

International College of Manitoba (ICM)

at University of Manitoba, Fort Garry Campus
Room 508, University Centre
Winnipeg Manitoba R3T 2N2 Canada
T + 1 204 474 8479 F +1 204 474 8420
E info@icmanitoba.ca
www.icmanitoba.ca
Your pathway to University of Manitoba

Melbourne Institute of Business and Technology (MIBT)

at Deakin University
Melbourne Campus at Burwood
221 Burwood Highway
Burwood VIC 3125 Australia
T +61 3 9244 5197 F +61 3 9244 5198
E mibt@deakin.edu.au
www.mibt.vic.edu.au
In association with Deakin University
CRICOS Provider code 01590J

Sydney Institute of Business and Technology (SIBT)

at Macquarie University
North Ryde NSW 2109 Australia
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E sibt@navitasworld.com
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CRICOS Provider Code 01576G

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Your World at Work

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