



ICOLLEGE LIMITED

ABN 75 105 012 066

ASX Appendix 4D

Financial Statements for the half-year ended 31 December 2014

Results for announcement to the market

	6 months 31 Dec 2014 \$A'000	6 months 31 Dec 2013 \$A'000	% Increase/ (Decrease)
Revenue from ordinary activities	33	13	154%
Profit/(Loss) from ordinary activities after tax attributable to members	(900)	(158)	469%
Profit/(Loss) for the period attributable to members	(900)	(158)	469%

Dividends	Amount per share	Franked amount per share
Interim dividend	N/A	N/A
Final dividend	N/A	N/A

Record date for determining entitlements to dividends	N/A
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Net tangible assets	31 Dec 2014	31 Dec 2013
Net tangible assets per security	2.9 cents	3.9 cents

Details of entities over which control has been gained or lost during the period:

- Name of the entity - Bookkeeping School Pty Ltd
- The date of the gain of control - 9 December 2014

This report is based on information extracted from the Half-Year Report of iCollege Limited for the period ended 31 December 2014. The Half-Year Report has been subject to review by the Company's auditor and the review report is included with the attached report. Additional Appendix 4D disclosure requirements can be found in the Report of Directors and the 31 December 2014 half-year financial statements.



ICOLLEGE LIMITED (formerly DGI Holdings Limited)
ABN 75 105 012 066

2014 HALF-YEAR REPORT

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

ABN 75 105 012 066

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ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

CORPORATE DIRECTORY

Directors

Mr Johannes de Back - Non-executive Chairman
Mr Victor Hawkins – Managing Director
Mr Ross Cotton – Executive Director
Mr Philip Re - Non-executive Director

Stock Exchange Listing

ASX Limited
(Home branch - Perth, Western Australia)

ASX Code: ICT

Company Secretary

Mr Christopher Watts

Auditor

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

Registered Office

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437 Roberts Road
SUBIACO WA 6008

Telephone: + 61 8 6380 2555
Facsimile: + 61 8 9381 1122

Bankers

Commonwealth Bank Limited
Ground Floor, 50 St Georges Terrace
PERTH WA 6000

Solicitors

Price Sierakowski
Level 24, St Martins Tower
44 St Georges Terrace
Perth WA 6000

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Share Registry

Link Market Services Limited
Level 4, 152 St Georges Terrace
PERTH WA 6000

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

REPORT OF THE DIRECTORS

The Directors of iCollege Limited present their report on iCollege Limited and its Controlled Entities ("the Company" or "iCollege" or "Consolidated Entity") for the half-year ended 31 December 2014.

DIRECTORS

The Directors in office at the date of this report and at any time during the half-year are as follows. Directors were in office for the entire period unless otherwise stated.

Current Directors

Mr Johannes de Back - Non-executive Chairman

Mr Victor Hawkins - Managing Director

Mr Ross Cotton – Executive Director (appointed 20 October 2014)

Mr Philip Re - Non-executive Director

Company Secretary

Mr Christopher Watts

PRINCIPAL ACTIVITIES

iCollege Limited is an Australian company listed on the Australian Securities Exchange (ASX code: ICT). iCollege's principal business activity is online education.

REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS

DGI Holdings Limited ("DGI" or "the Company") was a public company listed on the official list of the ASX with a principal focus on the research, development and marketing of innovative miniature projection technologies and products. The Company was incorporated in June 2003 and was admitted to the official list of the ASX on 24 August 2009.

In addition to its principal business activities, the Company had been actively seeking to identify and evaluate new opportunities in related or non-related industries that may increase shareholder value.

On or about 28 November 2013, the Company entered into a heads of agreement (Heads of Agreement) for an exclusive option to acquire 100% of the issued share capital of iCollege Holdings Pty Ltd (ACN 160 943 386) (iCollege Holdings), an Australian proprietary company. As announced on 23 December 2013, the Company exercised this option.

On 4 May 2014 all conditions precedent were met in relation to the acquisition of iCollege Holdings Pty Ltd and the Company was reinstated onto the Australian Securities Exchange as iCollege Limited, with the Board of Directors consisting of Managing Director Victor Hawkins, Chairman Hans de Back and Non Executive Director Philip Re.

iCollege is a business developed by Mr Victor Hawkins, a management consultant and business owner for the past 20 years, and who has spent the past 5 years successfully owning and operating a cloud based software platform selling online education courses.

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

REPORT OF THE DIRECTORS

Key achievements by iCollege during the half-year:

1. On 18 June 2014, iCollege announced to undertake a fully underwritten non-renounceable rights issue of one option to acquire a fully paid ordinary share in the capital of the Company (exercisable at 20 cents on or before the date which is 3 three years from the date of issue) for every 3 shares held by shareholders at the record date to raise up to A\$186,736, which was finalized on 25 July 2014.
2. On 10 July 2014, the Company announced the launch of its commercial education website (www.icollege.net) and initial course portfolio.
3. On 28 August 2014 announce the launch of 25 online educational courses available to students in Australia via its 100% owned proprietary educational platform.
4. On 3 September 2014, iCollege announced that it has entered into a binding Heads of Agreement ("Agreement") to acquire 100% of the shares in Bookkeeping School Pty Ltd, a Registered Training Organisation (RTO).
5. On 20 October 2014, the Company announced that it entered into a binding Heads of Agreement ("HOA") to acquire 100% of the shares in Dynamic Learning Services Pty Ltd ("DLS"). DLS is an accredited Vocational Education and Training (VET) Registered Training Organisation (RTO), which provides educational courses across Australia, Singapore, India, Malaysia and Vietnam. The courses are currently 100% classroom-based and upon completion of the acquisition will be integrated onto iCollege's mobile optimised online platform. DLS brings significant turnover and EBIT, generating \$2.98m in revenue and \$1m in EBIT for the financial year ended 30 June 2014.
6. On 3 December 2014, the Company announced the following:
 - a. that following completion of the due diligence period, the company has now executed a fully binding Share Sale Agreement to acquire 100% of the issued capital of Registered Training Organisation ("RTO"), Dynamic Learning Solutions Pty Ltd ("DLS").
 - b. additionally executed a fully binding Share Sale Agreement to acquire 100% of the issued capital of The Bookkeeping School Pty Ltd ("Bookkeeping School"), an RTO operating a number of accredited accounting and bookkeeping courses online.
7. On 18 December 2014, the Company announced that it had 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 which are both Vocational Education and Training (VET) accredited Registered Training Organisations with combined FY14 revenue of \$9.4m and EBIT of \$2.8m (unaudited)

RESULTS

The Company recorded a loss after tax for the half-year ended 31 December 2014 of \$899,202 (2013: \$158,098).

SUBSEQUENT EVENTS

Subsequent to the half-year end, on 23 January 2014 the Company announced that 2,083,341 fully paid ordinary shares will be released from escrow on 12 February 2015.

There are no other matters or circumstances, other than disclosed elsewhere in this report, the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

REPORT OF THE DIRECTORS

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declarations as required under section 307C of the Corporations Act 2001 is included in this report, and can be found on page 5.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'V Hawkins'.

Victor Hawkins
Managing Director

Perth, Western Australia
26 February 2015

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of iCollege Limited for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

DATED at PERTH this 26th day of February 2015

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

		Half Year Ended 31 December 2014 \$	Half Year Ended 31 December 2013 \$
	Note		
Revenues			
Revenue from customers		1,999	12,772
Interest Revenue		31,063	-
Total revenues		<u>33,062</u>	<u>12,772</u>
Expenses			
Accounting and audit expense		(17,673)	-
Compliance		(67,011)	(20,039)
Consultant fees		(243,786)	(66,264)
Directors fees		(79,125)	-
Legal fees		(36,240)	(47,747)
Marketing expenses		(42,005)	(22,727)
Depreciation and amortisation		(1,995)	(4,237)
Share based payments	9	(133,333)	-
Occupancy expenses		(56,390)	-
Employments expenses		(254,849)	
Other expenses		(156,141)	(9,856)
Total expenses		<u>(1,088,548)</u>	<u>(170,870)</u>
Other Income			
Research & Development Tax Incentive		156,284	-
Profit/(loss) before Income Tax		(899,202)	(158,098)
Income tax expense		-	-
Profit/(loss) after income tax attributable to members of DGI Holdings Limited		<u>(899,202)</u>	<u>(158,098)</u>
Other comprehensive income		-	-
Total comprehensive income/(loss) attributable to members of DGI Holdings Limited		<u>(899,202)</u>	<u>(158,098)</u>
Earnings per share		Cents per Share	Cents per Share
Basic profit/(loss) per share		(1.60)	(0.75)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the half-year financial statements.

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,702,269	2,515,334
Trade and other receivables		90,814	84,931
Total Current Assets		<u>1,793,083</u>	<u>2,600,265</u>
Non-Current Assets			
Investments		31,000	-
Property, plant & equipment		53,438	74,407
Intangible assets	2	3,368,424	2,781,465
Total Non-Current Assets		<u>3,452,862</u>	<u>2,855,872</u>
Total Assets		<u>5,245,945</u>	<u>5,456,137</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		158,169	189,949
Provisions		16,389	-
Total Current Liabilities		<u>174,558</u>	<u>189,949</u>
Total Liabilities		<u>174,558</u>	<u>189,949</u>
Net Assets		<u>5,071,387</u>	<u>5,266,188</u>
Equity			
Issued capital	4	30,844,672	30,449,137
Reserves		987,496	678,630
Accumulated losses		(26,760,781)	(25,861,579)
Total Equity		<u>5,071,387</u>	<u>5,266,188</u>

The Consolidated Statement of Financial Position should be read in conjunction
with the notes to the half-year financial statements.

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014	31 December 2013
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	420	2,300
Research & Development Tax Incentive	156,284	-
Interest received	31,062	10,773
Payments to suppliers and employees	(973,103)	(139,548)
Other	-	(75,000)
Net cash flows used in operating activities	<u>(785,337)</u>	<u>(201,475)</u>
Cash flows from investing activities		
Payments for investments	(146,000)	-
Payments for intellectual property	(426,409)	(705)
Payments for property, plant & equipment	(26,027)	(2,090)
Net cash flows used in investing activities	<u>(598,436)</u>	<u>(2,795)</u>
Cash flows from financing activities		
Proceeds from issue of shares	586,825	135,612
Payment of share issue costs	(16,203)	(3,218)
Net cash flows provided by financing activities	<u>570,622</u>	<u>132,394</u>
Net increase/(decrease) in cash and cash equivalents held	(813,151)	(71,876)
Cash acquired on acquisition of subsidiary	86	-
Add opening cash and cash equivalents brought forward	2,515,334	903,927
Closing cash and cash equivalents carried forward	<u>1,702,269</u>	<u>832,051</u>

The Consolidated Statement of Cash Flows should be read in conjunction
with the notes to the half-year financial statements.

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
At 1 July 2014	30,449,137	(25,861,579)	678,630	5,266,188
Loss for the period	-	(899,202)	-	(899,202)
Total comprehensive loss for the period	-	(899,202)	-	(899,202)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	395,535	-	175,533	571,068
Share based payment	-	-	133,333	133,333
At 31 December 2014	30,844,672	(26,760,781)	987,496	5,071,387
At 1 July 2013	25,943,274	(25,113,662)	116,130	945,742
Profit for the period	-	(158,098)	-	(158,098)
Total comprehensive income for the period	-	(158,098)	-	(158,098)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	132,395	-	-	132,395
At 31 December 2013	26,075,669	(25,271,760)	116,130	920,039

The Consolidated Statement of Changes in Equity should be read in conjunction
with the notes to the half-year financial statements.

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2014

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORTS

Basis of Accounting

This general purpose financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board.

This financial report has been prepared in accordance with the historical costs convention.

The functional currency and presentation currency of iCollege Limited is Australian dollars.

These half-year financial reports do not include all the notes of the type normally included in annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2014 and any public announcements made by iCollege Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

New or revised standards and interpretations that are first effective in the current reporting period

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 their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
 - Part C: 'Materiality'
- Interpretation 21 'Levies'

The adoption of the above standards have not had a material impact on this half year financial report.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the year of \$899,202 and net cash outflows of \$813,151.

ICOLLEGE LIMITED
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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2014

As at 31 December 2014, the Company had working capital of \$1,618,525.

The ability of the Company to continue as a going concern is principally dependent upon the forecasted profitability of the companies within the group, the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments (including those at Note 6) and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

2. INTANGIBLE ASSETS

	31 December 2014	30 June 2014
	\$	\$
<i>Intellectual property</i>		
Opening balance	2,781,465	32,947
Additions	471,409	292,615
Acquired on acquisition of subsidiary (refer to Note 8)	115,550	2,504,579
Accumulated amortisation	-	(5,318)
Impairment charges	-	(43,358)
Net carrying amount	<u>3,368,424</u>	<u>2,781,465</u>

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Recurring fair value measurements

The Company does not have any financial instruments that are subject to recurring fair value measurements.

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to approximate their fair value.

ICOLLEGE LIMITED
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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2014

4. CONTRIBUTED EQUITY

Number of Shares	Summary of Movements:	Issue Price	\$
56,020,846	Opening balance 1 July 2014		30,449,137
-	Costs of capital raising	-	(4,554)
445	Exercise of Options on 28 August 2014	0.20	89
2,666,668	Issue of Shares on 24 December 2014	0.15	400,000
<u>58,687,959</u>	Closing balance at 31 December 2014		<u>30,844,672</u>
324,395,540	Opening balance 1 July 2013		25,943,274
-	Costs of capital raising	-	(3,218)
8,686,250	Exercise of Options on 16 December 2013	0.01	86,863
4,875,000	Exercise of Options on 18 December 2013	0.01	48,750
<u>337,956,790</u>	Closing balance at 31 December 2013		<u>26,075,669</u>

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Consolidated Entity does not have any operating segments with discrete financial information. The Consolidated Entity does not have any customers at this stage, and all the Consolidated Entity's assets and liabilities are located within Australia. The Board of Directors review internal management reports that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

6. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Mr Victor Hawkins, Director, is a beneficiary of the Performa Trust. The Company has entered into an exclusive Licence Agreement with Performa Capital Pty Ltd (as trustee of the Performa Trust) to exploit the Cloud Infrastructure, Cloud Platform and associated Intellectual Property for the purpose of providing online education and professional development courses to end users. An annual fee of \$10,000 plus GST per month is payable up to a total of \$250,000 plus GST. At 31 December, \$120,000 plus GST is payable within one year and the \$20,000 plus GST between one and five years.

The Company has issued 10,000,002 Performance Shares in accordance with the acquisition of iCollege Holdings Pty Ltd which were issued to Victor Hawkins and Philip Re indirectly who hold 7,500,000 and 2,916,667 Performance Shares respectively. The Performance Shares will convert into ordinary shares when the following performance hurdles are achieved:

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- (i) gross revenue reaches \$1M for any continuous period of 12 months within a period of 2 years from 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares;
- (ii) EBITDA reaches \$500,000 for any continuous period of 12 months within a period of 2 years from 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares;
- (iii) EBITDA reaches \$2.5M for any continuous period of 12 months within a period of 3 years 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares.

The Company has also entered into various Heads of Agreements (“HOA”) and Share Sale Agreements (“SSA”) during the half-year. They are as follows:

1. Signed SSA to Acquire Dynamic Learning Services Pty Ltd (DLS”). The terms of the acquisition of DLS are:

Total purchase price of AUD \$4m to be paid as follows:

- (i) \$1.0m cash at settlement
- (ii) Deferred consideration of \$2.5m to be paid over three performance hurdles:
 - (a) DLS reaching EBIT of \$1.3m for the financial year ending 30 June 2015, a payment of \$1m cash;
 - (b) DLS reaching EBIT of \$1.8m for the financial year ending 30 June 2016, a payment of \$500,000 cash and \$500,000 in ICT Shares (calculated at a VWAP of ICT shares for the 21 days preceding issue);
 - (c) DLS reaching EBIT of \$2.2m for the financial year ending 30 June 2017, a payment of \$500,000 cash and \$500,000 in ICT Shares (calculated at a VWAP of ICT shares for the 21 days preceding issue);

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.

2. Signed HOA to Acquire Management Institute of 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);

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NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2014

- (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.
3. Signed HOA to Acquire Mathisi Pty Ltd ("Mathisi"). 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.

Apart from the above there are no other commitments or contingent assets/liabilities as at 31 December 2014.

7. EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to the half-year end, on 23 January 2015 the Company announced that 2,083,341 fully paid ordinary shares will be released from escrow on 12 February 2015.

There are no other matters or circumstances, other than disclosed elsewhere in this report, the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2014

8. ASSET ACQUISITIONS

Effective 9 December 2014, the Company acquired 100% of the issued shares of the Bookkeeping School Pty Ltd. The total cost of the acquisition was \$115,000 and comprised of a cash payment of \$115,000.

The fair value of the identifiable assets and liabilities of the Bookkeeping School Pty Ltd as at the date of acquisition was:

	9 December 2014
	\$
Cash payment	115,000
Value of assets acquired	
Cash	86
Intangible assets	115,550
Trade creditors	(416)
Other creditors	(220)
Fair value of net assets acquired	<u>115,000</u>

9. SHARE BASED PAYMENTS

During the half-year there were 2,666,667 listed options issued in lieu of services provided. The options issued were valued using the listed option price on the grant date. As a result, an amount of \$133,333 has been recognised in expenses arising from share-based payment transactions for the half-year.

10. RELATED PARTY TRANSACTIONS

During the half-year, a placement fee for a capital raising, of 1,666,667 listed options were issued in lieu of services provided to Colonial Capital Management Pty Ltd, a company Mr Philip Re is a Director and has a material non controlling interest. The options issued were valued at \$83,888 using the listed option price on the grant date (refer Note 9).

ICOLLEGE LIMITED
(formerly DGI Holdings Limited)

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position at 31 December 2014 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Victor Hawkins
Managing Director
Perth, Western Australia
26 February 2015

Independent Auditor's Review Report

To the Members of iCollege Limited

We have reviewed the accompanying half-year financial report of iCollege Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report

To the Members of iCollege Limited (Continued)



Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of iCollege Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the Consolidated Entity incurred a loss of \$899,202 during the half-year ended 31 December 2014. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 26th day of February 2015