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*20 April 2015*

by Laura Nordlund, Authorized Public Translator Nr 793, Legal, Financial and Administrative Services Agency (Kammarkollegiet) Swedish to English



*L. Nordlund  
1(14)*

**Annual report**  
**for**  
**Explorius Education AB**

556721-0819

Financial year

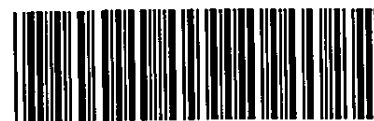
2013-09-01 - 2014-08-31

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*CeT Language Schools Limited*

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COMPANIES HOUSE

The Board of Directors and CEO for Explorius Education AB hereby present  
for the financial year 2013-09-01 — 2014-08-31

## Directors' Report

### Information about the business

The business currently consists of marketing and sale of school years for youth in the Nordic countries to foreign countries. This has primarily involved school years at the high school level in USA, Australia, New Zealand, Canada, South Africa, Japan, China, Mexico, Germany, England, Italy, France, Mexico and Brazil. The business also consists of continued representation of more than 100 American schools (high school, college and university) which are marketed in China and other Asian countries.

The company's sales have grown considerably due to increases in volume in all of its markets.

The company's goal is still to become a leading player in the sale of school years and other international education products in Europe and Asia. The company aims to have continued strong growth of both revenues and profitability via geographic and product expansion.

The company is a wholly owned subsidiary of FIFiS Utbildningsfabrik AB.

The company has 13 subsidiaries in 9 countries, of which 12 are wholly owned and 1 is partly owned. It also has 3 partly owned (50%) associated companies in 3 countries.

### Significant events during the financial year

The company purchased ICM Ltd and SCCE Travel PTY LTD in Australia and started a new subsidiary, Educatius College & University Service Inc. It also started two new associated companies: Educatius Cultural Exchange Programs and Educatius UK.

Multi-year review (SEK thousand)	2013/2014	2012/13	2011/12	2010/11	2009/10
Net sales	201 776	200 826	136 001	92 715	65 091
Income after net interest income	4 698	30 815	10 581	4 432	5 300
Equity	35 723	28 545	10 184	6 989	6 930
Equity ratio (%)	28	26	26	28	30



**Proposed appropriation of profits**

The Board proposes the following appropriation of profits (SEK)

Profit brought forward	27 545 561
Net profit (loss) for the year	7 177 459
	<b>34 723 020</b>

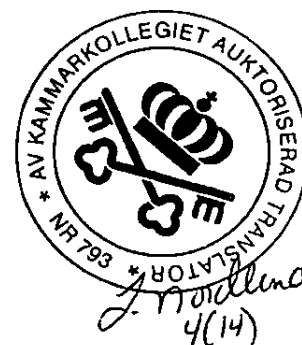
**Appropriated as follows**

Distributed as dividends to shareholders	7 000 000
Carried forward	27 723 020
	<b>34 723 020</b>

The company's profit (loss) and financial position are presented in the following income statements balance sheets and notes to the financial statements



Income statement	Note	2013-09-01	2012-09-01
		2014-08-31	2013-08-31
<b>Operating income</b>			
Net sales		201 776 429	200 826 444
Other operating income		4 566 439	31 174
<b>Total operating income</b>		<b>206 342 868</b>	<b>200 857 618</b>
<b>Operating costs</b>			
Production costs		-173 529 831	-160 567 860
Other external costs	22	-18 698 244	-14 177 975
Personnel costs	1	-18 564 530	-15 374 685
Depreciation of property, plant and equipment	2	-22 134	-26 618
Other operating expenses		0	-388 636
<b>Total operating expenses</b>		<b>-210 814 739</b>	<b>-190 535 774</b>
<b>Operating profit (loss)</b>		<b>-4 471 871</b>	<b>10 321 844</b>
<b>Profit/loss from financial items</b>			
Profit/loss from participations in Group companies	3	8 935 869	23 074 936
Profit/Loss from Participations in Group Companies	4	0	-3 000 000
Other interest income and similar profit (loss) items		838 358	432 234
Interest expenses and similar profit (loss) items		-603 897	-13 930
<b>Total financial items</b>		<b>9 170 330</b>	<b>20 493 240</b>
<b>Profit/loss after financial items</b>		<b>4 698 459</b>	<b>30 815 084</b>
Appropriations	5	2 479 000	-12 422 312
<b>Profit (loss) before taxes</b>		<b>7 177 459</b>	<b>18 392 772</b>
Tax on profit for the year		0	-31 336
<b>Net profit (loss) for the year</b>		<b>7 177 459</b>	<b>18 361 436</b>



Balance sheet	Note	2014-08-31	2013-08-31
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Property, plant and equipment</i>			
Equipment	6	0	22 133
<i>Financial assets</i>			
Participations in Group companies	7,8	34 230 852	34 990 442
Participations in associated companies	9 10	5 369 290	2 825 000
Other long-term liabilities	11,12	3 760 259	2 560 259
		<b>43 360 401</b>	<b>40 375 701</b>
<b>Total non-current assets</b>		<b>43 360 401</b>	<b>40 397 834</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivable - trade		3 658 995	260 971
Receivables from Group companies		16 780 720	25 489 104
Receivables from associated companies		661 204	0
Current tax assets		1 453 753	0
Other receivables		2 937 090	2 603 899
Prepaid expenses and accrued income	13	8 879 852	7 971 446
<b>Total current receivables</b>		<b>34 371 614</b>	<b>36 325 420</b>
<i>Cash and bank balances</i>	20	60 559 805	50 414 485
<b>Total current assets</b>		<b>94 931 419</b>	<b>86 739 905</b>
<b>TOTAL ASSETS</b>		<b>138 291 820</b>	<b>127 137 739</b>



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<b>Balance sheet</b>	<b>Note</b>	<b>2014-08-31</b>	<b>2013-08-31</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>14</b>		
<i>Restricted equity</i>			
Share capital		1 000 000	1 000 000
<i>Non-restricted equity</i>			
Profit or loss brought forward		27 545 561	9 184 125
Net profit (loss) for the year		7 177 458	18 361 436
<b>Total non-restricted equity</b>		<b>34 723 019</b>	<b>27 545 561</b>
<b>Total equity</b>		<b>35 723 019</b>	<b>28 545 561</b>
<b>Untaxed reserves</b>	<b>15</b>	<b>4 602 000</b>	<b>7 181 000</b>
<b>Provisions</b>			
Other provisions	16	4 672 498	3 181 378
<b>Non-current liabilities</b>			
Other liabilities	17	6 992 104	10 569 120
<b>Current liabilities</b>			
Accounts payable - trade		8 911 284	3 940 516
Liabilities to Group companies		22 749 120	21 522 559
Current tax liability		0	312 270
Other liabilities		6 537 485	3 647 128
Accrued expenses and deferred income	18	48 104 310	48 238 207
<b>Total current liabilities</b>		<b>86 302 199</b>	<b>77 660 680</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>138 291 820</b>	<b>127 137 739</b>

**PLEDGED ASSETS AND CONTINGENT LIABILITIES**

<b>Pledged assets</b>	<b>19</b>		
<i>For own liabilities and provisions</i>			
Chattel mortgages		1 000 000	1 000 000
Pledge of bank accounts		322 781	317 998
Long-term receivables		3 760 259	2 560 259
		5 083 040	3 878 257
<b>Contingent liabilities</b>			
Sureties		23 564 625	None
		23 564 625	



**Cash flow statement**

	2014-08-31	2013-08-31
<b>Operating activities</b>		
Profit/loss after financial items	4 698 459	30 815 094
Adjustments for items not included in cash flow	21 1 054 147	-19 218
Tax paid	-1 766 023	-1 340 332
<b>Cash flow from operating activities before changes in</b>	<b>3 986 583</b>	<b>29 455 534</b>
<b>Cash flow from changes in working capital</b>		
Change in accounts receivable	-3 398 024	-134 405
Change in current receivables	6 805 583	-19 429 081
Change in accounts payable	4 970 768	3 083 323
Changes in current liabilities	3 983 021	36 318 348
<b>Cash flow from operating activities</b>	<b>12 361 348</b>	<b>49 293 719</b>
<b>Investing activities</b>		
Investments in financial assets	-7 025 595	-35 775 414
Shareholder contribution repaid by Group companies	4 500 000	0
<b>Cash flow from investing activities</b>	<b>-2 525 595</b>	<b>-35 775 414</b>
<b>Financing activities</b>		
Changes in non-current liabilities	-3 577 016	10 569 120
Group contribution paid	-100 000	-12 422 312
<b>Cash flow from financing activities</b>	<b>-3 677 016</b>	<b>-1 853 192</b>
<b>Cash flow for the year</b>	<b>10 145 320</b>	<b>11 665 113</b>
<b>Cash and cash equivalents at the beginning of the year</b>		
Cash and cash equivalents at the end of the year	50 414 485	38 749 372
Cash and cash equivalents at the end of the year	60 559 805	50 414 485



## Supplementary Disclosures

### Accounting and valuation principles

#### General disclosures

The annual report was prepared in accordance with the Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board

Receivables are reported at net realizable value (NRV)

Unless otherwise stated other assets and liabilities are reported at cost

The accounting principles are unchanged compared to the prior year

Group contributions are recognized through profit or loss

#### Revenue Recognition

Revenue is reported at the fair value of what the company has received or will receive. This means that the company reports revenue at nominal value (invoiced amount) if it receives compensation in the form of cash equivalents at the time of delivery. A deduction is recorded for any discounts that have been provided.

#### Non-current assets

Non-current assets are reported at cost less accumulated depreciation according to plan and any impairment losses

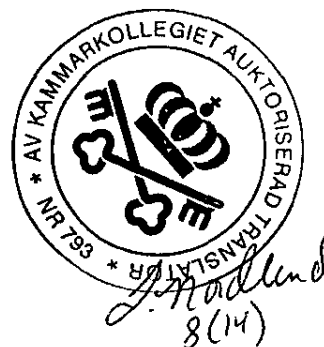
#### Group structure

The company is the parent company, but in accordance with the exemption rules stated in Chapter 7 Paragraph 2 of the Swedish Annual Accounts Act it does not prepare its own consolidated financial statements. The controlling parent company, FriFiSi Utbildningsfabrik AB CIN 556759-3123 domiciled in Alingsås prepares the consolidated financial statements

Purchases from subsidiaries amounted to SEK 31,959,330 (24,479,738)

Sales to subsidiaries amounted to SEK 14,887 118 (2,324,413)

Interest was charged to subsidiaries for SLK 553 593 (389,142)





## Notes

### Note 1 Employee and personnel costs

2013-09-01	2012-09-01-
2014-08-31	2013-08-31

#### Average number of employees

Women	13	13
Men	11	6,5
<b>Total</b>	<b>24</b>	<b>19,5</b>

#### Salaries, other remuneration and payroll overheads including pension costs

Salaries and other remuneration	12 814 259	10 040 354
(of which Board and President)	(920 000)	(928 500)
Payroll overheads and pension costs	3 735 317	3 344 534
(of which pension costs for the Board and President)	(159 431)	(173 513)
(of which pension costs for other employees)	(515 367)	(443 302)
<b>Total salaries, other remuneration, payroll overheads and pension costs</b>	<b>16 549 576</b>	<b>13 384 888</b>

### Note 2 Depreciation and impairment

Non-current assets are depreciated according to plan over the estimated useful life  
The following percentages are used to calculate depreciation

#### Property, plant and equipment

Equipment	20%
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### Note 3 Profit/loss from participations in Group companies

2013-09-01	2012-09-01
2014-08-31	2013-08-31

Dividends	8 476 764	18 574 936
Reversal of impairment losses	459 105	4 500 000
<b>Total</b>	<b>8 935 869</b>	<b>23 074 936</b>

### Note 4 Profit/loss from participations in associated companies

2013-09-01	2012-09-01
2014-08-31	2013-08-31

Impairment	0	-3 000 000
<b>Total</b>	<b>0</b>	<b>-3 000 000</b>



<b>Note 5 Appropriations</b>		<b>2013-09-01 2014-08-31</b>	<b>2012-09-01 2013-08-31</b>
Group contribution paid		-100 000	-12 422 312
Reversal of tax allocation reserve		2 579 000	0
		<b>2 479 000</b>	<b>-12 422 312</b>
<b>Note 6 Equipment</b>		<b>2014-08-31</b>	<b>2013-08-31</b>
Opening cost		272 930	272 930
<b>Closing accumulated cost</b>		<b>272 930</b>	<b>272 930</b>
Opening depreciation		-250 797	-224 179
Depreciation for year		-22 133	-26 618
<b>Closing accumulated depreciation</b>		<b>-272 930</b>	<b>-250 797</b>
<b>Total carrying amount</b>		<b>0</b>	<b>22 133</b>
<b>Note 7 Shares in Group companies</b>		<b>2014-08-31</b>	<b>2013-08-31</b>
Opening cost		35 471 664	5 366 507
Purchases		3 281 305	30 105 157
Sales/disposals		0	0
Shareholder contribution repaid from Group companies		-4 500 000	
<b>Closing accumulated cost</b>		<b>34 252 969</b>	<b>35 471 664</b>
Opening impairment losses		-481 222	-4 981 222
Reversed impairment losses		459 105	4 500 000
<b>Closing accumulated impairment losses</b>		<b>-22 117</b>	<b>-481 222</b>
<b>Total carrying amount</b>		<b>34 230 852</b>	<b>34 990 442</b>
<b>Note 8 Specification of shares in Group companies</b>			
<b>Name</b>	<b>Share of equity</b>	<b>Share of votes</b>	<b>Carrying amount</b>
Explorius Education Oy	100%	100%	23 551
Explorius Education AS	100%	100%	132 126
Explorius Education ApS	100%	100%	174 107
Explore Tours Fair travel of Sweden	100%	100%	459 106
Educatus Inc	100%	100%	55 500
CET Management Limited	100%	100%	27 862 510
European Hotel & Tourism Academy GmbH	100%	100%	1
CET International Inc	100%	100%	663 625
CET Language Schools Limited	100%	100%	1 260 887
Intercultural Management Services med säte i Austr	100%	100%	3 535 799
Educatus College & University Services, Inc	91%	91%	63 628
CET Educational Travel Canada Limited	100%	100%	12
SCCE Travel PTY LTD	100%	100%	1
			<b>34 230 852</b>



Name	CIN	Domicile	Equity	Net profit (loss) for the year
Explorius Education Oy	556721081-9	Finland	2 992 133	1 273 450
Explorius Education AS	992794941	Norway	205 747	57 012
Explorius Education ApS	32552218	Denmark	4 321 416	3 281 583
Explore Tours Fair travel of Sweden	556800-8311	Sweden	459 271	45 092
Educatus Inc	26-4005699	USA	-1 865 262	-1 485 367
CET Management Limited	3423974	England	15 163 501	10 036 876
European Hotel & Tourism Academy GmbH	723250152	Germany	-832 277	-266 970
CET International Inc	45-1775570	US	-1 613 511	-42 078
CET Language Schools Limited	3915611	England	-822 653	-326 263
Intercultural Management Services	006869861	Australia	524 976	711 376
Educatus College & University Services, Inc	45-5518637	USA	32 010	-101 931
CET Educational Travel Canada Limited	85982 8295 RC0001	Canada	-7 484 625	-1 894 956
SCCE Travel PTY LTD	ACN053696709	Australia	75 024	-9 711

CET Language Schools Limited, is a wholly owned subsidiary registered in USA with CIN 03915611 and it is not subject to the "Companies Act 2006" regarding audit of financial statements in section 479 A of The Act

**Note 9 Participations in Associated Companies**

	2014-08-31	2013-08-31
Opening cost	5 825 000	1 325 000
Shareholder contribution made	2 500 000	4 500 000
Purchases	44 290	0
Closing accumulated cost	8 369 290	5 825 000
Opening impairment losses	-3 000 000	0
Impairment losses for the year	0	-3 000 000
Closing accumulated impairment losses	-3 000 000	-3 000 000
<b>Total carrying amount</b>	<b>5 369 290</b>	<b>2 825 000</b>

**Note 10 Specification of shares in associated companies**

Name	Share of equity	Share of votes	Number shares	Carrying amount
Payrus AB	50%	50%	250	2 825 000
Educatus Cultural Exchange Programs	50%	50%	50	43 711
Educatus UK	50%	50%	50	579
				<b>2 825 000</b>
Name	CIN	Domicile	Equity	Net profit (loss) for the year
Payrus AB	556819-117	Alingsås	296 771	-2 702 255
Educatus Cultural Exchange Programs	46-4372196	US	-4 244	-91 666
Educatus UK	8555156	England	-	-



Note 11 Other long-term receivables	2014-08-31	2013-08-31
Opening cost	2 560 259	1 390 000
Additional receivables	1 200 000	1 170 259
Closing accumulated cost	3 760 259	2 560 259
<b>Total carrying amount</b>	<b>3 760 259</b>	<b>2 560 259</b>

Note 12 Other long-term receivables	Carrying amount	Market value
Endowment insurance	3 760 259	3 859 555
	3 760 259	3 859 555

Note 13 Prepaid expenses and accrued income	2014-08-31	2013-08-31
Accrued interest income	29 453	16 845
Accrued income	4 271 783	7 203 651
Prepaid expenses	4 578 616	750 950
	8 879 852	7 971 446

**Note 14 Changes in equity**  
Number of shares 10 000

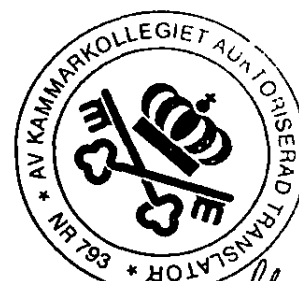
	Share capital	Retained earnings	Net profit (loss) for the year
Amount at the beginning of the year	1 000 000	9 184 125	18 361 436
Appropriation as decided by the year's AGM		18 361 436	18 361 436
Net profit (loss) for the year			7 177 458
<b>Amount at year end</b>	<b>1 000 000</b>	<b>27 545 561</b>	<b>7 177 458</b>

Note 15 Untaxed reserves	2014-08-31	2013-08-31
Tax allocation fund, Tax 2009	0	537 000
Tax allocation fund Tax 2010	0	1 368 000
Tax allocation fund, Tax 2011	402 000	1 076 000
Tax allocation fund, Tax 2012	1 500 000	1 500 000
Tax allocation fund Tax 2013	2 700 000	2 700 000
<b>Total</b>	<b>4 602 000</b>	<b>7 181 000</b>



*J. Nordlund*  
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<b>Note 16 Other provisions</b>	<b>2014-08-31</b>	<b>2013-08-31</b>
Provision for pensions linked to endowment insurance and future payroll tax	4 672 498	3 181 378
<b>Note 17 Non-current liabilities</b>	<b>2014-08-31</b>	<b>2013-08-31</b>
<b>Fall due more than one year and less than 5 years from the balance sheet date</b>		
Other non-current liabilities	6 992 104	10 569 120
<b>Note 18 Accrued expenses and deferred income</b>	<b>8/31/2014</b>	<b>2013-08-31</b>
Accrued personnel expenses	1 935 139	2 039 880
Accrued expenses for housing travel and school fees	40 029 505	42 620 554
Other accrued expenses and deferred income	6 139 666	3 577 773
<b>Total</b>	<b>48 104 310</b>	<b>48 238 207</b>
<b>Note 19 Pledged assets</b>		
Chattel mortgages and pledged bank accounts have been provided as collateral for guarantees that have been made		
A non-current receivable has been pledged as collateral for pension obligations		
<b>Note 20 Bank overdraft</b>	<b>2014-08-31</b>	<b>2013-08-31</b>
The amount granted for bank overdraft is	5 800 000	5 800 000
<b>Note 21 Adjustment for items not included in cash flow, etc</b>	<b>2014-08-31</b>	<b>2013-08-31</b>
Depreciation	22 134	26 618
Change in provisions	1 491 120	145 464
Impairment losses	0	3 000 000
Reversal of impairment losses	-459 105	-4 500 000
	<b>1 054 149</b>	<b>-19 218</b>



Note 22 Auditors' fees and expenses

	2014-08-31	2013-08-31
Audit	119 150	78 844
Consulting fee	4 950	3 400
	124 099	82 244

Alingsås 27 February 2015

Tom Ericsson  
President/CEO

Anna Karin Ericsson

Egil Jakobsen Loft

Lars Holmblad

Alf Lindqvist

My audit report was submitted on 27 February 2015

Thorbjörn Wängvik  
Authorised Public Accountant



HJORTEN  
REVISION

**Auditor's report**

**To the AGM of Explorius Education AB**

CIN 556721-0819

**Report on the annual report**

I have audited the annual report for Explorius Education AB for the financial year  
2013-09-01 - 2014-08-31

***The Board of Directors' and CEO's responsibility for the annual report***

The Board of Directors and CEO are responsible for preparing an Annual Report that provide a true and fair view in accordance with the Annual Accounts Act and for ensuring that internal controls are in place that the Board and CEO deem necessary in order to prepare an annual report that is free from material misstatement whether caused by fraud or other irregularity or error

***Auditor's responsibility***

My responsibility is to based on my audit express an opinion on the annual report I have conducted the audit in accordance with with International Standards on Auditing and generally accepted auditing standards in Sweden Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report is true of material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report The auditor decides which actions to take by for example assessing the risk of material misstatement in the annual report whether due on fraud or error In making this risk assessment the auditor considers the internal controls relevant to the company's preparation of an annual report that gives a true and fair view in order to design audit procedures that are appropriate to the circumstances but not for the purpose of expressing an opinion on the effectiveness the company's internal control An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the Board's and CEO's estimates used for reporting purposes as well as evaluating the overall presentation of the annual report

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion

***Opinion***

In my opinion the annual report has been prepared in accordance with the Annual Accounts Act and in all material respects gives a true and fair view of Explorius Education AB's financial position as of 31 August 2014 and of their financial performance for the year in accordance with the Annual Accounts Act The Directors' report is consistent with the other parts of the annual report

I therefore recommend that the AGM should adopt the income statement and balance sheet

Explorius Education AB, CIN 556721-0819

