iCollege

ASX Announcement **August 11, 2017**

Legal Proceedings Against iCollege Ltd and Management Institute of Australia Group of Companies

iCollege Limited (ASX: ICT) announces that legal proceedings have been commenced against iCollege Limited and the Management Institute of Australia Group of Companies (**MIA**) in the Supreme Court of New South Wales (**Proceedings**).

The Plaintiff, Walker Enterprises (Australia) Pty Ltd (**Walker**) is alleging a breach by iCollege Ltd and MIA of the Share Sale Agreement between those parties dated 16 March 2015(**Agreement**). Walker is alleging an entitlement to payment of up to $9M plus interest which it alleges to be owed to it pursuant to the Share Sale Agreement.

Mr Michael Walker is the former director and shareholder of MIA.

iCollege disputes Walker's claims in full and will be fully defending the Proceedings. It also anticipates counterclaiming for damages arising from the circumstances relating to the entry into the Share Sale Agreement, and breach of warranties thereunder.

Reference is made to the following previous ASX announcements in relation to this dispute.

1. 31 December 2015 – 'Review and Restructure of Management Institute of Australia Complete', iCollege announced that it had completed a review and restructure of the MIA group of companies acquired from Walker during which a number of inconsistencies had been discovered with what was portrayed of the business prior to its acquisition.

The board had taken the view that additional payments to Walker were not justifiable given the inconsistencies discovered and suspended any further payments and release of any shares currently held in escrow while proposing mediation in an attempt to resolve matters.

2. 29 February 2016 'Half year Financial Report' - Discovery of inconsistencies in the MIA Group of Companies with what was portrayed of the business prior to its acquisition. The 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.

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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.

This was further disclosed in the Company's Annual Financial Report lodged with ASX on 30 September 2016.

- Ends -

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