



ICOLLEGE LIMITED

ABN 75 105 012 066

ASX Appendix 4D

Financial Statements for the half-year ended 31 December 2015

Results for announcement to the market

	6 months 31 Dec 2015 \$A'000	6 months 31 Dec 2014 \$A'000	% Increase/ (Decrease)
Revenue from ordinary activities	1,785	33	5,309%
Profit/(Loss) from ordinary activities after tax attributable to members	(7,255)	(900)	706%
Profit/(Loss) for the period attributable to members	(7,255)	(900)	706%

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 2015	31 Dec 2014
Net tangible assets/(deficiency) per security	(3.5 cents)	2.9 cents

This report is based on information extracted from the Half-Year Report of iCollege Limited for the period ended 31 December 2015. 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 2015 half-year financial statements.



ICOLLEGE LIMITED

ABN 75 105 012 066

2015 HALF-YEAR REPORT

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ICOLLEGE LIMITED
CORPORATE DIRECTORY

Directors

Mr Ross Cotton – Executive Chairman
Mr Philip Re - Non-executive Director
Mr Andrew Crevald – Non-executive Director

Chief Executive Officer

Mr Stuart Manifold

Stock Exchange Listing

ASX Limited

(Home branch - Perth, Western Australia)
ASX Code: ICT

Company Secretary

Mr Stuart Usher

Auditor

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St Georges Terrace
PERTH WA 6000

Registered Office

Suite 1 GF
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

Share Registry

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

ICOLLEGE 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 2015.

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 Ross Cotton – Executive Chairman

Mr Philip Re - Non-executive Director

Mr Andrew Crevald - Non-executive Director (Appointed 6th Oct 2015)

Past Directors

Mr Johannes de Back - Non-executive Chairman (Resigned 6th Oct 2015)

Mr Victor Hawkins - Managing Director (Resigned 6th Oct 2015)

Company Secretary

Mr Stuart Usher (Appointed 6th Oct 2015)

Past Company Secretary

Mr Christopher Watts (resigned 6th Oct 2015)

PRINCIPAL ACTIVITIES

iCollege Limited is an Australian company listed on the Australian Securities Exchange (ASX code: ICT). iCollege's principal business activity is a vocational training organisation focused predominantly in the three following areas, Allied Health and Community Services, Business Knowledge and General Services training.

REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS

iCollege is pleased to announce an Operating profit before abnormal items of \$323,986 for the half year to December 2015. This figure is calculated prior to the removal of abnormal and non recurring costs.

6 Months ended
31-Dec-15

Net Revenues from Operations	1,784,997
Operating profit before tax and before the following abnormal non-recurring items:	323,986
Provision for Doubtful debts	195,000
Strategic review costs	98,207
Costs of acquisitions	72,630
Shares based payments	50,000
Options issued to past Director	22,834
Depreciation	19,135
Interest costs	79,751
Intangible asset impairment	8,539,777
Net Loss before Income Tax	(8,753,348)
Income Tax Benefit	1,498,757
Net Loss after Income Tax	(7,254,591)

ICOLLEGE LIMITED
REPORT OF THE DIRECTORS

Since October 2015, the newly appointed CEO Mr. Stuart Manifold has undertaken a detailed strategic review of all parts of the business. This review has culminated in the following enhancements and rationalisations being made to the business:

- Expansion of the iCollege internal sales team with the recruitment of 4 industry specialist personnel located in Queensland.
- Discovery of inconsistencies in the Management Institute of Australia (MIA) with what was portrayed of the business prior to its acquisition. These inconsistencies have provided information to the Company that suggest that, based on all information available at this point in time, the intangible asset acquired as part of the business combination with MIA is impaired. As a result the Company has recognized impairment charges of \$4,854,240 for the entire value of the intangible assets acquired as part of the MIA business.
- The board has taken the view that additional payments to the vendor of MIA are not justifiable given the inconsistencies discovered and has proposed that a formal mediation be held promptly to resolve these issues. Until that time any further payments and release of any shares currently held in escrow will be suspended.
- The Directors have deemed that the on-going development of the iCollege Platform was not feasible based on developmental issues with the system, and have investigated alternative options in relation to cloud based learning management systems. An alternative system has been licensed to the Company and we intend rolling this out in March 2016. As a result the Company has recognized impairment charges of \$3,672,783.
- Subsequent to acquisition of MIA it has been identified that there are \$195,000 in debtors that are unlikely to be collectible and therefore a provision has been established against this.
- Rationalisation of Qualifications within MIA to focus on 6 main Qualifications
- Increase in iCollege revenue attained through business partners and franchisees, proposed increase to 40% up from 15%
- Proposed restructure of Franchise operations to an industry and regulator accepted and consistent partnership model.
- Expansion of Mathisi Qualifications to service new client base with a requirement for skilled employees.
- Development of an internal iCollege Schools based program.
- Expansion of Celtic Training scope of Qualifications to include Foundation skills qualifications allowing Celtic to service the Corrective Services market in Queensland and South Australia. This offering is also being rolled out to community groups whose main focus is working with underprivileged and marginalised Australians.
- A focus on the utilisation of MIA CRICOS licenses allowing foreign student revenue.
- An expansion of the Fee for Service part of the iCollege offering.
- Centralisation of compliance and accounting functions allowing each business to concentrate on new business development.
- Focus on development of sustainable pathways to employment for iCollege graduates. This is being achieved through strong partnerships with business leaders and peak bodies across a number of industries.
- Investigation into International markets with an appetite for Australian Qualifications; this will be delivered in concert with strong local partners.
- Strategic acquisition focus on companies that fit within and expand the three core verticals established within the iCollege group.

ICOLLEGE LIMITED
REPORT OF THE DIRECTORS

iCollege is not exposed to Vet Fee Help (VFH) or any Federal Government funding. The iCollege Executive has taken the position of not pursuing VFH until the new guidelines for this are published in early 2017. The only possible exception to this will be Celtic Training where we have an active Vet Fee Help application in with the department. We are currently cooperating with all requests for further information to allow the Department to make a suitable allocation to this application. It is possible that a level of Vet Fee Help contract MAY be awarded; however given the current environment, VFH has not factored into the iCollege forecast.

Abstaining from any further applications will allow the group to continue to demonstrate its strong completion rates (>70% across the group) and its commitment to providing strong pathways to employment for all iCollege Graduates. This is particularly important metric when a national average of circa 40% is taken into account. The next 12 months of operations will clearly demonstrate that iCollege is an ethical and compliant provider of Vocational Training and stand the organisation in good stead to seek funding under the new guidelines. During the next 12 months iCollege will continue to develop a strong fee for service model culminating in guaranteed employment for graduates, we will also continue to work with State Governments in Queensland and New South Wales to deliver strong outcomes under a Government funded model for participants who qualify under the guidelines. In summary iCollege operates a compliant and low risk training model.

With the changes above that are now 90% completed, iCollege is well positioned to drive significant growth across all businesses. We have begun a number of new and exciting initiatives and partnerships focused on the delivery of employment outcomes for our students. This coupled with our strong completion rates and centralised compliance, accounting and business development functions will ensure a seamless integration for all future acquisitions. I am looking forward to working closely with the team to deliver strong growth in revenue numbers across the next 12 months.

RESULTS

The Company recorded a loss after tax for the half-year ended 31 December 2015 of \$7,254,591 (2014: \$899,202).

SUBSEQUENT EVENTS

There are no other matters or circumstances, other than disclosed elsewhere in this report or the financial statements at note 13, 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.

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.



Ross Cotton
Executive Chairman
29th February 2016
Perth, Western Australia

**Bentleys Audit & Corporate
(WA) Pty Ltd**

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

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 2015, 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 29th day of February 2016

ICOLLEGE LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

		Half Year Ended 31 December 2015 \$	Half Year Ended 31 December 2014 \$
	Note		
Revenues			
Revenue from customers		1,784,997	1,999
Cost of sales		(338,846)	-
Gross Profit		<u>1,446,151</u>	<u>1,999</u>
Interest Revenue		459	31,063
Research & Development Tax Incentive		398,165	156,284
Expenses			
Accounting and audit expense		(17,675)	(17,673)
Compliance		(110,495)	(67,011)
Consultant fees		(622,906)	(243,786)
Depreciation and amortisation		(19,135)	(1,995)
Directors fees		(142,834)	(79,125)
Doubtful Debts		(195,000)	-
Employment expenses		(205,931)	(254,849)
Interest expense		(79,751)	-
Legal fees		(197,347)	(36,240)
Intangible asset impairment	2	(8,539,777)	-
Marketing expenses		(114,404)	(42,005)
Occupancy expenses		(66,265)	(56,390)
Share based payments		-	(133,333)
Travel expenses		(166,061)	(72,712)
Other expenses		(120,542)	(83,429)
Total expenses		<u>(10,598,123)</u>	<u>(1,088,548)</u>
Profit/(loss) before Income Tax		(8,753,348)	(899,202)
Income tax benefit		1,498,757	-
Profit/(loss) after income tax attributable to members of iCollege Limited		<u>(7,254,591)</u>	<u>(899,202)</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>(7,254,591)</u>	<u>(899,202)</u>
Earnings per share		Cents per Share	Cents per Share
Basic profit/(loss) per share		(10.75)	(1.60)

The Condensed 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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		31 December 2015	30 June 2015
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		914,013	271,847
Trade and other receivables	3	396,722	382,073
Other assets	4	381,100	3,680
Total Current Assets		1,691,835	657,600
Non-Current Assets			
Property, plant & equipment		40,333	85,257
Intangible assets	2	726,251	9,253,532
Total Non-Current Assets		766,584	9,338,789
Total Assets		2,458,419	9,996,389
LIABILITIES			
Current Liabilities			
Trade and other payables	6	1,918,970	1,900,615
Provisions		8,330	17,302
Convertible notes	7	2,150,000	1,300,000
Current tax liabilities	8	-	515,968
Total Current Liabilities		4,077,300	3,733,885
Non-current Liabilities			
Deferred tax liability	9	199,593	1,319,433
Total Non-current Liabilities		199,593	1,319,433
Total Liabilities		4,276,893	5,053,318
Net Assets/(Liabilities)		(1,818,474)	4,943,071
Equity			
Issued capital	10	6,436,374	32,045,047
Reserves		1,040,330	1,017,497
Accumulated losses		(9,295,178)	(28,119,473)
Total Equity		(1,818,474)	4,943,071

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

ICOLLEGE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015	31 December 2014
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,476,694	420
Research & Development Tax Incentive	398,165	156,284
Interest received	459	31,062
Interest paid	(90,696)	-
Payments to suppliers and employees	(2,007,669)	(973,103)
Net cash flows used in operating activities	(223,047)	(785,337)
Cash flows from investing activities		
Payments for investments	-	(146,000)
Payments for acquisition of subsidiary	(375,000)	-
Payments for intellectual property	-	(426,409)
Payments for property, plant & equipment	-	(26,027)
Net cash flows used in investing activities	(375,000)	(598,436)
Cash flows from financing activities		
Proceeds from convertible notes	1,125,000	-
Proceeds from issue of shares	240,098	586,825
Payment of share issue costs	(124,885)	(16,203)
Net cash flows provided by financing activities	1,240,213	570,622
Net increase/(decrease) in cash and cash equivalents held	642,166	(813,151)
Cash acquired on acquisition of subsidiary	-	86
Add opening cash and cash equivalents brought forward	271,847	2,515,334
Closing cash and cash equivalents carried forward	914,013	1,702,269

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

ICOLLEGE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
At 1 July 2015	32,045,047	(28,119,473)	1,017,497	4,943,071
Adjustment to share capital	(26,078,886)	26,078,886	-	-
Total comprehensive loss for the period	-	(7,254,591)	-	(7,254,591)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	195,213			195,213
Share based payment	-		22,833	22,833
Issue of share capital on conversion of convertible notes	275,000			275,000
At 31 December 2015	6,436,374	(9,295,178)	1,040,330	(1,818,474)
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

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

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 2015 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 2015 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 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

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 half-year of \$7,254,591 (2014: \$899,202) and net cash outflows from operating activities of \$223,048 (2014: \$785,337). The net assets of the Company have decreased from 30 June 2015 by \$6,889,859 to \$(1,818,472) at 31 December 2015 (June 2015: \$2,234,390). As at 31 December 2015, the Company had a working capital deficit of \$2,385,463 (June 2015: \$3,076,285).

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity and debt markets, the results of negotiations with creditors in extinguishing amounts currently payable, the operating of its core business units at profitability 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.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. In particular the Company:

- is currently in negotiations with the previous owners of Management Institute of Australia Pty Ltd with the aim of extinguishing deferred consideration relating to this acquisition of \$1,500,000 that was due as at 31 December 2015 (refer note 7). Should the Company be unsuccessful in extinguishing this payable amount, additional funds will be required to be raised to settle this outstanding balance;
- is currently in the progress or raising a further \$1,000,000 via an issue of a convertible note;
- as at the date of this report, convertible notes totalled \$1,750,000 after repayments of \$400,000 were made subsequent to 31 December 2015 (refer note 6). Of this amount, \$500,000 matures in the next two months from the date of this report, with the remainder maturing later than 10 months from the date of this report. Should any of these convertible notes be required to be repaid in cash, additional funds will be required to be raised to settle any such amounts;
- Mr Ross Cotton has provided the Company with a letter of financial support to the amount of \$500,000 based on normal market terms and conditions; and
- have forecasted an improvement in operations following the restructuring of core business units and the acquisition of Celtic Training & Consultancy Pty Ltd (refer note 13), which they expect to generate profitable operations within the next 12 months.

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 2015	30 June 2015
	\$	\$
<i>Intangible Assets – Provisionally Accounted for</i>		
Opening balance	5,717,543	-
Adjustments due to reversal of income tax payable	(137,052)	-
Acquired on acquisition of subsidiary	-	5,717,543
Impairment charges	(4,854,240)	-
	<u>726,251</u>	<u>5,717,543</u>
	31 December 2015	30 June 2015
	\$	\$
<i>iCollege Platform development Expenditure¹</i>		
Opening balance	3,535,990	2,781,465
Additions	136,793	754,525
Impairment charges	(3,672,783)	-
Net carrying amount	<u>-</u>	<u>3,535,990</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

Intangible Assets – Provisionally Accounted for

During the half-year, a review completed by the Company of all compliance and operations in the recently acquired Management Institute of Australia Pty Ltd (“MIA”) discovered a number of inconsistencies with what was portrayed of the business prior to its acquisition. These inconsistencies have provided information to the Company that suggest that, based on all information available at this point in time, the intangible asset acquired as part of the business combination with MIA is impaired. As a result, the Company has recognised impairment charges of \$4,854,240 for the entire value of the intangible assets acquired as part of the business combination with MIA.

The remaining intangible assets provisionally accounted for are in relation to intangibles recognised from the acquisition of Bookkeeping School Pty Ltd and Mathisi Pty Ltd.

iCollege Platform development expenditure

During the half-year, the directors have deemed that the on-going development of this asset was not feasible based on developmental issues with this system, and have investigated alternative options in relation to cloud-based learning management systems. An alternative system has now been licensed to the Company and will roll out in March 2016. As a result, the Company has recognised impairment charges of \$3,672,783 for the entire value of the iCollege platform development expenditure asset.

3. TRADE AND OTHER RECEIVABLES

	31 December 2015	30 June 2015
	\$	\$
Current		
Trade receivables	317,513	243,918
Provision for doubtful debts	(195,000)	-
	<u>122,513</u>	<u>243,918</u>
GST receivable	140,401	138,154
Receivable from directors	53,706	-
Sundry and other receivables	80,102	-
	<u>396,722</u>	<u>382,072</u>

4. OTHER ASSETS

	31 December 2015	30 June 2015
	\$	\$
Current		
Prepayment on acquisition of subsidiary ⁽ⁱ⁾	375,000	-
Other Prepayments	6,100	3,680
	<u>381,100</u>	<u>3,680</u>

⁽ⁱ⁾ Initial cash payment consideration on the acquisition of Celtic Training and Consultancy Pty Ltd which settled on 7th January 2016, subsequent to the financial period ended 31st December 2015.

5. 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.

ICOLLEGE LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

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.

6. TRADE AND OTHER PAYABLES

	31 December 2015	30 June 2015
	\$	\$
Current		
Trade payables	370,506	276,189
Sundry payables and accrued expenses	31,538	96,555
Accrued interest on convertible note	16,926	27,871
Consideration payable ⁽ⁱ⁾	1,500,000	1,500,000
	1,918,970	1,900,615

⁽¹⁾This represents the remaining cash consideration payable for the acquisition of Management Institute of Australia Pty Ltd (MIA) which settled on 1 April 2015. After an intensive and thorough review of MIA operations the iCollege Executive have discovered a number of inconsistencies with what was portrayed of the business prior to its acquisition. The board has taken the view that additional payments to the vendor of MIA are not justifiable given the inconsistencies discovered and has proposed that a formal mediation be held promptly to resolve these issues. Until that time any further payments and release of any shares currently held in escrow will be suspended.

7. CONVERTIBLE NOTES

	31 December 2015	30 June 2015
	\$	\$
Current		
Convertible Notes	2,150,000	1,300,000

Terms and conditions of the convertible notes

- Maturity 1 years post issue date
- Coupon: 12% pa, payable quarterly in arrears
- Conversion: The loan-holder may convert the loan into ordinary shares of ASX.ICT at any time during the conversion period at the conversion exercise price
- Conversion period: The period commencing 10 days after the Issue Date and ending 10 business days prior to the maturity date. The Issuer to advise the Loan-holder within 30 days of maturity
- Conversion Reference Price: 10 cents

On 6 January 2016, for \$500,000 of the convertible notes included above it was agreed to extend the term of the convertible note for an additional year.

Furthermore, subsequent to year end a total of \$400,000 of the convertible notes were settled in cash on 1st February 2016.

ICOLLEGE LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

8. CURRENT TAX LIABILITIES

	31 December 2015	30 June 2015
	\$	\$
Current		
Provision for income tax ⁽ⁱ⁾	-	515,968
	<u>-</u>	<u>515,968</u>

⁽ⁱ⁾ From a review of Business Combinations accounted in the financial period ended 30 June 2015 and subsequent review of entities acquired, it has been deemed that no income tax is payable and has been reversed in this reporting period.

9. DEFERRED TAX LIABILITIES

	31 December 2015	30 June 2015
	\$	\$
Non current		
Deferred tax liability ⁽ⁱ⁾	199,593	1,319,433
	<u>199,593</u>	<u>1,319,433</u>

⁽ⁱ⁾ Movement represents the adjustment as a result of the impairment charges against intangible assets on the MIA business combination.

10. CONTRIBUTED EQUITY

Number of Shares	Summary of Movements:	Issue Price	\$
66,724,626	Opening balance 1 July 2015		32,045,047
-	- Reduction in share capital adjustment	-	(26,078,886)
2,400,978	Shares issued in accordance with Non-renounceable rights issue	0.10	240,098
2,750,000	Shares issued on conversion of Convertible Note	0.10	275,000
500,000	Shares issued in lieu of services	0.10	50,000
100,000	Shares issued as fees on convertible notes	0.10	10,000
210,000	Shares issued as placement fees	0.15	31,500
-	- Costs of capital	-	(136,384)
72,685,604	Closing balance at 31 December 2015		6,436,375

ICOLLEGE LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

11. SEGMENT INFORMATION

2015 – 6 months ended 31 December	Financing \$	Research & Development \$	Education Services \$	Consolidated \$
Segment Income				
Revenue from customers	-	-	1,784,997	1,784,997
Finance income	433	-	-	433
Other income	-	398,165	-	398,165
Total income	433	398,165	1,784,997	2,183,595
Segment Expenses				
Cost of goods sold			(338,846)	(338,846)
Finance costs	(79,751)			(79,751)
Depreciation and amortisation	-	(10,581)	(8,554)	(19,135)
Impairment	-	(3,685,537)	(4,854,240)	(8,539,777)
Net other costs	(993,353)	(147,418)	(818,663)	(1,959,434)
Total Expenses	(1,073,104)	(3,843,536)	(6,020,303)	(10,936,943)
Segment Loss before income tax	(1,072,671)	(3,445,371)	(4,235,306)	(8,753,348)
Segment Assets and Liabilities				
Reportable segment assets	1,432,161	56,495	969,763	2,458,419
Reportable segment liabilities	(3,805,149)	(138,359)	(333,385)	(4,276,893)
Net assets	(2,372,988)	(81,864)	636,378	(1,818,474)

2015 – 12 months ended 30 June 2015	Financing \$	Research & Development \$	Education Services \$	Consolidated \$
Segment Income				
Revenue from customers	-	-	627,146	627,146
Finance income	46,379	-	-	46,379
Other income	-	156,284	-	156,284
Total income	46,379	156,284	627,146	829,809
Segment Expenses				
Cost of goods sold	-	-	(294,457)	(294,457)

ICOLLEGE LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

Finance costs	(53,371)	-	-	(53,371)
Depreciation and amortisation	(976)	(2,793)	(8,763)	(12,532)
Net other costs	(1,439,393)	(779,604)	(508,346)	(2,727,343)
Total Expenses	(1,493,740)	(782,397)	(811,566)	(3,087,703)
Segment Loss before income tax	(1,447,361)	(626,113)	(184,420)	(2,257,894)
Segment Assets and Liabilities				
Reportable segment assets	182,658	1,264,461	8,549,270	9,996,389
Reportable segment liabilities	(2,994,455)	(73,082)	(1,985,781)	(5,053,318)
Net assets	(2,811,797)	1,191,379	6,563,489	4,943,071

Geographical Segments

The Consolidated Entity is domiciled in Australia and all revenue from external parties is generated in Australia.

12. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

There have been no material changes to commitments or contingent assets/liabilities to those disclosed in the 30 June 2015 annual report.

13. EVENTS OCCURRING AFTER REPORTING DATE

On 7th January 2016, the Company acquired 100% of the issued shares of Celtic Training & Consultancy Pty Ltd in accordance with a Share Sale Agreement executed on 19th November 2015. The total cost of the acquisition is \$2,250,000 and will be paid as follows.

The fair value of the identifiable assets and liabilities of Celtic Training & Consultancy Pty Ltd as at the date of acquisition was:

	31-December 2015
	\$
Total consideration to be paid	2,250,000
Value of assets acquired	
Cash	123,278
Trade debtors and receivables	485,040
Property, plant & equipment	47,409
Intangible assets	2,397,021
Trade creditors	(26,743)
Other creditors	(222,846)
Deferred tax liability	(553,159)
Fair value of net assets acquired	2,250,000

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

The initial accounting for the acquisition of Celtic Training & Consultancy Pty Ltd will be reflected as at 7th January 2016. The necessary identification and fair value assessment of the separately identifiable intangible assets acquired have not been finalised and they have therefore only been provisionally determined and grouped together as an intangible asset.

Mr Ross Cotton has provided a letter of financial support to the Company to the total of \$500,000 based on normal market terms and conditions.

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.

14. RELATED PARTY TRANSACTIONS

Mr Hans de Back, a Director who resigned on 6th October 2015, was issued 600,000 unlisted Options in accordance with a shareholder resolution approved at the Company's AGM. The issue was in accordance with Mr de Back's letter of appointment dated 24 February 2014. The options were valued using the Black & Scholes model and valued at \$22,833.

Mr Phil Re, a Non-executive Director was issued 500,000 fully paid Ordinary Shares in accordance with a shareholder resolution approved at the Company's AGM. These shares were valued at \$50,000 and were for accounting, bookkeeping, due diligence, secretarial and integration administration services provided at normal commercial rates from a related party entity 'Regency Partners Pty Ltd' to the Company.

Other than mentioned above, arrangements with related parties continued during the period. For details of these arrangements please refer to the 30 June 2015 Annual Financial Report.

ICOLLEGE 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 2015 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



Ross Cotton
Executive Chairman

29th February 2016
Perth, Western Australia

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 condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 gives a true and fair view and 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 2015 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 2015 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

Without qualifying our conclusion, we draw attention to Note 1 in the half year financial report which indicates that the Consolidated Entity incurred a net loss of \$7,254,591 during the half year ended 31 December 2015. 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 29th day of February 2016