ASX Announcement

18 December 2014

Australian Securities Exchange Limited

Via e-lodgement – ASX Code ICT

GROWTH ACCELERATES WITH BINDING AGREEMENTS IN PLACE FOR FURTHER SIGNIFICANT ACQUISITIONS

- iCollege has signed binding Heads of Agreements ("HOA") to acquire the Management Institute of Australia Pty Ltd **("MIA")** and Mathisi Pty Ltd **("Mathisi")**
- MIA and Mathisi are both Vocational Education and Training (VET) accredited Registered Training Organisations (**"RTO's"**) with combined FY14 revenue of $9.4m and EBIT of $2.8m (unaudited)
- The acquisitions position iCollege as a leader in fully accredited online education in Australia, with increased scope to expand internationally
- Acquisition terms for MIA are $2m cash upon completion, representing less than 1x MIA's FY14 EBIT of $2.2m (unaudited). The balance of the deferred consideration is $8m and will be staged in cash and scrip payments upon MIA meeting specific EBIT targets over the next 3 financial years
- Acquisition terms for Mathisi are $550k cash upon completion, representing less than 1x FY14 EBIT of $585k (unaudited). The second and final payment of $350k will be payable on Mathisi achieving EBIT of $850k for FY15

iCollege (ASX: ICT) is pleased to announce that it has entered into binding Heads of Agreements to acquire 100% of the shares in both the Management Institute of Australia Pty Ltd and Mathisi Pty Ltd.

The acquisitions are in line with iCollege's previously stated strategy of acquiring education providers whereby the Company is able to leverage its cutting edge technology to improve the online learning experience for students and to offer a more flexible learning environment via an increased online course offering.

These immediate EPS accretive acquisitions are particularly significant for iCollege, as they provide a significantly expanded course offering, solid earnings and scalable growth opportunities. The financial performance of MIA and Mathisi are expected to further improve as iCollege successfully integrates the businesses and applies its proprietary technology to fully maximise the potential of online learning.

Alongside the previously announced and successfully completed acquisitions of The Bookkeeping School and Dynamic Learning Services, MIA and Mathisi position iCollege as a major force in online education in Australia.

About the Management Institute of Australia

The Management Institute of Australia established its RTO operations in 2005 and in 2011 the company established a unique model in the Australian VET sector. The model involved not only establishing one or more teaching organisations; but rather developing a sophisticated, 'systems-driven' RTO model which has been adopted by a range of private education businesses. The model is predicated by having a flexible training delivery utilising online platforms.

The vision has been to be recognised within Australia and globally as a private provider of post-secondary education of the highest quality that produces graduates with relevant and contemporary skills and capabilities for professional practice. The Management Institute of Australia is committed to the continuous development and transfer of knowledge to enhance professional performance for its students, corporate partners and stakeholders. This vision is shared by iCollege and significant synergies exist.

With a combined scope of 70 Accredited and nationally recognised courses and many more non-accredited courses; MIA has been well positioned for national and international expansion, making it an ideal fit for the iCollege business model. Courses are offered across 22 industries, including Business, Logistics, Beauty and Massage, Fitness, Automotive, Rural, Childcare, Aged Care and Workplace Health and Safety.

The main portal for the MIA business can be found at www.mia.edu.au.

About Mathisi Pty Ltd

Mathisi is a well established Brisbane based RTO specialising in Business and Retail qualifications, delivering Nationally Recognised Training. The fully accredited business has been operating for 5 years and has established a strong position in the market via the delivery of high quality training using proven course materials. This has resulted in a 99% completion rate and excellent student feedback.

With excellent processes, systems and procedures, knowledgeable staff, long-term management, and a solid compliance regime in place, Mathisi operates to a standard that iCollege expects across all its business units. With multiple income streams and low operating costs, Mathisi is already a highly profitable enterprise that has an exciting growth profile. Mathisi is particularly experienced in dealing with retail and hospitality food chains; industries whereby iCollege expects to demonstrate significant growth over the next 12 months.

Mathisi is an approved Pre-Qualified Supplier for the Department of Education, Training and Employment and has an exceptional completion rate in the delivery of traineeships. All training courses currently provided by Mathisi are tailor made for the employer to their specific needs. These specialised training programs are flexible, and firmly place the focus on measurable outcomes for employers.

Mathisi's current website can be found at www.mathisi.com.au.

iCollege Executive Director, Mr Ross Cotton commented:

"These acquisitions reaffirm our strategy of expanding through the acquisition of profitable value accretive Registered Training Organisations. On completion of these transactions, iCollege will be positioned to become a major player in the online education market with baseline revenues of $12.4m and EBIT of $3.8m (based on FY 2014).

We expect to successfully demonstrate our integration strategies and the application of our technology to these already very impressive businesses' to rapidly grow our consolidated financial performance. We are extremely excited by the prospect of working with the management teams of both MIA and Mathisi who join us in our vision of building the most respected and profitable online educator in Australia."

The terms of the acquisition of MIA are:

Total purchase price of AUD $10m to be paid as follows:

(i) $2m cash at settlement;

(ii) Deferred consideration of $8M to be paid over three performance hurdles:

(a) MIA reaching an EBIT of $2,000,000 for the financial year ending 30 June 2015, a payment of $1m in cash, and payment of $1m cash on 23 December 2015;

(b) MIA reaching an EBIT of $4,000,000 for the financial year ending 30 June 2016, a payment of $1.25m cash and $1.25m in ICT Shares (calculated as a VWAP of ICT shares for the 21 days preceding issue);

(c) MIA reaching an EBIT of $6,000,000 for the financial year ending 30 June 2017, a payment of $1.75m cash and $1.75m in ICT Shares (calculated as a VWAP of ICT shares for the 21 days preceding issue);

(d) the CEO remaining with the company and signing an employment agreement.

The issue of the consideration shares will be subject to shareholder approval at the time these hurdles are met. If shareholder approval is not granted, settlement will occur by way of cash.

Conditions Precedent for the acquisition of MIA are:

The parties acknowledge and agree that Completion pursuant to the Final Agreements will be subject to the following conditions:

(i) ICT successfully completing a placement and/or finance;

(ii) ICT satisfactorily completing due diligence by expiration of the Exclusivity Period (45 days);

(iii) ICT obtaining shareholder approval of relevant matters under the ASX listing rules and the Corporations Act (if required);

(iv) ICT receiving confirmation from ASX that Listing Rule 11.1.3 will not apply to the Transaction;

(v) the RTO Registration remaining valid and in force.

The terms of the acquisition of Mathisi are:

Total purchase price of AUD $900,000 to be paid as follows:

(i) $550,000 cash at settlement; and

(ii) Deferred consideration of $350,000 to be paid as follows:

(a) Mathisi reaching a minimum EBIT of $850,000 during the financial year ending 30 June 2015;

(b) where the Company's EBIT during the financial year ending 30 June 2015 is less than $850,000 the deferred consideration will be reduced proportionally.

Conditions Precedent for the acquisition of Mathisi:

The parties acknowledge and agree that Completion pursuant to the Final Agreements will be subject to the following conditions:

(i) ICT satisfactorily completing due diligence by expiration of the Exclusivity Period (45 days);

(ii) ICT obtaining shareholder approval of relevant matters under the ASX listing rules and the Corporations Act (if required);

(iii) the RTO Registration remaining valid and in force.

Further details on iCollege's integration strategy, key operational synergies and acquisition financing will be provided in an Investor Presentation, with an Investor Roadshow planned for the second half of January 2015.

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For further information, please contact:
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About iCollege Limited:

iCollege Limited (ASX: ICT) is a 100% online training platform that provides practical and comprehensive specialist education. The platform's proprietary technology is optimised for mobile devices operating on iOS and Android applications. Launched in 2014 to help students and employees stay relevant in an ever-changing employment environment, the online education provider creates more engaging content and training experiences for the student and working community who are seeking to get ahead and advance their knowledge and current skill sets.