ICOLLEGE LIMITED

ABN 75 105 012 066

ASX Appendix 4E (rule 4.3A)

Preliminary final report for the year ended 30 June 2017

Details of the reporting period and the previous corresponding period

Reporting Period: 30 June 2017
Previous Corresponding Period: 30 June 2016

Results for announcement to the market

(All comparisons to year ended 30 June 2016)

	$A'000	Up/Down	% Movement
Revenue from ordinary activities	2,043	down	36%
Revenue from ordinary activities excluding interest income	2,042	down	36%
Loss from ordinary activities after tax	(2,360)	down	75%
Loss attributable to members	(2,360)	down	75%

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

Brief explanation of any figures reported above necessary to enable the figures to be understood

Refer to ASX Announcement and attached Review and Results of Operations

Net tangible assets backing	30 June 2017	30 June 2016
Net tangible assets/(liability) per security	(1.41) cents	(5.56) cents
Net asset backing per security	(0.094) cents	(4.18) cents

Control gained or lost over entities having material effect

Name of entity	Nil
Date of acquisition	-
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	-
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	-
Contribution to consolidated profit/(loss) from ordinary activities from acquisition date	-

Description of acquisition:

Material interest in entities which are not controlled entities

The consolidated entity has an interest (that is material to it) in the following entities: Nil

Compliance Statement

The preliminary final report has been prepared based on the 30 June 2017 accounts which are in the process of being audited by an independent Audit Firm in accordance with the requirements of s302 of the *Corporations Act 2001*.

Attachments forming part of Appendix 4E:

1. Financial Report

Signed:_______________________________ Date: 31 August 2017

Stuart Usher
Company Secretary

ICOLLEGE LIMITED

ABN 75 105 012 066

PRELIMINARY FINAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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CORPORATE DIRECTORY

Directors

Mr Ross Cotton – Non-Executive Chairman
Mr Philip Re - Non-Executive Director
Mr Daniel Moore – Non-Executive Director
Mr Ashish Katta – Non-Executive Director
(Appointed 23 August 2017)

Home Stock Exchange

Australian Securities Exchange Limited
Level 40
Central Park
152-158 St George's Terrace
PERTH WA 6000

ASX Code:
ICT (Ordinary Shares)
ICT0, ICTOB (Options)

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 12, QV1 Building
250 St Georges Terrace
PERTH WA 6000

PRINCIPAL ACTIVITIES

iCollege Limited is an Australian company listed on the Australian Securities Exchange (ASX code: ICT). iCollege was launched in 2014 to help students and workers stay relevant in an ever-changing employment environment. During the last 12 months, iCollege has concentrated on a rationalisation of course offerings. iCollege is focussed on Health and Community. iCollege utilises blended learning methods encompassing face - to - face learning and innovative technology designed to make the e-learning experience more flexible, dynamic and mobile.

REVIEW OF OPERATIONS AND RESULTS

The Company recorded a loss after tax for the year ended 30 June 2017 of $2,359,785 (2016: $8,807,745).

The 2016/17 FY saw significant changes to the VET sector and Government policy resulting in a changed approach to student acquisition overall and significant opportunity for expansion. Following the review of operations and the rationalization and mitigation of perceived risks, iCollege concentrated on growth in Healthcare and Community. The following activities impacted the performance of the group in the financial year:

- Celtic continues to increase performance and contribution, reflecting an increase in student enrolments in in South Australia which currently stands at 450 students enrolled in training courses, which will contribute to revenue over the 2018 Financial Year in excess of $2M. Included in this result are the initial enrolment of students referred to Celtic under the five-year exclusive Agreement with Ubercare Services Pty Ltd (Ubercare);
- Repayment in cash of Convertible Notes totaling $1.5M was completed in the year reducing the balance to $650,000, $500,000 of which is held by the Company's largest shareholder;
- After an initial investment and expansion of the iCollege Foundation Skills training delivery team in Queensland to cope with growth in the corrections sector, the company decided to discontinue its Queensland corrections program so it could focus on its core course offerings through Celtic Training in South Australia;
- Further investigation into the MIA group of companies uncovered a perceived risk to both the iCollege brand and the VET Sector in general, in line with regulatory requirements; steps were taken to deregister all MIA businesses as Registered Training Organisations with ASQA. All students were transitioned to a suitable RTO or completed as per the guidelines set out by the regulator. All requests for refunds were processed and either paid or denied;
- All franchisees have been removed from the MIA franchise and are now actively working in partnerships with other Registered Training Organisations;
- The Diploma of Sport Development was initially launched in July 2016 with the basketball and baseball courses successfully delivered in partnership with BCA National Training. Changes to the Vet Fee Help scheme, a few months after launch, unfortunately resulted in a reassessment regarding the delivery and funding model of this program with the focus moving to a fee for service model. Approximately 65% of the initial basketball cohort had attained employment in a sporting related field. Due to these changes in Federal Government funding regulations, the Company had to transition all students involved in the Diploma of Sports Development program to the Company's partner BCA National Training. This was completed during the June 2017 quarter. Post January 2017 the course was being delivered at a loss due to the changes in funding regulations, which did not enable the company to enrol sufficient students to recovery course delivery costs.
- Mathisi is working with 4 franchises of a large food retailer in Queensland to deliver traineeships to school based students;
- Discussions are underway with a leading RTO to provide CRICOS licenses allowing foreign student revenue;
- Centralisation of compliance and accounting functions allowing each business to concentrate on new business development has been achieved with consistent reporting software being utilised across all businesses;

- Strategic acquisition focus on companies, these acquisitions will likely include business who can offer strong employment outcomes to iCollege graduates;
- iCollege undertook successful capital raising activities raising $4.3M before costs during the year;
- Acquisition and due diligence costs of potential acquisitions including The Friendship Games and Lara Group PLC. After lengthy due diligence work had been performed, it was determined that both did not satisfy minimum due diligence requirements to complete the acquisition.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 $	30 June 2016 $
Revenues			
Revenue from customers		2,041,838	2,794,692
Cost of sales		(817,756)	(973,214)
Gross Profit		1,224,082	1,821,478
Interest Revenue		792	1,720
Research & Development Tax Incentive		-	398,165
Expenses			
Audit and tax expenses		(118,203)	(92,551)
Commissions paid		-	(110,786)
Compliance		(130,469)	(127,044)
Consultant fees		(727,156)	(1,151,836)
Depreciation and amortisation		(33,357)	(33,123)
Directors fees		(120,166)	(247,834)
Doubtful debts		(73,810)	(335,131)
Employee expenses		(1,003,951)	(684,341)
Finance costs		(146,733)	(312,645)
Intangible asset impairment		-	(9,253,274)
Legal expenses		(198,901)	(276,611)
Marketing/Sponsorships expenses		(147,294)	(210,027)
Occupancy expenses		(153,025)	(184,504)
Share based payments		(128,000)	-
Travel and accommodation		(294,198)	(259,204)
Other expenses		(309,396)	(205,619)
Total expenses		(3,584,659)	(13,484,530)
Profit/(loss) before Income Tax		(2,359,785)	(11,263,167)
Income tax benefit		-	1,698,350
Profit/(loss) after income tax attributable to members of iCollege Limited		**(2,359,785)**	**(9,564,817)**
Other comprehensive income		-	-
Total comprehensive profit/(loss) attributable to members of iCollege Limited		**(2,359,785)**	**(9,564,817)**
Earnings/(loss) per share		**Cents per Share**	**Cents per Share**
Basic Earnings/(loss) per share		(1.52)	(13.28)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30 June 2017 $	30 June 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents		12,000	20,343
Trade and other receivables		314,128	435,895
Other assets		23,013	40,759
Total Current Assets		349,141	496,997
Non-Current Assets			
Property, plant & equipment		33,845	74,342
Intangible assets		1,157,257	1,075,898
Total Non-Current Assets		1,191,102	1,150,240
Total Assets		1,540,243	1,647,237
LIABILITIES			
Current Liabilities			
Trade and other payables	2	2,465,891	2,859,866
Convertible notes		650,000	2,000,000
Current tax liabilities		6,854	-
Short-term provisions		27,332	21,487
Total Current Liabilities		3,150,077	4,381,353
Non-Current Liabilities			
Deferred tax liabilities		248,284	248,284
Total Non-Current Liabilities		248,284	248,284
Total Liabilities		3,398,361	5,129,637
Net Assets/(Deficiency)		**(1,858,118)**	**(3,482,400)**
Equity			
Issued capital		11,066,741	7,082,674
Reserves		1,040,330	1,040,330
Accumulated losses		(13,965,189)	(11,605,404)
Total Equity		**(1,858,118)**	**(3,482,400)**

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

ICOLLEGE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Cash flows from operating activities			
Receipts from customers		1,990,294	2,335,371
Research & Development Tax Incentive		-	398,165
Interest received		792	1,720
Interest paid		(289,936)	(212,738)
Payments to suppliers and employees		(4,130,591)	(3,823,301)
Net cash flows used in operating activities		(2,429,441)	(1,300,783)
Cash flows from investing activities			
Net cashflow from acquisition of subsidiaries		(79,968)	(251,142)
Payments for plant and equipment		-	(24,000)
Net cash flows used in investing activities		(79,968)	(275,142)
Cash flows from financing activities			
Proceeds from borrowings		150,000	1,875,000
Repayment of borrowings		(1,500,000)	(900,000)
Proceeds from issue of shares and options		4,330,775	490,098
Payment of share issue costs		(479,709)	(140,677)
Net cash flows provided by financing activities		2,501,066	1,324,421
Net increase in cash and cash equivalents held		(8,343)	(251,504)
Add opening cash and cash equivalents brought forward		20,343	271,847
Closing cash and cash equivalents carried forward		**12,000**	**20,343**

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

ICOLLEGE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital $	Accumulated Losses $	Option Reserve $	Total Equity $
At 1 July 2016	**7,082,674**	**(11,605,404)**	**1,040,330**	**(3,482,400)**
Total comprehensive loss for the period	-	(2,359,785)	-	(2,359,785)
Transactions with owners in their capacity as owners:				
Issue of share capital	4,330,775	-	-	4,330,775
Share based payment	128,000	-	-	128,000
Shares issued in lieu of services	5,000	-	-	5,000
Costs of capital raising	(479,708)	-	-	(479,708)
At 30 June 2017	**11,066,741**	**(13,965,189)**	**1,040,330**	**(1,858,118)**

	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	-	(9,564,817)	-	(9,564,817)
Transactions with owners in their capacity as owners:				
Issue of share capital	910,398	-	-	910,398
Share based payment	-	-	22,833	22,833
Consideration on acquisition of Celtic	375,000	-	-	375,000
Costs of capital raising	(168,885)	-	-	(168,885)
At 30 June 2016	**7,082,674**	**(11,605,404)**	**1,040,330**	**(3,482,400)**

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

1. BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E

2. TRADE CREDITORS AND PAYABLES

Within the trade creditors and payables amount is $1,500,000 representing the remaining consideration payable for the acquisition of Management Institute of Australia Pty Ltd (MIA) which settled on 1 April 2015. It had been reported that after an extensive 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 had taken the view that additional payments to the vendor of MIA were not justifiable given the inconsistencies discovered and had taken steps to have a formal mediation. The vendor Walker Enterprises (Australia) Pty Ltd failed to agree on formal mediation and subsequently on August 11, 2017 brought formal proceedings against the Company, refer to Note 3. below.

3. EVENTS OCCURING AFTER REPORTING DATE

On August 11, 2017 legal proceedings were commenced against iCollege Limited and the Management Institute of Australia Group of Companies (MIA) in the Supreme Court of New South Wales. 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. 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. The Company 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.

On August 18, 2017 the Company announced that it had placed the following wholly owned subsidiary companies into liquidation.
Management Institute of Australia Pty Ltd
ACN 150 685 359
Management Institute of Australia No.1 Pty Ltd
ACN 122 673 278
Management Institute of Australia No.2 Pty Ltd
ACN 132 489 591

Mr Henry Kwok and Mr Gavin Moss of Chifley Advisory were appointed as Joint and Several Liquidators of the abovenamed companies on 16 August 2017 by the parent company, iCollege Limited, at a meeting of the companies' members held on 16 August.

The financial effect the MIA liquidations will have on the Company will be nil, with each operation wound down and becoming dormant at the start of the 2017 financial year with deregistration completed by the National training regulator 'Australian Skills Quality Authority ('ASQA') on the following dates. This was determined the best option as a result of the review and restructure of the companies during the year.

Management Institute of Australia Pty Ltd - deregistered 25/09/2016
Management Institute of Australia No.1 Pty Ltd – deregistered 05/05/2017
Management Institute of Australia No.2 Pty Ltd – deregistered 27/02/2017

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial year.

3. AUDIT STATUS

This report is based on accounts that are in the process of being audited.