

January 31, 2017

**Australian Securities Exchange Limited Via e-lodgement
ASX Code ICT**

DECEMBER 2016 QUARTERLY UPDATE

The Chairman provides the shareholders with a trading update for the second quarter of 2017.

Second quarter performance has demonstrated a revenue increase of \$112k (or 25%) quarter on quarter to \$555k. The increase is predominantly due to an increase in participation in the Diploma of Sport Development and the expansion of the Foundation Skills Program ("FSK").

The FSK program is now delivered in 3 of the 11 Correctional Facilities in Queensland and in 12 of the 36 Probation and Parole Regional Offices. Completion rates remain above 70% in all programs.

iCollege significantly reduced non-revenue driving costs and this resulted in the cancellation of the Brumbies Sponsorship Agreement. In turn, advertising and marketing costs were decreased to nil, down \$226k.

Further cost cutting initiatives have seen a decrease in staffing costs by \$58k (or 18%), financing costs decrease \$77k (or 57%) and corporate and administration costs reduced by \$264k (or 36%).

The ongoing implementation of the above cost cutting and expansion in Sports and FSK participation will reflect in Q3.

iCollege looks forward to further market updates as they become relevant during the current quarter.

- Ends -

For further Information:

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

iCollege Limited

ABN

75 105 012 066

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		555	998
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		-	-
(c) advertising and marketing		-	(226)
(d) leased assets		-	-
(e) staff costs		(257)	(572)
(f) administration and corporate costs		(461)	(1,186)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		(59)	(195)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (Costs of course delivery)		(234)	(410)
1.9 Net cash from / (used in) operating activities		(456)	(1,591)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		-	-
(b) businesses (see item 10)		-	-
(c) investments		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Celtic vendors for debtors received pre acquisition date	(80)	(80)
2.6	Net cash from / (used in) investing activities	(80)	(80)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	3,080
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(14)	(348)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	(750)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(14)	1,982

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	881	20
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(456)	(1,591)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(80)	(80)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14)	1,982

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	331	331

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	331	881
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	331	881

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

65

-

Director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter

\$A'000

9.1 Research and development

9.2 Product manufacturing and operating costs

9.3 Advertising and marketing

9.4 Leased assets

9.5 Staff costs

200

9.6 Administration and corporate costs

200

9.7 Other (Costs of course delivery)

100

9.8 Total estimated cash outflows

500

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)

Acquisitions

Disposals

10.1 Name of entity

10.2 Place of incorporation or registration

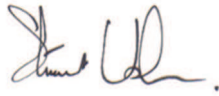
10.3 Consideration for acquisition or disposal

10.4 Total net assets

10.5 Nature of business

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company Secretary

Date: 31 January 2017

Print name: Stuart Usher

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.