



ICOLLEGE LIMITED

ABN 75 105 012 066

2017 ANNUAL REPORT

Index:	Page
Corporate Directory	1
Directors Report	2
Auditor's Independence Declaration	15
Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Consolidated Statement of Financial Position	17
Consolidated Statement of Cash Flows	18
Consolidated Statement of Changes in Equity	19
Notes to the Financial Statements	20
Directors' Declaration	51
Independent Auditor's Report	52
Additional ASX Information	57

ICOLLEGE LIMITED

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

ICOLLEGE LIMITED

DIRECTORS REPORT

The Directors of iCollege Limited present their report on iCollege Limited and its Controlled Entities ("the Company" or "iCollege" or "Consolidated Entity") for the year ended 30 June 2017.

DIRECTORS

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

Current Directors

Mr Ross Cotton- Non-Executive Director and Chairman

Mr Philip Re - Non-Executive Director

Mr Daniel Moore - Non-Executive Director (Appointed 30 November 2016)

Mr Ashish Katta – Non-Executive Director (Appointed 23 August 2017)

Directors who resigned during the year

Mr Andrew Crevald – Non-Executive Director (resigned 30 November 2016)

INFORMATION ON DIRECTORS

Ross Cotton

Non-Executive Director

Qualifications: Nil

Mr Cotton has extensive experience in both equity capital markets and corporate finance. As a corporate advisor, he has been advising both public and private companies on strategy, financing, acquisitions and corporate re-structuring across the technology, industrial and resource sectors for over 10 years.

As Executive Director of the Company, Mr Cotton has focused on acquisitions, financing and promotional activities for the Company. Mr Cotton has raised significant capital (via both equity and debt arrangements) for a wide range of companies in the small to mid-cap market and has a strong network of contacts in the investment industry throughout Australia, Asia and the US.

Other Current Directorships of Listed Companies:

Ausnet Financial Services Limited

Former Directorships of Listed Companies in the last three years:

Consolidated Zinc Limited

Philip Re

Non-Executive Director

Qualifications: B.Bus, CA

Philip Re is a Chartered Accountant and has his own successful Corporate Advisory business, Regency Corporate, based in Western Australia. He has significant depth of experience in the capital markets, having held positions such as Managing Director and Non-Executive Director of various ASX-listed companies. He has successfully raised capital, restructured businesses and undertaken IPO's during his career.

Other Current Directorships of Listed Companies:

Westar Industrial Limited

Arrowhead Resources Limited

Ausnet Financial Services Limited

Former Directorships of Listed Companies in the last three years:

Nil

ICOLLEGE LIMITED

DIRECTORS REPORT

Daniel Moore (Appointed 30 November 2016)

Non-Executive Director

Qualifications: BEcon LLB

Mr Moore recently sat on the board of Coronado Resources Ltd before it listed on the ASX as a speciality pharmaceutical business 'Race Oncology Ltd'. He was also a director of Stratum Metals Ltd before it undertook a reverse takeover merger with retail energy company Locality Planning Energy Ltd and sits on the board of iCollege Limited. Previously he spent ten years as a financial advisor for Morgan Stanley in London for 4 years.

Other Current Directorships of Listed Companies:

Nil

Former Directorships of Listed Companies in the last three years:

Nil

Ashish Katta (Appointed 23 August 2017)

Non-Executive Director

Qualifications: MAICD, MBA

On 15 August, Mr Katta through Sero Learning became a significant shareholder of iCollege. Mr Katta's appointment significantly strengthens the Education experience within the company.

Mr Katta is working with the existing team on expanding current business opportunities and operations. Mr Katta has significant experience in the development of VET training and CRICOS businesses both domestically and internationally.

Mr Katta has enjoyed a successful business career building a variety of businesses in various sectors including retail, IT and education. Mr Katta is passionate about education business and has successfully built and run his own education businesses.

Mr Katta is a member of Australian institute of Company Directors and serves as a director on private company Boards in Australia and overseas. He has an MBA from the University of Ballarat where he specialised in International Management.

Other Current Directorships of Listed Companies:

Nil

Former Directorships of Listed Companies in the last three years:

Nil

Andrew Crevald (Resigned 30 November 2016)

Non-Executive Director

COMPANY SECRETARY

Mr Stuart Usher

Qualifications: MBA, BBus, CPA, ACIS

Mr Usher is a CPA and Chartered Company Secretary with 20 year's extensive experience in the management and corporate affairs of public listed companies. He holds a Bachelor of Business degree and an MBA from the University of Western Australia and has extensive experience across many industries focusing on Corporate & Financial Management, Strategy & Planning, Mergers & Acquisitions, and Investor Relations & Corporate Governance.

ICOLLEGE LIMITED

DIRECTORS REPORT

MEETINGS OF THE COMPANY'S DIRECTORS

There were four meetings of the Company's Directors held during the year ended 30 June 2017. The number of meetings attended by each Director were:

	Number Eligible to Attend	Number Attended
Ross Cotton	7	4
Philip Re	7	7
Andrew Crevald	1	1
Daniel Moore	6	6

Eight resolutions during the year were passed by a circulating resolution.

DIRECTORS' SHAREHOLDING INTERESTS

The interest of each Director in the share capital of the Company at the date of this report is as follows:

	Ordinary Shares		Options		Performance Shares	
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
Ross Cotton	92,918	5,655,281	41,064	268,048 ⁽¹⁾	-	-
Philip Re	-	3,630,001	-	1,458,333 ⁽¹⁾	-	1,166,668
Daniel Moore (appointed 30 November 2016)	-	6,094,774	-	3,047,387 ⁽²⁾	-	-
Ashish Katta (appointed 23 August 2017)	-	12,500,000	-	-	-	-
TOTAL	92,918	27,880,056	41,064	4,773,768	-	1,166,668

⁽¹⁾ exercisable at 30c on or before 31 March 2019

⁽²⁾ exercisable at 8c on or before 15 July 2019

EARNINGS PER SHARE

Basic Earnings Per Share was a loss of 2.11 cents (2016: loss of 13.28 cents).

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.

OPERATING AND FINANCIAL REVIEW

The Company recorded a loss after tax for the year ended 30 June 2017 of \$3,268,758 (2016: \$9,564,817).

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:

OPERATING AND FINANCIAL REVIEW - CONTINUED

- Celtic continues to increase performance and contribution, reflecting an increase in student enrolments 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;

OPERATING AND FINANCIAL REVIEW - CONTINUED

➤ 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.

LIKELY 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.

FINANCIAL POSITION

The Consolidated Entity recorded a loss after tax for the year of \$3,268,758(2016: Loss of \$9,564,817).

The net assets of the Consolidated Entity were \$2,767,091 deficiency (2016: \$3,482,400 deficiency).

The Consolidated Entity's working capital deficiency, being current assets less current liabilities was \$2,800,936 (2016: \$4,384,356 deficiency).

The Company completed a review of the remaining intangible assets provisionally accounted for in relation to intangibles recognised from the acquisition of Celtic Training & Consultancy Pty Ltd totalling \$1,075,898, with the corresponding deferred tax liability of \$248,284 reversed. This review was completed after the Company lodged its Preliminary Final Results with the ASX for the year ended 30 June 2017, and it was decided that the full amount be recognised as impairment charges, it is therefore taken up as a reconciling adjustment to the full year results.

The above adjustments resulted in a decrease in the value of intangible assets from \$1,157,042 to zero, a decrease in deferred tax liabilities from \$248,284 to zero, and a resulting increase in net deficiency of the group from \$1,858,118 to \$2,767,091. The impact to the loss after tax was an increase in the loss after tax by \$908,973 from \$(3,268,758).

DIVIDENDS PAID OR RECOMMENDED

No amounts have been paid or declared by way of dividends by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2017

MATTERS SUBSEQUENT TO THE END OF THE YEAR

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

MATTERS SUBSEQUENT TO THE END OF THE YEAR (CONTINUED)

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

Furthermore, subsequent to end of the financial period, to cover short term working capital requirements a convertible note of \$150,000 for a term of 90 days has been agreed and received by the Company.

- Maturity: 31-October 2017
- Face Value: \$150,000
- Coupon: 12% pa, payable quarterly in arrears
- Conversion: the loan-holder shall have the option of requesting repayment in full from the Borrower either in cash or in the issue of Ordinary Fully Paid Shares, subject to agreement by the Company and Shareholder approval and in full compliance with ASX Listing Rules
- Conversion period: The period commencing 10 days after the Issue Date and ending 10 business days prior to the maturity date.
- Conversion Reference Price: 4 cents

The Company has today signed a binding term sheet with Manthano Limited ("Manthano") in relation to the proposed acquisition by the Company of 100% of the issued capital in the Manthano Group. Manthano is a public unlisted Limited company incorporated in Queensland, Australia. Manthano is the holding company for Brisbane Career College Pty Ltd trading as Sero Institute (Sero) and Capital Training Institute Pty Ltd. Manthano is an entity associated with current ICT Director, Mr Ash Katta. Sero participated in ICT's last capital raise with an investment of \$500,000 (12,500,000 ordinary shares) becoming a substantial shareholder with 6.36% of the voting shares. In the last five years, the directors of Manthano have been engaged in the Vocational Training space in Australia. The proposed acquisition of Manthano is consistent with the Company's current business model and strategic objectives and the Company has the commercial and technical capabilities to fully integrate Manthano and its subsidiaries into its operating structure. Additional growth opportunities are significant with the opportunity to work with the ICT owned Celtic Training to deliver Aged Care and Nursing qualifications to foreign students under CRICOS. All Celtic operations will be offered at all Manthano Campuses' within weeks of the integration. Additionally, all Manthano offerings will be rolled out in the South Australian Market including English Language Training. It is a precondition that Manthano will vend with \$1,000,000 cash at completion. The payment of the Consideration will be satisfied by the issue of 250,000,000 shares in the Company to the Vendors. The Company will obtain shareholder approval for the issue of the Consideration Shares to the Vendors and will obtain an independent valuation in the form of an independent experts report for inclusion into the Notice of Meeting. Further, 200,000,000 of the 250,000,000 total Consideration Shares will be subject to voluntary escrow for a period of 12 months from the date of issue, and the remaining 50,000,000 will be voluntary Escrowed for a period of 6 months.

ASX has separately confirmed that Listing Rules 11.1.2 and 11.1.3 do not apply to the Acquisition.

No other matters or circumstances 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 years.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of iCollege Limited. The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company and all key management personnel.

Details of Key Management Personnel

Mr Ross Cotton	-	Non-Executive Chairman
Mr Philip Re	-	Non-Executive Director
Mr Daniel Moore	-	Non-Executive Director (appointed 30 November 2016)
Mr Andrew Crevald	-	Non-Executive Director (Resigned 30 November 2016)
Mr Stuart Manifold	-	Chief Executive Officer (through to 1 February 2017)
Mr Andrew Vlahov	-	Chief Executive Officer (1 February to 3 May 2017)

Remuneration Governance

Due to the present size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. The Board has adopted the following policies for Directors' and executives' remuneration.

To assist the Board to fulfil its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter. The Remuneration Committee Charter is available on the Company's website at www.icollege.edu.au.

Remuneration of Directors and senior management is determined with regard to the performance of the Company, the performance and skills and experience of the particular person and prevailing remuneration expectations in the market. Details of remuneration of Directors and Key Management Personnel are disclosed in the Remuneration Report. The performance and remuneration of the senior management team will be reviewed in the future at least annually.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-executive Director and executive compensation is separate and distinct.

Non-executive Directors' Remuneration

Non-executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. This limit is currently set at \$260,000. Any newly appointed Non-executive Directors will serve in accordance with a standard service contract, drafted by the Company's lawyers, which sets out remuneration arrangements. There are no termination or retirement benefits for non-executive Directors (other than for superannuation). Non-executive Directors may be offered options as part of their remuneration, subject to shareholder approval.

Executive Remuneration

Senior executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any directors' fees in addition to their remuneration arrangements. Base salary/consulting fees are set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary/consulting fees are regularly compared with the external market and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

ICOLLEGE LIMITED
DIRECTORS REPORT

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Details of the nature and amount of each element of each Director, including any related company and each of the officers of the Company receiving the highest emoluments are set out below.

Service Agreements

Executive Chairman – Ross Cotton (Resigned as Executive Chairman on 26 June 2017 and remains as Non-executive Chairman)

Remuneration and other terms of employment for the Executive Chairman is formalised in a service agreement which includes details of remuneration.

The Company has entered into a consultancy agreement with Richmond Food Systems Pty Ltd (as trustee for the Monterey Trust) and Mr Ross Cotton which was effective from the date of completion of his appointment. Under the agreement, Mr Cotton is engaged by the Company to provide services to the Company in the capacity of Executive Director.

REMUNERATION REPORT (AUDITED)

Mr Cotton is paid a fee of \$150,000 per annum (fee reduced to \$60,000 from 1 December 2016). Mr Cotton will be reimbursed for reasonable expenses incurred in carrying out his duties.

The consultancy agreement contains standard termination provisions under which the Company must give 3 month's written notice of termination and the Consultant must give one month's written notice of termination (or shorter period in the event of serious misconduct or a material breach).

Consolidated entity performance and link to remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Remuneration has not been linked to performance. The historical details in relation to the consolidated entity's performance has also not been disclosed on this basis.

ICOLLEGE LIMITED

DIRECTORS REPORT

REMUNERATION REPORT (AUDITED)

Details of remuneration

2017

Key Management Personnel	Cash, salary & fees \$	Short-term Benefits		Other \$	Post-employment Benefits Super-annuation \$	Other Long-term Benefits Other \$	Share based Payment		Total \$	Total Remuneration Represented by Options %	Performance Related %
		Cash profit share \$	Non-cash benefit \$				Equity \$	Options \$			
Ross Cotton	96,666***								96,666		
Philip Re	40,000	-	-	-	-	-	-	-	40,000	-	-
Andrew Crevald (Resigned 30 November 2016)	17,431	-	-	-	1,656	-	-	-	19,087	-	-
Daniel Moore (Appointed 30 November 2016)	23,500	-	-	-	-	-	-	-	23,500	-	-
Stuart Manifold (to 1 February 2017)	151,000	-	-	80,000 ⁽¹⁾	-	-	128,000 ⁽²⁾	-	359,000	-	-
Andrew Vlahov (1 February – 3 May 2017)	110,000	-	-	-	-	-	-	-	110,000	-	-
	438,597	-	-	80,000	1,656	-	128,000	-	648,253	-	-

2016

Key Management Personnel	Cash, salary & fees \$	Short-term Benefits		Other \$	Post-employment Benefits Super-annuation \$	Other Long-term Benefits Other \$	Share based Payment		Total \$	Total Remuneration Represented by Options %	Performance Related %
		Cash profit share \$	Non-cash benefit \$				Equity \$	Options \$			
Johannes de Back (Resigned 6 Oct-15)	15,000*	-	-	-	-	-	-	22,834	37,834	60.35%	-
Victor Hawkins (resigned 6 Oct-15)	62,500**	-	-	-	-	-	-	-	62,500	-	-
Ross Cotton	150,000***								150,000		
Philip Re	60,000	-	-	-	-	-	-	-	60,000	-	-
Andrew Crevald (Appointed 6 Oct-15)	24,770	-	-	-	2,342	-	-	-	27,112		
Stuart Manifold	175,700	-	-	-	-	-	-	-	175,700		
	487,970	-	-	-	2,342	-	-	22,834	513,146	4.45%	-

*Payment was made to Dutchman Capital Pte Ltd., where Mr de Beck is a director.

**Payment was made to Performa Capital Pty Ltd (as trustee for the Performa Trust) where Mr Victor Hawkins is a beneficiary.

***Payment was made to Richmond Food Systems Pty Ltd (as trustee for the Monterey Trust) where Mr Ross Cotton is a beneficiary. Refer to Executive Service Agreements.

⁽¹⁾ Cash payment on termination in the position of CEO

⁽²⁾ On termination as CEO was issued shares valued at \$48,000

ICOLLEGE LIMITED

DIRECTORS REPORT

REMUNERATION REPORT (AUDITED)

Equity Instruments held by Key Management Personnel

(i) *Share holdings*

The number of ordinary shares in the Company held during the financial year by each Director of iCollege Limited and any other key management personnel of the Company, including their personally related parties, are as follows.

There were 3,200,000 shares granted during the year as compensation to Mr Stuart Manifold (2016: nil). There were no shares issued upon exercise of options (2016: nil).

2017

Shares (held directly and indirectly)

Name	Balance at 30 June 2016	Net change during the year	Change due to appointment/ (resignation)	Balance at 30 June 2017
Ross Cotton	5,298,199	450,000	-	5,748,199
Philip Re	2,946,667	683,334	-	3,630,001
Andrew Crevald (Resigned 30-Nov-17)	-	-	-	-
Daniel Moore (Appointed 30-Nov-17)	-	-	6,094,774	6,094,774
Stuart Manifold (to 1 Feb-17)	-	3,200,000	(3,200,000)	-
Total Shares	8,244,866	4,333,334	2,894,774	15,472,974

2016

Shares (held directly and indirectly)

Name	Balance at 30 June 2015	Net change during the year	Change due to appointment/ (resignation)	Balance at 30 June 2016
Johannes de Back (Resigned 6 Oct-15)	654,819	-	(654,819)	-
Victor Hawkins (Resigned 6 Oct-15)	7,530,000	-	(7,530,000)	-
Ross Cotton	802,691	4,495,508	-	5,298,199
Philip Re	2,946,667	-	-	2,946,667
Andrew Crevald (Appointed 6 Oct-15)	-	-	-	-
Stuart Manifold	-	-	-	-
Total Shares	11,934,177	4,495,508	(8,184,819)	8,244,866

Performance Shares –

In addition to the above, Philip Re indirectly holds 1,166,668 Performance Shares respectively issued on acquisition of iCollege Holdings Pty Ltd. The Performance Shares will convert into ordinary shares when the following performance hurdles are achieved. Milestone 1 performance shares were satisfied during the current year and 583,334 ordinary shares were issued on conversion to Philip Re. The milestones have now expired and the performance shares will be redeemed at the 2017 AGM.

ICOLLEGE LIMITED

DIRECTORS REPORT

REMUNERATION REPORT (AUDITED)

- (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; (Satisfied on 22 February 2017)
- (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; and
- (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.

(ii) *Option holdings*

The number of options over ordinary shares in the Company held during the financial year by each Director of iCollege Limited and any other key management personnel of the Consolidated Entity, including their personally related parties, are as follows:

2017

Options (held directly and indirectly)

Name	Balance at 30 June 2016	Granted as remuneration during the year	Other granted/purchased during the year	Change due to appointment/ (resignation)	Balance at 30 June 2017	Number vested and exercisable
Ross Cotton	309,112	-	-	-	309,112	309,112
Philip Re	2,430,556	-	(972,223) ⁽¹⁾	-	1,458,333	1,458,333
Andrew Crevald (Resigned 30 November 2016)	-	-	-	-	-	-
Daniel Moore (Appointed 30 November 2016)	-	-	-	3,047,387	3,047,387	3,047,387
Stuart Manifold (Resigned 1 Feb-17)	-	-	-	-	-	-
Total Options	2,739,668	-	(972,223)	3,047,387	4,814,832	4,814,832

2016

Options (held directly and indirectly)

Name	Balance at 30 June 2015	Granted as remuneration during the year	Other granted/purchased during the year	Change due to appointment/ (resignation)	Balance at 30 June 2016	Number vested and exercisable
Johannes de Back (Resigned 6 Oct-15)	-	-	600,000	(600,000)	-	-
Victor Hawkins (Resigned 6 Oct-15)	6,250,000	-	-	(6,250,000)	-	-
Ross Cotton	309,112	-	-	-	309,112	309,112
Philip Re	2,430,556	-	-	-	2,430,556	2,430,556
Andrew Crevald (Appointed 6 Oct-15)	-	-	-	-	-	-
Stuart Manifold (Appointed 1 July 2015)	-	-	-	-	-	-
Total Options	8,989,668	-	600,000	(6,850,000)	2,739,668	2,739,668

⁽¹⁾ Options expired 24-Jul 2017

REMUNERATION REPORT (AUDITED)**Other Transactions with Key Management Personnel**

Mr Philip Re, Director, is a Director of Regency Partners. During the year an amount of \$110,079 (net of GST) (2016: \$103,420) was paid to this business for accounting, bookkeeping, and administration at normal commercial rates plus \$83,407 (2016:\$90,595) was paid for office rental at normal commercial rates.

Mr Ross Cotton, Director, is a Director of Richmond Food Systems Pty Ltd. During the year an amount of \$96,666 (net of GST) (2016: 150,000) were paid to him under an executive services agreement in his position of Executive Chairman. In addition corporate advisory fees of \$334,846 were paid in relation to the fully underwritten share placement of \$1.25M (2016: \$15,000) (net of GST) were paid to his Company for placement fees at normal commercial rates.

There is a loan outstanding to Mr Ross Cotton of \$90,375 (2016: \$73,022) at year end. Interest accrues on the loan balance at 7.5% per annum and is being repaid as an offset to his monthly director fees. The loan outstanding as at 30 June 2016 was fully repaid in the financial period with the second and new loan during 2017 repayable within 12 months.

Use of Remuneration Consultants

During the financial year ended 30 June 2017, the Company did not engage any external remuneration consultants to review its existing remuneration policies.

Voting and comments made at the Company's 2016 Annual General Meeting (AGM)

The Company did not receive any votes against its remuneration report for the 2016 financial year and no specific feedback at the AGM or throughout the year on its remuneration policies.

This is the end of the audited remuneration report.

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	Number	Exercise Price	Expiry Date
Listed Options (ICTOB)	63,509,687	\$0.08	15 July 2019
Unlisted Options	11,666,674	\$0.30	31 March 2019
Unlisted Options	600,000	\$0.25	31 March 2018
Unlisted Options	2,000,000	\$0.10	1 April 2019

Refer to the Directors Report for details of options held by the Directors.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During or since the end of the financial year the Consolidated Entity has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Consolidated Entity has paid premiums to insure each of the following current and former Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Consolidated Entity, other than conduct involving a wilful breach of duty in relation to the Consolidated Entity. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

ICOLLEGE LIMITED
DIRECTORS REPORT

PROCEEDINGS ON BEHALF OF THE COMPANY

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.

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declarations as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2017 has been received and can be found on page 15.

AUDITOR

Bentleys Audit and Corporate (WA) Pty Ltd continues in office in accordance with Section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

During the year non-audit services totalling nil in relation to non-audit services were provided by associated entities of Bentleys Audit and Corporate (WA) Pty Ltd (2016: Nil).

The Directors may engage auditors for non-audit services.

The Directors are satisfied that the provision of future non-audit services, by the auditor (or by CA300(11 B)(b).(c) another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and will not, in the opinion of the Directors, compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services will be reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services will undermine the general principles relating to auditor independence as set out in APES CA300(11B)(c) 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Refer to Note 21 to the financial statements for details of fees paid / payable to the auditor of the Company.

Signed in accordance with a resolution of the Directors.



Ross Cotton
Chairman
Perth, Western Australia
29 September 2017

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

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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 audit of the financial statements of iCollege Limited for the financial year ended 30 June 2017, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 29th day of September 2017

ICOLLEGE LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

		30 June 2017	30 June 2016
	Note	\$	\$
Revenues			
Revenue from customers	3	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	4	(1,157,257)	(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		(133,000)	-
Travel and accommodation		(294,198)	(259,204)
Other expenses		(304,396)	(205,619)
Total expenses		(4,741,916)	(13,484,530)
Profit/(loss) before Income Tax		(3,517,042)	(11,263,167)
Income tax benefit	2	248,284	1,698,350
Profit/(loss) after income tax attributable to members of iCollege Limited		(3,268,758)	(9,564,817)
Other comprehensive income		-	-
Total comprehensive profit/(loss) attributable to members of iCollege Limited		(3,268,758)	(9,564,817)
Earnings/(loss) per share		Cents per Share	Cents per Share
Basic Earnings/(loss) per share	6	(2.11)	(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.

ICOLLEGE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30 June 2017 \$	30 June 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	17(a)	12,000	20,343
Trade and other receivables	7	314,128	435,895
Other assets		23,013	40,759
Total Current Assets		349,141	496,997
Non-Current Assets			
Property, plant & equipment	8	33,845	74,342
Intangible assets	9	-	1,075,898
Total Non-Current Assets		33,845	1,150,240
Total Assets		382,986	1,647,237
LIABILITIES			
Current Liabilities			
Trade and other payables	11	2,472,745	2,859,866
Convertible notes	12	650,000	2,000,000
Short-term provisions	13	27,332	21,487
Total Current Liabilities		3,150,077	4,881,353
Non-Current Liabilities			
Deferred tax liabilities	14	-	248,284
Total Non-Current Liabilities		-	248,284
Total Liabilities		3,150,077	5,129,637
Net Assets/(Deficiency)		(2,767,091)	(3,482,400)
Equity			
Issued capital	15	11,066,741	7,082,674
Reserves	16	1,040,330	1,040,330
Accumulated losses		(14,874,162)	(11,605,404)
Total Equity		(2,767,091)	(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

		Year ended 30 June 2017	Year ended 30 June 2016
	Note	\$	\$
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	17 (b)	(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	17 (a)	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 profit/(loss) for the year	-	(3,268,758)	-	(3,268,758)
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	(14,874,162)	1,040,330	(2,767,091)

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 profit/(loss) for the year	-	(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.

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

1. ACCOUNTING POLICIES

The financial report covers iCollege Limited as a consolidated entity consisting of iCollege Limited and the entities it controlled during the year. iCollege Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business are disclosed in the Corporate Directory of the annual report. The consolidated entity is a for profit entity.

(i) Basis of Accounting

This general purpose financial report for the year ended 30 June 2017 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.

(ii) Statement of Compliance

This financial report complies with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board (AASB).

(iii) 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 Consolidated Entity recorded a loss after tax for the year of \$3,268,758 (2016: Loss of \$9,564,817). The net asset deficiency of the Consolidated Entity was \$2,767,091 (2016: \$3,482,400 deficiency). The Consolidated Entity's working capital deficiency, being current assets less current liabilities was \$2,800,936 in 2017 (2016: \$4,384,356 deficiency). Included in this working capital deficiency is deferred consideration payable of \$1,500,000 to the vendor of MIA (refer Note 11, 19). The board has taken the view that additional payments to the vendor are not justifiable given the inconsistencies discovered and will seek court judgment to cancel the liabilities including the shares currently held in escrow.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon the following:

- forecasted profitability of the companies within the Consolidated Entity;
- expected renegotiation of the roll-over terms of the convertible notes of \$650,000 (refer Note 12);
- the expected inflow of operational cash flows via the acquisition and integration of Manthano Limited. As part of the binding terms Manthano Limited are in the process of raising funds to meet the precondition requirement of having a minimum value of cash balance equal to \$1m at completion date. The \$1m cash will vend on settlement of the transaction and can be utilised by iCollege. It is expected that the acquisition will complete within 2 months of the date of the financial report;
- the continued support of the Company's creditors. At the date of the report there were no outstanding statutory demands made against the company;
- the successful defence of the claims made against the Company as disclosed in note 19;
- the ability of the Consolidated Entity to secure funds by raising capital from equity markets before the repayment date of the deferred consideration if required, and/or if the Consolidated Entity is required to raise further funds for working capital; and
- managing cash flows in line with available funds.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern. If the Consolidated Entity is unsuccessful in achieving its plans denoted above, then the Consolidated Entity would be required to raise funds of approximately \$1.7m in the immediate future.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments (including those at Note 19) 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 Consolidated Entity's history of raising capital to date, the directors are confident of the Consolidated Entity's ability to raise additional funds as and when they are required.

Should the Consolidated Entity 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 Consolidated Entity be unable to continue as a going concern and meet its debts as and when they fall due.

(iv) Adoption of New and Revised Standards**New, revised or amending Accounting Standards and Interpretations adopted**

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The Group has no leases and therefore there will be no impact.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 Financial Instruments: Recognition and Measurement. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (OCI).

For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

The Group's financial instruments consist of cash, debtors, investments other debtors and payable as disclosed in Note 22 (Financial Instruments) This standard is expected to have an impact on the Group financial report.

The Group is assessing the impact of this standard.

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

This standard is not expected to have a material impact on the Group's revenue recognition policies as disclosed in Note 1 to the financial report. The Group is currently assessing the impact of this standard.

(v) Significant Accounting Estimates and Judgments

Significant accounting judgments

In the process of applying the Consolidated Entity's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Useful life of intangible assets

Intangible assets are amortised in profit or loss on a straight line basis over their estimated useful lives from the date they are available for use.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

Recoverability of trade and other receivables

The Consolidated Entity assesses the likelihood of any impairment of the Consolidated Entity's receivables at each reporting date by evaluating those payments that are in arrears and making a judgement as to the likelihood of that receivable not being paid passed on all knowledge available of the debtor.

Deferred tax assets

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

(vi) Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by iCollege Limited at the end of the reporting period. A controlled entity is any entity over which iCollege Limited has the power to direct the relevant activities of the entity and has exposure to variable returns. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to direct the relevant activities, the existence and effect of holdings of actual and potential voting rights are also considered. Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 10 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity. Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie: parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree. The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer. Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of Profit or Loss and other Comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement.

Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the Statement of Profit or Loss and other Comprehensive income unless the change in value can be identified as existing at acquisition date. All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

Cash and cash equivalents

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. They are recognised initially at fair value and subsequently at amortised cost.

Share-based payment transactions

The Consolidated Entity may provide benefits to employees (including directors) and consultants of the Consolidated Entity in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment.

Depreciation is calculated on a reducing balance basis to write off the net cost of each item of plant and equipment over its expected useful life, being 2.5 to 5 years.

Impairment of assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Intangible Assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Initial costs of acquisition of intellectual property are capitalised in the Statement of Financial Position where there is evidence it will generate economic benefits.

Expenditures in relation to the development of identifiable and unique products, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets and amortised over their estimated useful lives. Any expenditure related to research is expensed as incurred.

Amortisation of intellectual property is charged to operating expenses and/or cost of services on a straight-line basis over their estimated useful lives, from the date they are available for use. The residual values and useful lives are reviewed at each reporting date and adjusted, if appropriate.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Borrowing Costs

Borrowing costs attributable to qualifying assets are capitalised as part of the asset. All other borrowing costs are expensed in the period in which they are incurred, including:

- interest on the bank overdraft;
- interest on short-term and long-term borrowings;
- interest on finance leases; and
- unwinding of the discount on provisions.

Convertible notes

The component parts of convertible notes issued by the Consolidated Entity are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguishment upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in the profit or loss upon conversion or expiration of the conversion option.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Trade and other payables

Trade payables and other payables are recognised initially at fair value and subsequently at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Consolidated Entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

Employee entitlements expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other entitlements are charged against profits on a net basis.

Contributions are made to employee superannuation plans and are charged as expenses when incurred.

Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Revenue from education and training services is recognised by reference to the stage of completion method, based on actual service provided as a proportion of total services to be provided. This is measured with reference to the number of units completed as a proportion of the total numbers units to complete the course.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences in the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised for all taxable temporary differences, except where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in Statements of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to the Consolidated Entity, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value, on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statement

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- *Level 1*
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 2*
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

1. ACCOUNTING POLICIES (continued)

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Rounding of amounts

The Consolidated entity has not applied Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off to the nearest dollar.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

2. INCOME TAX

The reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:

(a) Income tax expense/(benefit)

	30 June 2017	30 June 2016
	\$	\$
Current tax	-	-
Deferred tax	(248,284)	(1,698,350)
	<u>(248,284)</u>	<u>(1,698,350)</u>

(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable

Loss from ordinary activities before income tax	(3,517,042)	(11,263,167)
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating profit at 27.5% (2016: 30%)	(967,186)	(3,378,950)

Add / (Less)

Tax effect of:

Share based payments	35,200	-
Other non-deductible expenses	318,246	12,900
Non assessable income	-	(119,450)
Deferred tax assets relating to tax losses not recognised	705,477	3,396,893
(Benefit) from previously unrecognised temporary difference	(248,284)	(1,698,350)
Other temporary differences not recognised	(91,737)	88,607
Income tax expense/(benefit) attributable to operating profit	<u>(248,284)</u>	<u>(1,698,350)</u>

The applicable weighted average effective tax rates are as follows:

nil% nil%

ICOLLEGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

2. INCOME TAX (continued)

	30 June 2017	30 June 2016
Balance of franking account at year end	\$ Nil	\$ Nil
(c) Deferred tax assets		
Tax Losses	2,158,537	1,585,156
Provisions & accruals	118,276	153,218
Capital raising costs	195,771	145,542
Other	-	-
	<u>2,472,584</u>	<u>1,883,916</u>
Set-off deferred tax liabilities	-	-
Net deferred tax assets	<u>2,472,584</u>	<u>1,883,916</u>
Less deferred tax assets not recognised	<u>(2,472,584)</u>	<u>(1,883,916)</u>
Net tax assets	-	-

	30 June 2017	30 June 2016
(d) Deferred tax liabilities	\$	\$
Arising on recognition of separately identifiable intangible assets as part of the business combination (Note 5)	-	248,284
	-	248,284
Set-off deferred tax assets	-	-
Net deferred tax liabilities	-	248,284

(e) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	7,849,224	5,283,852
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Tax losses of \$7,849,224 (2016: \$5,283,852) were derecognised during the current year, as a result of an assessment of the availability of prior period tax losses. From the assessment performed, tax losses prior to the acquisition of iCollege Pty Ltd were deemed to no longer be available and were derecognised

Potential deferred tax assets attributable to tax losses and temporary differences carried forward have not been brought to account at 30 June 2017 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. Future tax benefits will only be obtained if:

- i. the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and temporary differences to be realised;
- ii. the company continues to comply with conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

3. REVENUE

	30 June 2017	30 June 2016
	\$	\$
Course income	2,019,838	2,794,342
Other revenue	22,000	350
	<u>2,041,838</u>	<u>2,794,692</u>

4. IMPAIRMENT OF ASSETS

	30 June 2017	30 June 2016
	\$	\$
Intangible assets (Refer Note 9)	1,157,257	9,253,274
	<u>1,157,257</u>	<u>9,253,274</u>

5. BUSINESS COMBINATIONS

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 was \$2,250,000, subject to performance milestones.

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

	7 January 2016
	\$
Consideration (including cash, shares and deferred consideration subject to performance milestones that have been adjusted based on probability assessments at transaction date)	1,091,250
Value of assets acquired	
Cash	123,858
Trade receivables	373,914
Property, plant & equipment	49,147
Intangible assets	1,075,898
Trade creditors	(5,772)
Other creditors	(253,661)
Profit adjustment to previous vendor	(23,850)
Deferred tax liability	(248,284)
Fair value of net assets acquired	<u>1,091,250</u>

The contribution of Celtic Training & Consultancy Pty Ltd to the consolidated entity's loss for the financial year ended 30 June 2017 was a profit of \$111,063 after management fees (2016:\$276,478).

As part of the annual requirement to assess for impairment, it was deemed that the intangible assets acquired were considered impaired and written off, refer Note 9.

Net cash outflow on acquisition of subsidiaries

	7 January 2016
	\$
Consideration paid in cash	(375,000)
Less: cash and cash equivalent balances acquired	123,858
	<u>(251,142)</u>

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

	30 June 2017	30 June 2016
6. EARNINGS PER SHARE		
	Cents	Cents
Basic profit/(loss) per share	(2.11)	(13.28)
The following reflects the earnings used in basic and diluted earnings per share computations:		
a) Earnings used in calculating earnings per share		
	30 June 2017	30 June 2016
<i>Basic Earnings per share:</i>	\$	\$
Profit/(loss) after income tax		
attributable to members of iCollege Limited	3,268,758	9,564,817
b) Weighted average number of shares		
	30 June 2017	30 June 2016
Weighted average number of ordinary shares for basic earnings per share	155,157,192	72,035,371
	30 June 2017	30 June 2016
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	41,148	175,740
GST receivable	111,931	123,640
Receivable from directors (Note 21 related party transactions)	90,375	73,022
Other receivables	70,674	63,493
Total current receivables	314,128	435,895
<i>Fair Value and Risk Exposures:</i>		
(i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.		
(ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.		
(iii) Details regarding interest rate risk exposure are disclosed in Note 23.		
(iv) Other receivables generally have repayments within 30 days.		
Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered receivable.		
	30 June 2017	30 June 2016
	\$	\$
Age of receivables that are past due but not impaired		
60-90 days	3,140	22,195
90-180 days	13,558	79,321
180+ days	-	52,904
Total	16,698	154,420
Average age (days) *	86	110

* Invoiced in advance and paid in accordance with course unit completions

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

8. PROPERTY, PLANT & EQUIPMENT

	30 June 2017	30 June 2016
	\$	\$
<i>Office equipment</i>		
Opening balance	18,318	35,221
Additions	-	3,493
Disposals	(12,052)	(1,784)
Depreciation	(1,194)	(27,013)
Assets Acquired through business acquisition	-	8,401
Total office equipment	5,072	18,318
<i>Training equipment</i>		
Opening balance	12,290	-
Additions	-	-
Depreciation	(2,100)	(1,368)
Assets Acquired through business acquisition	-	13,658
Total office equipment	10,190	12,290
<i>Motor vehicles</i>		
Opening balance	17,601	-
Additions	-	-
Depreciation	(4,393)	(2,912)
Assets Acquired through business acquisition	-	20,513
Total office equipment	13,208	17,601
<i>Building improvements</i>		
Opening balance	6,135	-
Additions	-	-
Depreciation	(760)	(441)
Assets Acquired through business acquisition	-	6,576
Total office equipment	5,375	6,135
<i>Computer equipment</i>		
Opening balance	19,998	50,507
Additions	4,912	4,736
Disposals	-	(33,856)
Depreciation	(24,910)	(1,389)
Total computer software	-	19,998
Total Property, Plant & Equipment	33,845	74,342

9. INTANGIBLE ASSETS

	30 June 2017	30 June 2016
	\$	\$
<i>Intangible Assets – Provisionally Accounted for</i>		
Opening balance	⁽¹⁾ 1,075,898	5,717,543
Additions on acquisition of subsidiaries	⁽²⁾ 81,359	1,075,898
Provisional business combination adjustment	-	(137,052)
Impairment charges	(1,157,257)	(5,580,491)
Net carrying amount	-	1,075,898

⁽¹⁾ Opening balance relates to Celtic acquisition, refer to Note 5

⁽²⁾ Additional payments made for working capital adjustments

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

9. INTANGIBLE ASSETS - continued	30 June 2017	30 June 2016
<i>iCollege Platform Development Expenditure</i>		
	\$	\$
Opening balance	-	3,535,990
Additions	-	136,793
Impairment charges	-	(3,672,783)
Net carrying amount	-	-
Total Intangibles	-	1,075,898

Intangible Assets – Provisionally Accounted for

The Company completed a review of the remaining intangible assets provisionally accounted for in relation to intangibles recognised from the acquisition of Celtic Training & Consultancy Pty Ltd totalling \$1,157,257. This review was completed after the Company lodged its Preliminary Final Results with the ASX for the year ended 30 June 2017, and it was decided that the full amount be recognised as impairment charges, it is therefore taken up as a reconciling adjustment to the full year results.

10. CONTROLLED ENTITIES

Name of subsidiary	Principal Activity	Place of incorporation and operation	Proportion of ownership interest held by the Group	
			30 June 2017	30 June 2016
iCollege Holdings Pty Ltd	Educational Services	Western Australia	100%	100%
Bookkeeping School Pty Ltd	Educational Services	Queensland	100%	100%
Mathisi Pty Ltd	Educational Services	Queensland	100%	100%
Management Institute of Australia Pty Ltd	Educational Services	New South Wales	100%	100%
Management Institute of Australia No.1 Pty Ltd*	Educational Services	New South Wales	100%	100%
Management Institute of Australia No. 2 Pty Ltd*	Educational Services	New South Wales	100%	100%
MIA Franchise Operations Pty Ltd ⁽¹⁾	Educational Services	New South Wales	100%	100%
Easy RPL No.1 Pty Ltd ⁽¹⁾	Educational Services	New South Wales	100%	100%
Celtic Training & Consultancy Pty Ltd	Educational Services	South Australia	100%	100%

*these company's were all acquired at the same time when Management Institute of Australia Pty Ltd was acquired.

⁽¹⁾ Deregistered 5 July 2017

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

11. TRADE AND OTHER PAYABLES

Current

	30 June 2017	30 June 2016
	\$	\$
Trade payables	375,337	513,158
Sundry payables and accrued expenses	226,518	358,921
Accrued interest on convertible notes	29,640	146,537
Consideration payable	1,841,250 ⁽¹⁾	1,841,250
Total current payables	<u>2,472,745</u>	<u>2,859,866</u>

(1) \$1,500,000 represents consideration payable to Walker Enterprises (Australia) Pty Ltd (the vendor of the Management Institute of Australia Group of Companies (MIA)). Discovery of inconsistencies in MIA during the FY2016 with what was portrayed of the business prior to its acquisition has meant the board has taken the view that additional payments to the vendor are not justifiable given the inconsistencies discovered. Until it can be resolved further payments in the form of share issues (currently taken up in trade and other payables of \$1.5M) and release of any shares currently held in escrow will be suspended (Refer to Note 23 for further details)

Fair Value and Risk Exposures

- (i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Trade and other payables are unsecured and usually paid within 30 days of recognition.
- (iii) All amounts are expected to be settled within 12 months.

12. CONVERTIBLE NOTES

Current

	30 June 2017	30 June 2016
	\$	\$
Convertible notes	650,000	2,000,000
	<u>650,000</u>	<u>2,000,000</u>

Terms and conditions of the convertible notes

Current convertible notes

1. Maturity: at the discretion of the holder
 - Face Value: \$500,000
 - Coupon: 12% pa, payable quarterly in arrears
 - Conversion: the loan-holder shall have the option of requesting repayment in full from the Borrower either in cash or in the issue of Ordinary Fully Paid Shares, subject to agreement by the Company and Shareholder approval and in full compliance with ASX Listing Rules
 - 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: 4 cents

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

2. Maturity: daily roll-over ⁽¹⁾
- Face Value: \$150,000
 - Interest of \$18,000, payable quarterly in arrears
 - Conversion: the loan-holder shall have the option of requesting repayment in full from the Borrower either in cash or in the issue of Ordinary Fully Paid Shares, subject to agreement by the Company and Shareholder approval and in full compliance with ASX Listing Rules
 - 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: 4 cents
- ⁽¹⁾ Subsequent to end of the financial period, the convertible note was repaid in full on 28 July 2017

13. SHORT-TERM PROVISIONS

Current

	30 June 2017	30 June 2016
	\$	\$
Provision for annual leave	27,332	21,487
	<u>27,332</u>	<u>21,487</u>

14. DEFERRED TAX LIABILITIES

Non-Current

	30 June 2017	30 June 2016
	\$	\$
Deferred tax liability (Note 2)	-	248,284
	<u>-</u>	<u>248,284</u>

15. ISSUED CAPITAL

(a) Issued Capital

	30 June 2017	30 June 2016
	\$	\$
Ordinary shares fully paid	11,066,741	7,082,674

(b) Movements in Ordinary Share Capital

Number of Shares	Summary of Movements:	Issue Price	\$
83,269,374	Opening balance 1 July 2016		7,082,674
77,019,374	Shares issued in accordance with a Non-renounceable rights issue	\$0.04	3,080,775
3,200,000	Shares issued to CEO	\$0.04	128,000
31,250,000	Shares issued on share placement	\$0.04	1,250,000
1,833,334	Shares issued on conversion of performance shares	-	-
100,000	Shares issued in lieu of services	\$0.05	5,000
-	Costs of capital	-	(479,708)
<u>196,672,082</u>	Closing balance at 30 June 2017		<u>11,066,741</u>

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

15. ISSUED CAPITAL (continued)

Capital risk management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. There are no plans to distribute dividends in the next year.

There are no externally imposed capital requirements.

	30 June 2017	30 June 2016
	\$	\$
16. RESERVES		
Options Reserve	1,040,330	1,040,330
	<u>1,040,330</u>	<u>1,040,330</u>

The options reserve is used to recognise the grant date fair value of options issued but not exercised.

The following securities were issued as share based payments during the year:

	Value per Share/Option	Number	Value \$
Ordinary Shares	0.04	3,200,000	128,000
Ordinary Shares	0.05	100,000	<u>5,000</u>
			<u>133,000</u>

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

17. STATEMENT OF CASH FLOW INFORMATION

	30 June 2017	30 June 2016
	\$	\$
(a) Cash and cash equivalents		
Cash at bank and in hand	12,000	20,343
	<u>12,000</u>	<u>20,343</u>
(b) Reconciliation of profit/(loss) after tax to the net cash flows used in operations		
Profit/(loss) after income tax	(3,268,758)	(9,564,817)
Non-Cash Items:		
Depreciation	33,357	33,123
Doubtful debts	73,810	335,131
Impairment of assets	1,157,257	9,253,274
Share based payments - shares	133,000	68,093
Share based payments - options	-	22,834
Change in assets and liabilities:		
(Increase)/decrease in receivables	146,446	(469,046)
Increase/(decrease) in payables	(318,910)	216,052
Increase/(decrease) in accrued interest	(143,203)	27,871
Increase/(decrease) in employee provision	5,844	(4,186)
Increase/(decrease) in income tax provision	(248,284)	1,382,454
Net cash flows (used in)/provided by operating activities	<u>(2,429,441)</u>	<u>(1,300,783)</u>

18. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of business category and geographical areas. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated proportionately to the applicable segments based on its use. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

18. SEGMENT INFORMATION (continued)

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Description of Operating Segments

Financing

iCollege Limited is the head office of the Group and conducts all corporate activities in relation to the Group. This includes capital raisings which is used to provide funding for acquisitions and working capital.

Research and Development

iCollege Holdings Pty Ltd conducts all activities in relation to development of the iCollege education platform.

Education Services

This is the operational segment of the Group which contains the education services businesses as listed in Note 10.

Information about Reportable Segments

2017	Financing \$	Research & Development \$	Education Services \$	Consolidated \$
Segment Income				
Revenue from customers	-	-	2,018,608	2,018,608
Finance income	2,008	-	14	2,022
Other income	-	22,000	-	22,000
Total income	2,008	22,000	2,018,622	2,042,630
Segment Expenses				
Cost of goods sold	-	-	(817,756)	(817,756)
Finance costs	(146,733)	-	-	(146,733)
Depreciation and amortisation	(484)	-	(32,873)	(33,357)
Impairment	-	-	(1,157,257)	(1,157,257)
Net other costs	(2,208,450)	-	(1,196,119)	(3,404,569)
Total Expenses	(2,355,667)	-	(3,204,005)	(5,559,672)
Segment Loss before income tax	(2,353,659)	22,000	(1,185,383)	(3,517,042)
Segment Assets and Liabilities				
Reportable segment assets	178,181	-	204,805	382,986
Reportable segment liabilities	(2,873,919)	-	(276,158)	(3,150,077)
Net assets	(2,695,738)	-	(71,353)	(2,767,091)

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

2016	Financing \$	Research & Development \$	Education Services \$	Consolidated \$
Segment Income				
Revenue from customers	-	-	2,794,692	2,794,692
Finance income	1,490	-	230	1,720
Other income	-	398,165	-	398,165
Total income	1,490	398,165	2,794,922	3,194,577
Segment Expenses				
Cost of goods sold	-	-	(973,214)	(973,214)
Finance costs	(312,645)	-	-	(312,645)
Depreciation and amortisation	(2,350)	-	(30,773)	(33,123)
Impairment	-	(3,672,783)	(5,580,491)	(9,253,274)
Net other costs	(978,969)	(217,172)	(2,689,347)	(3,885,488)
Total Expenses	(1,293,964)	(3,889,955)	(9,273,825)	(14,457,744)
Segment Loss before income tax	(1,292,474)	(3,491,790)	(6,478,903)	(11,263,167)
Segment Assets and Liabilities				
Reportable segment assets	87,867	49,145	1,510,225	1,647,237
Reportable segment liabilities	(4,268,606)	(151,709)	(709,322)	(5,129,637)
Net assets	(4,180,739)	(102,564)	800,903	(3,482,400)

Geographical Segments

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

19. COMMITMENTS AND CONTINGENT LIABILITIES

During the year, the company acquired Celtic Consultancy & Training Pty Ltd ('Celtic'). The terms of the acquisition are:

Total purchase price of AUD \$2,250,000 to be paid as follows:

- (i) \$750,000: \$375,000 cash upon completion plus \$375,000 in shares ('Initial Purchase Price'). This has been paid.
- (ii) Deferred consideration of \$1.5M to be paid as follows:
 - (a) Celtic reaching an audited EBITDA of \$600,000 for the financial year ending 30 June 2016, a payment of \$775,000 (being \$600,000 cash and \$175,000 in shares calculated as a VWAP of ICT shares for the 21 days preceding issue) ('First deferred consideration'); and
 - (b) A payment of up to \$725,000 (being \$550,000 cash and \$175,000 in shares calculated as a VWAP of ICT shares for the 21 days preceding issue) on Celtic reaching in excess of an audited \$500,000 EBITDA for the 2017 half financial year ending 31 December 2016) ('Second deferred consideration');

The issue of the deferred consideration shares will be subject to shareholder approval at the time these hurdles are met. The board is in negotiation to settle any obligations under the final tranche of consideration which has been included in note 11.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

19. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

The Company's obligations under the Share Sale Agreement executed 19 November 2015 are secured over the assets of Celtic by way of a fixed ranking charge in favour of the vendor. Upon payment of the purchase price, the Company is released from its obligations and all claims in relation to the purchase price and the security interest granted is to be discharged, released and withdrawn. The board are in negotiations to settle any obligations under the first and second tranches of the deferred consideration.

In respect to the legal proceedings that have commenced against Management Institute of Australia Group of Companies (MIA) in the Supreme Court of New South Wales, the claim of up to \$9M (refer to note 23 for further details) is unsubstantiated and unquantified and the Company notes it has strong doubts on the claims merits. The potential contingent liability cannot be quantified at the date of this report.

Apart from the above there are no other commitments or contingent assets/liabilities as at 30 June 2017.

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

20. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Compensation

	2017	2016
	\$	\$
Short-term benefits	438,597	487,970
Post employment benefits	1,656	2,342
Other long-term benefits	-	-
Termination benefits	128,000	-
Share-based payments	80,000	22,834
	648,253	513,146

(b) Other Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Mr Philip Re, Director, is a Director of Regency Partners. During the year an amount of \$110,079 (net of GST) (2016: \$103,420) was paid to this business for accounting, bookkeeping, and administration at normal commercial rates plus \$83,407 (2016:\$90,595) was paid for office rental at normal commercial rates.

Mr Ross Cotton, Director, is a Director of Richmond Food Systems Pty Ltd. During the year an amount of \$96,666 (net of GST) (2016: 150,000) were paid to him under an executive services agreement in his position of Executive Chairman. In addition corporate advisory fees of \$334,846 were paid in relation to the fully underwritten share placement of \$1.25M (2016: \$15,000) (net of GST) were paid to his Company for placement fees at normal commercial rates.

There is a loan outstanding to Mr Ross Cotton of \$90,375 (2016: \$73,022) at year end. Interest accrues on the loan balance at 7.5% per annum and is being repaid as an offset to his monthly director fees. The loan outstanding as at 30 June 2016 was fully repaid in the financial period with the second and new loan during 2017 repayable within 12 months.

21. AUDITORS' REMUNERATION

	30 June 2017	30 June 2016
	\$	\$
Amount received or due and receivable by the auditor or their related entities:		
<i>Audit and review of the financial statements</i>		
Bentleys Audit & Corporate (WA) Pty Ltd	48,500	43,825

ICOLLEGE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
30 JUNE 2017**22. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND INSTRUMENTS**

The Consolidated Entity's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to provide working capital for the Consolidated Entity's operations.

The Consolidated Entity has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. Furthermore, the Consolidated Entity obtained funding via convertible notes during the year.

The Consolidated Entity's financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

It is, and has been throughout the year under review, the Consolidated Entity's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

Categories of financial instruments

	30 June 2017 \$	30 June 2016 \$
Financial Assets		
Cash and cash equivalents	12,000	20,343
Trade and other receivables	337,141	476,654
Financial Liabilities		
Trade payables	375,337	513,158
Sundry payables and accrued expenses	226,518	505,458
Accrued interest on convertible notes		-
Consideration payable	1,841,250	1,841,250
Convertible notes	650,000	2,000,000

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

22. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND INSTRUMENTS (continued)

Interest Rate Risk

At reporting date the Consolidated Entity's exposure to market risk for changes in interest rates relates primarily to the Consolidated Entity's short-term cash deposits. The Consolidated Entity constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At reporting date, the Consolidated Entity had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	2017 \$	2016 \$
Financial Assets:		
Cash and cash equivalents (interest-bearing accounts)	12,000	20,343
Net exposure	12,000	20,343

The weighted average rate of interest is 0.5% (2016: 1.27%)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date for variable interest bearing accounts. The 0.5% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical LIBOR movements over the last 3 years.

At 30 June 2017, if interest rates had moved on variable interest bearing accounts, as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Consolidated Entity would have been affected as follows:

	2017 \$	2016 \$
Judgements of reasonably possible movements:		
Post tax profit - higher / (lower)		
+ 0.5%	60	101
- 0.5%	(60)	(101)
Equity - higher / (lower)		
+ 0.5%	60	101
- 0.5%	(60)	(101)

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity measures credit risk on a fair value basis.

The Consolidated Entity has a credit risk in relation to its cash at bank, short-term deposits and receivables. However, this risk is minimised as the cash is deposited only with AA or greater (Moody's) rated financial institutions. The Consolidated Entity does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

Impairment losses are recorded against receivables unless the Consolidated Entity is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2017

22. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND INSTRUMENTS (continued)

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

Liquidity Risk

The Consolidated Entity has no significant exposure to liquidity risk as there is effectively no debt. Trade payables are all expected to be paid within 30 days and their carrying amounts are considered to equal their contractual amount. The Consolidated Entity manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

2017	Weighted Average Effective Interest Rate %	Less than one month \$	1 to 3 Months \$	3 Months to one year \$	1 to 5 Years \$	Total \$
Financial Assets						
Non-interest bearing		246,766	-	-	-	246,766
Sundry debtors	7.50%	-	-	90,375	-	90,375
Variable interest rate	0.5%	12,000	-	-	-	12,000
		258,766	-	90,375	-	349,141
Financial Liabilities						
Non-interest bearing		631,495	1,841,250	-	-	2,472,745
Fixed interest rate	20.3%	-	-	650,000	-	650,000
		631,495	1,841,250	650,000	-	3,122,745
Net financial assets/(liabilities)		(372,729)	(1,841,250)	(559,625)	-	(2,773,604)

2016	Weighted Average Effective Interest Rate %	Less than one month \$	1 to 3 Months \$	3 Months to one year \$	1 to 5 Years \$	Total \$
Financial Assets						
Non-interest bearing		403,632	-	-	-	403,632
Sundry debtors	7.50%	-	-	73,022	-	73,022
Variable interest rate	1.27%	20,343	-	-	-	20,343
		423,975	-	73,022	-	496,997
Financial Liabilities						
Non-interest bearing		1,040,103	1,841,250	-	-	2,881,353
Fixed interest rate	12%	-	-	2,000,000	-	2,000,000
		1,040,103	1,841,250	2,000,000	-	4,881,353
Net financial assets/(liabilities)		(616,128)	(1,841,250)	(1,926,978)	-	(4,384,356)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

23. EVENTS OCCURRING 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

Furthermore, subsequent to end of the financial period, to cover short term working capital requirements a convertible note of \$150,000 for a term of 90 days has been agreed and received by the Company.

- Maturity: 31-October 2017
- Face Value: \$150,000
- Coupon: 12% pa, payable quarterly in arrears
- Conversion: the loan-holder shall have the option of requesting repayment in full from the Borrower either in cash or in the issue of Ordinary Fully Paid Shares, subject to agreement by the Company and Shareholder approval and in full compliance with ASX Listing Rules
- Conversion period: The period commencing 10 days after the Issue Date and ending 10 business days prior to the maturity date.
- Conversion Reference Price: 4 cents

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.

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

23. EVENTS OCCURRING AFTER REPORTING DATE (CONTINUED)

The Company has today signed a binding term sheet with Manthano Limited ("Manthano") in relation to the proposed acquisition by the Company of 100% of the issued capital in the Manthano Group. Manthano is a public unlisted Limited company incorporated in Queensland, Australia. Manthano is the holding company for Brisbane Career College Pty Ltd trading as Sero Institute (Sero) and Capital Training Institute Pty Ltd. Manthano is an entity associated with current ICT Director, Ash Katta. Sero participated in ICT's last capital raise with an investment of \$500,000 (12,500,000 ordinary shares) becoming a substantial shareholder with 6.36% of the voting shares. In the last five years, the directors of Manthano have been engaged in the Vocational Training space in Australia. The proposed acquisition of Manthano is consistent with the Company's current business model and strategic objectives and the Company has the commercial and technical capabilities to fully integrate Manthano and its subsidiaries into its operating structure. Additional growth opportunities are significant with the opportunity to work with the ICT owned Celtic Training to deliver Aged Care and Nursing qualifications to foreign students under CRICOS. All Celtic operations will be offered at all Manthano Campuses' within weeks of the integration. Additionally, all Manthano offerings will be rolled out in the South Australian Market including English Language Training

It is a precondition that Manthano will vend with \$1,000,000 cash at completion. The payment of the Consideration will be satisfied by the issue of 250,000,000 shares in the Company to the Vendors. The Company will obtain shareholder approval for the issue of the Consideration Shares to the Vendors and will obtain an independent valuation in the form of an independent experts report for inclusion into the Notice of Meeting. Further, 200,000,000 of the 250,000,000 total Consideration Shares will be subject to voluntary escrow for a period of 12 months from the date of issue, and the remaining 50,000,000 will be voluntary Escrowed for a period of 6 months.

ASX has separately confirmed that Listing Rules 11.1.2 and 11.1.3 do not apply to the Acquisition.

24. PARENT ENTITY INFORMATION

Statement of Profit or Loss and other comprehensive income

	30 June 2017	30 June 2016
	\$	
Loss after income tax of the parent entity	(3,546,724)	(10,701,087)
Total comprehensive income of the parent entity	<u>(3,546,724)</u>	<u>(10,701,087)</u>

Statement of Financial Position

Total current assets	178,181	86,151
Total non-current assets	-	1,049,374
Total assets	<u>178,181</u>	<u>1,135,525</u>
Total current liabilities	2,873,919	4,268,605
Total liabilities	<u>2,873,919</u>	<u>4,268,605</u>
Net Asset deficiency	(2,695,738)	(3,133,080)
Issued Capital	11,266,026	7,281,960
Reserves	1,040,331	1,040,331
Accumulated losses	<u>(15,002,095)</u>	<u>(11,455,371)</u>
	<u>(2,695,738)</u>	<u>(3,133,080)</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

It is a term of the Share Sale Agreement for the acquisition of the shares in Celtic Training & Consultancy Pty (Celtic) Ltd that iCollege and Celtic provide a security interest to the vendors of Celtic to secure the payment of the purchase price. Celtic has provided a guarantee and indemnity to the vendors as surety for the payment of the purchase price (Guarantee). The guarantee is secured by a security interest over Celtic's assets by way of a first ranking fixed charge. Upon payment of the

ICOLLEGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2017

24. PARENT ENTITY INFORMATION (continued)

purchase price, the Company will be released from its obligations and all claims in relation to payment of the purchase price and the security interest granted will be discharged, released and withdrawn.

The parent entity had no other guarantees in relation to the debts of its subsidiaries as at 30 June 2017.

Commitments and Contingent liabilities

The parent entity has contingent commitments in relation to performance shares as per note 19.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017.

ICOLLEGE LIMITED
DIRECTORS' DECLARATION
30 JUNE 2017

DIRECTORS DECLARATION

This declaration is made in accordance with a resolution of the Directors.

In the opinion of the Directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position at 30 June 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory reporting requirements; and
- (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable; and
- (c) the financial statements and notes comply with International Financial Reporting Standards as disclosed in note 1.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for financial year ended 30 June 2017.

On behalf of the Board



Ross Cotton
Executive Chairman
Perth, Western Australia
29 September 2017

Independent Auditor's Report

To the Members of iCollege Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of iCollege Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(iii) in the financial report, which indicates that the Group incurred a net loss of \$3,268,758 during the year ended 30 June 2017. As stated in Note 1(iii), these events or conditions, along with other matters as set forth in Note 1(iii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition Revenue is the key driver of the Group and is generated through education and training services. Revenue from education and training services is recognised by reference to the stage of completion method, based on actual service provided as a proportion of total services to be provided. The group focuses on revenue as a key performance measure and is also a key driver by which the performance of the Group is measured. This area is a key audit matter due to the volume of transaction and the total revenue from operations.	Our Procedures included amongst others: ➤ Documenting the processes and evaluating the internal controls relating to revenue recognition; ➤ Reviewing the revenue recognition policy for each revenue stream for compliance with AASB 118; ➤ Reviewing a sample of educational service income to supporting contracts to ensure revenue was recognised in line with the revenue recognition policy; ➤ Performing analytical procedures to understand movements and trends in revenue; ➤ Assessing cut-off of revenue at year end and ensuring revenue has been recorded in the correct reporting period; and ➤ Assessing the adequacy of the Group's revenue disclosure within the financial statements
Impairment assessments of intangible assets In 2016, the Group acquired the Celtic Training and Consultancy Pty Ltd, where it had been provisionally accounted under AASB 3. The total intangible asset recognised from the acquisition amounted to \$1,075,898. We focused on this area as the determination of whether or not an impairment charge for intangible assets is required involves significant estimates and judgments made by Management. It was identified that an impairment charge of \$1,157,257 against the intangible asset was recognised during the year. Refer to Note 4 and 9 in the Consolidated Financial Statements.	Our Procedures included amongst others: ➤ We monitored the process of identifying impairment indicators and the process for impairment testing at the cash generating unit level. ➤ In addition, we obtained impairment tests prepared by Management and evaluated the reasonableness of estimates and judgments made by Management in preparing these. ➤ Furthermore, we assessed the appropriateness of disclosures in the financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Contingent liability The Group is involved in a legal proceeding against them in relation to the acquisition of the Management Institute of Australia Group of Companies (MIA) in the Supreme Court of New South Wales. The Plaintiff is alleging a breach by iCollege and MIA of the Share Sale Agreement and alleging entitlement to payment of up to \$9m plus interest to be paid to them pursuant to the Share Sale Agreement. The Group disputes the plaintiffs' claims in full and will be fully defending the Proceedings. No provisions have been recognised with respect to the claim other than the \$1,500,000 already recognised in respect to the original consideration payable as disclosed in note 11. The original consideration liability will remain, until the legal matter is resolved. Refer to note 11, 19 and 23 for further details. The item, is identified as a key audit matter as the accounting and disclosure for contingent liabilities from claims is complex and judgmental, and the amounts involved are, or can be material to the financial statements as a whole.	Our Procedures included amongst others: ➤ As part of our audit procedures we have assessed management's processes to identify new possible obligations and changes in existing obligations for compliance with group policy and AASB 137 requirements. ➤ Reviewing legal advice addressing the position of the Group in accordance with the requirements of AASB 137 Provisions, Contingent Liabilities and Contingent Assets; and ➤ Assessing the adequacy of the disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of iCollege Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 29th day of September 2017

ICOLLEGE LIMITED

ADDITIONAL ASX INFORMATION

Additional information required by ASX Ltd and not shown elsewhere in this report is as follows. The information is current as at 27 September 2017 to be updated.

Distribution of Securities Held

Size of Holding	Fully Paid Ordinary Shares No. Holders	Listed Options ICTO No. Holders	Listed Options ICTOB No. Holders
1 - 1,000	38	38	6
1,001 - 5,000	56	58	9
5,001 - 10,000	64	24	4
10,001 - 100,000	175	57	11
100,000 and over	167	38	57
Total holders	500	211	87
Number of holders holding less than a marketable parcel	278	200	40

Twenty Largest Holders of Fully Paid Ordinary Shares

Name		Number of Shares	Percentage of Issued Capital
1	GASMERE PTY LIMITED	16,931,044	8.61
2	SERO LEARNING PTY LTD SERO ASSETS UNIT	12,500,000	6.36
3	MR HARRY HATCH	11,501,000	5.85
4	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	9,125,449	4.64
5	WALKER INVESTMENTS (AUSTRALIA) PTY LTD WALKER UNIT	6,666,667	3.39
6	LARRAKEYAH PTY LTD <THE MOORE FAMILY A/C>	6,094,774	3.10
7	GLENEAGLE SECURITIES NOMINEES PTY LIMITED	5,416,666	2.75
8	HUNT & GATHER CORPORATION PTY LTD	5,000,000	2.54
9	5G CAPITAL INVESTMENTS PTY LTD <5G CAPITAL A/C>	5,000,000	2.54
10	PERFORMA CAPITAL PTY LTD <PERFORMA A/C>	4,037,593	2.05
11	MR DAVID LEIGH-EWERS & MRS ELIZABETH ANN LEIGH-EWERS	3,786,226	1.93
12	SAYERS INVESTMENTS (ACT) PTY LTD <SAYERS SUPER FUND A/C>	3,700,000	1.88
13	SEEFELD INVESTMENTS PTY LTD <THE SEEFELD A/C>	3,562,866	1.81
14	NBT PTY LTD <ACCOUNT ASTOR>	3,125,000	1.59
15	TRADITIONAL SECURITIES GROUP PTY LTD <LPR FAMILY A/C>	2,875,001	1.46
16	SANGREAL INVESTMENTS PTY LTD	2,750,000	1.40
17	MR JASON JON BOYER	2,500,000	1.27
18	OCCASIO HOLDINGS PTY LTD OCCASIO UNIT	2,000,000	1.02
19	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <44883 KIRZNER FAM A/C>	1,934,224	0.98
20	CARROLL SUPERANNUATION FUND PTY LIMITED <CARROLL SUPER FUND A/C>	1,900,000	0.97
		110,406,510	56.14

ICOLLEGE LIMITED

ADDITIONAL ASX INFORMATION

Substantial Shareholders

An extract of the Company's register of substantial shareholders is as follows:

Name	Number of Fully Paid Ordinary Shares
Sero learning Pty Ltd ATF Sero Assets Unit Trust	12,500,000
Harry Hatch (Includes Gasmere Pty Ltd)	28,432,044

Twenty Largest Holders of Listed Options - ICTO

Name		Number of Listed Options	Percentage of Issued Capital
1	REXROTH HOLDINGS PTY LTD	10,488,404	34.87
2	PERFORMA CAPITAL PTY LTD	<PERFORMA A/C> 2,500,000	8.31
3	MR MICHAEL GROVE & MRS JANE GROVE	3LADGROVE SUPER FUND A/C> 2,423,334	8.06
4	FAIRFIELD CAPITAL PTY LTD	FAIRFIELD CAPITAL 2,000,001	6.65
5	LYDIAN ENTERPRISES PTY LTD	<LYDIAN A/C> 1,000,000	3.32
6	RIVERGRADE PTY LTD	<RIVERGRADE A/C> 994,445	3.31
7	TRADITIONAL SECURITIES GROUP PTY LTD	<LPR FAMILY A/C> 972,223	3.23
8	MR STEPHEN ANTHONY RAY	785,447	2.61
9	FRONTIER CAPITAL PTE LTD	575,000	1.91
10	IRONSIDE PTY LTD	IRONSIDE SUPER FUND A/C> 528,085	1.76
11	MRS ROBYN WATTS	500,000	1.66
12	WALKER INVESTMENTS (AUSTRALIA) PTY LTD	<WALKER UNIT A/C> 469,528	1.56
13	OCCASIO HOLDINGS PTY LTD	OCCASIO UNIT 416,667	1.39
14	CLAPSY PTY LTD	3ARON SUPER FUND A/C> 330,000	1.10
15	MR ROBERT MURRAY RAYNES	300,000	1.00
16	GARRIDO INVESTMENTS PTY LTD	300,000	1.00
17	SEEFELD INVESTMENTS PTY LTD	<THE SEEFELD A/C> 278,612	0.93
18	RICHMOND FOOD SYSTEMS PTY LTD	<MONTERY A/C> 256,936	0.85
19	NTJ INVESTMENTS PTY LTD	<NTJ INVESTMENT A/C> 250,000	0.83
20	MR MATTHEW STEVEN RICHES	250,000	0.83
		25,618,682	85.16

ICOLLEGE LIMITED

ADDITIONAL ASX INFORMATION

Twenty Largest Holders of Listed Options - ICTOB

	Name		Number of Listed Options	Percentage of Issued Capital
1	5G CAPITAL INVESTMENTS PTY LTD	<5G CAPITAL A/C>	8,500,000	13.38
2	WEBINVEST PTY LTD	<OLSB UNIT A/C>	5,486,452	8.64
3	EYEON NO 2 PTY LTD		4,118,619	6.49
4	GASMERE PTY LIMITED		3,125,000	4.92
5	LARRAKEYAH PTY LTD	<THE MOORE FAMILY A/C>	3,047,387	4.80
6	REXROTH HOLDINGS PTY LTD		2,500,000	3.94
7	HUNT & GATHER CORPORATION PTY LTD		2,500,000	3.94
8	SEVENTY THREE PTY LTD	<KING SUPER FUND NO 3 A/C>	1,764,652	2.78
9	MRS KIM GREEN		1,645,744	2.59
10	LIMITS PTY LIMITED	<DUNCAN GAMBLE FAMILY A/C>	1,625,000	2.56
11	NBT PTY LTD	<ACCOUNT ASTOR>	1,562,500	2.46
12	EYEON NO 2 PTY LTD		1,515,152	2.39
13	MR SIMON WILLIAM TRITTON	<INVESTMENT A/C>	1,500,000	2.36
14	JACKILL PTY LTD	<JACOMETTI FAMILY A/C>	1,500,000	2.36
15	SAYERS INVESTMENTS (ACT) PTY LTD	<SAYERS SUPER FUND A/C>	1,500,000	2.36
16	SAYERS INVESTMENTS (ACT) PTY LTD	<SAYERS SUPER FUND A/C>	1,300,000	2.05
17	PAMPLONA CAPITAL PTY LTD		1,154,844	1.82
18	MR HARRY HATCH		1,047,640	1.65
19	BROADACRE FINANCE PTY LTD	<THE RULE 303 SUPER A/C>	1,000,000	1.57
20	J & J BANDY NOMINEES PTY LTD	<J & J BANDY SUPER FUND A/C>	1,000,000	1.57
			47,392,990	74.62

Unlisted Options

Number of Options	Exercise Price \$	Exercise date
11,666,674	\$0.30	31 March 2019
600,000	\$0.25	31 March 2018
2,000,000	\$0.10	1 April 2019

The names of option holders who hold 20% or more of each class of unlisted options are as follows:

Name	Number of Options	Percentage
<i>Options expiring 31 March 2019</i>		
<i>Exercise Price \$0.30</i>		
Performa Capital Pty Ltd <Performa A/C>	3,750,000	32%
<i>Options expiring 1 April 2019</i>		
<i>Exercise Price \$0.10</i>		
Gleneagle Securities (Aus) Pty Ltd	1,000,000	50%
Exit Out Pty Ltd	1,000,000	50%
<i>Options expiring 31 March 2018</i>		
<i>Exercise Price \$0.25</i>		
Johannes de Back	600,000	100%

ICOLLEGE LIMITED

ADDITIONAL ASX INFORMATION

Performance Shares

A total of 3,666,668 performance shares are on issue. The holders are as follows:

Name	Number of Performance Shares
Frontier Capital Pte Ltd	1,666,666
Traditional Securities Group Pty Ltd <LPR Family A/C>	1,166,668
Rivergrade Pty Ltd <Rivergrade A/C>	833,334

Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Performance Shares

- These shares have no voting rights.

Restricted securities

There are 6,666,667 fully paid ordinary shares subject to company imposed escrow on issue.

Use of Cash

During the reporting period, the use of cash has been consistent with the Company's business objectives.