



ICOLLEGE LIMITED

ABN 75 105 012 066

2017 HALF-YEAR REPORT

ICOLLEGE LIMITED

ABN 75 105 012 066

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ICOLLEGE LIMITED
CORPORATE DIRECTORY

Directors

Mr Simon Tolhurst – Non-executive Chairman
Mr Ashish Katta – Managing Director
Mr Philip Re – Non-executive Director
Mr Daniel Moore – Non-executive Director

Stock Exchange Listing

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

Company Secretary

Mr Stuart Usher

Auditor

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

Registered Office

Suite 1 GF
437 Roberts Road
SUBIACO WA 6008

Telephone: + 61 8 6380 2555
Facsimile: + 61 8 9381 1122

Bankers

Commonwealth Bank Limited
Ground Floor, 50 St Georges Terrace
PERTH WA 6000

Solicitors

Price Sierakowski
Level 24, St Martins Tower
44 St Georges Terrace
Perth WA 6000

Share Registry

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

ICOLLEGE LIMITED
REPORT OF THE DIRECTORS

The Directors of iCollege Limited present their report on iCollege Limited and its Controlled Entities ("the Company" or "iCollege" or "Consolidated Entity") for the half-year ended 31 December 2017.

DIRECTORS

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

Current Directors

Mr Simon Tolhurst – Non-executive Chairman (Appointed 10th October 2017)

Mr Ashish Katta – Managing Director (effective from 12th February 2018) Non-executive Director (Appointed 23rd August 2017)

Mr Philip Re - Non-executive Director

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

Past Directors

Mr Ross Cotton – Executive Chairman (Resigned 19th October 2017)

Company Secretary

Mr Stuart Usher

PRINCIPAL ACTIVITIES

iCollege Limited is an Australian company listed on the Australian Securities Exchange (ASX code: ICT). iCollege's principal business activity is a vocational training organisation focused predominantly in the two following areas, Healthcare and Community Services. All of these services attract a level of Government funding and are also offered on a fee for service basis.

REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS

The Company recorded a loss after tax for the half year ended 31 December 2017 of \$609,246 (2016: \$1,176,686).

During the period the company made changes on the board of directors, with the appointment of a VET specialist Mr. Ash Katta, who has over 8 years experience VET having grown several businesses in the sector. Additionally Mr. Simon Tolhurst was appointed to the board as a Non executive Chairman, Simon brings with him significant, compliance, governance and legal experience. Simon is a Partner at HLW Ebsworth. The newly appointed board members have undertaken a review of operations and in consultation and cooperation with the continuing members have focused on mitigation of perceived risks, driving profitability and the implementation of a strategic plan and development of companywide values. iCollege's wholly owned Celtic Training concentrated on growth in Healthcare and Community. The following activities impacted the performance of the group during the period:

- Celtic has continued to focus on the delivery of Nursing and Aged Care Qualifications in the South Australian Market. Plans are in place to begin marketing and offering the Certificate III in Individual Care (Aged and Disability) in Queensland under the funding contract currently held by Celtic. Celtic has also entered into a partnership with a Training Delivery Group in Central Queensland and is providing the compliance and course materials under an auspice arrangement.
- Mathisi has continued to work within the School Based Trainee system and is expanding its horizons exploring more worked based traineeships with numerous interested businesses in Queensland.

ICOLLEGE LIMITED
REPORT OF THE DIRECTORS

- Further development of a shared services model across the businesses has included investigation of new Learning Management and Student Management Systems. A structured roll out of these systems is scheduled for early in the Second half of the year.
- The iCollege strategic acquisition focus culminated in the announcement of a binding term sheet to acquire Manthano Limited; Manthano has campus locations in Brisbane City, Mt Gravatt, Gold Coast, Kedron, Botany, Canberra and Toowoomba. Manthano consists of Sero Learning, a Hospitality and Business Services RTO offering qualifications from Certificate II through to Advanced Diploma. Sero currently has CRICOS licenses for 450 international students with 200 currently subscribed. Manthano also owns Capital Training Institute, CTI is a specialist Building and Construction Training company that offers Certificate III through to Advanced Diploma in Building and Construction. CTI is also one of twelve Training Organisations who are licensed to deliver Asbestos Awareness Training. Manthano has also acquired Incident Crises and Emergency Management Consulting Singapore, this business is focused on delivery of Emergency Management Training in the Oil and Gas Industry Globally with permanent facilities in Vietnam and Cairo.

RESULTS

The Company recorded a loss after tax for the half-year ended 31 December 2017 of \$609,246 (2016: \$1,176,686).

SUBSEQUENT EVENTS

There are no other matters or circumstances, other than disclosed elsewhere in this report or the financial statements at note 9, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

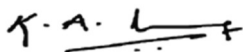
FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declarations as required under section 307C of the Corporations Act 2001 is included in this report, and can be found on page 4.

Signed in accordance with a resolution of the Directors.



Ashish Katta
Managing Director
28th February 2018
Brisbane, Queensland

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

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

To the Board of Directors

**Auditor's Independence Declaration under Section 307C of the
Corporations Act 2001**

As lead audit director for the review of the financial statements of iCollege Limited for the period ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 28th day of February 2018

ICOLLEGE LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Half Year Ended 31 December 2017 \$	Half Year Ended 31 December 2016 \$
Note		
Revenues		
Revenue from customers	888,744	1,122,321
Cost of sales	(122,944)	(449,055)
Gross Profit	765,800	673,266
Interest Revenue	-	1,346
Expenses		
Accounting and audit expense	(30,000)	(30,420)
Compliance	(36,242)	(97,355)
Consultant fees	(179,019)	(333,733)
Depreciation and amortisation	(3,613)	(29,168)
Directors fees	(66,000)	(96,666)
Doubtful Debts	(58,079)	(114,950)
Employment expenses	(508,333)	(510,235)
Interest expense	(74,217)	(75,900)
Legal fees	(184,045)	(83,581)
Marketing expenses	(4,962)	(88,148)
Occupancy expenses	(76,611)	(78,431)
Share based payments	-	(80,000)
Travel expenses	(21,922)	(83,738)
Other expenses	(132,003)	(148,973)
Total expenses	(1,375,046)	(1,851,298)
Profit/(loss) before Income Tax	(609,246)	(1,176,686)
Income tax benefit	-	-
Profit/(loss) after income tax attributable to members of iCollege Limited	(609,246)	(1,176,686)
Other Comprehensive Income	-	-
Total Comprehensive Income	(609,246)	(1,176,686)
Earnings per share	Cents per Share	Cents per Share
Basic profit/(loss) per share	(0.31)	(9.02)

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

ICOLLEGE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		31 December 2017	30 June 2017
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		58,645	12,000
Trade and other receivables	2	184,133	314,128
Other assets		13,578	23,013
Total Current Assets		<u>256,356</u>	<u>349,141</u>
Non-Current Assets			
Property, plant & equipment		31,365	33,845
Total Non-Current Assets		<u>31,365</u>	<u>33,845</u>
Total Assets		<u>287,721</u>	<u>382,986</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	4	2,849,752	2,472,745
Short-term provisions		44,306	27,332
Convertible notes	5	650,000	650,000
Interest bearing liabilities	6	125,000	-
Total Current Liabilities		<u>3,699,058</u>	<u>3,150,077</u>
Total Liabilities		<u>3,699,058</u>	<u>3,150,077</u>
Net Assets/(Liabilities)		<u>(3,381,337)</u>	<u>(2,767,091)</u>
Equity			
Issued capital	7	11,061,741	11,066,741
Reserves		1,040,330	1,040,330
Accumulated losses		<u>(15,483,408)</u>	<u>(14,874,162)</u>
Total Equity		<u>(3,381,337)</u>	<u>(2,767,091)</u>

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

ICOLLEGE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017	31 December 2016
	\$	\$
Cash flows from operating activities		
Receipts from customers	881,992	850,479
Interest received	-	1,346
Interest paid	-	(222,437)
Payments to suppliers and employees	(954,214)	(2,167,346)
Net cash flows used in operating activities	<u>(72,222)</u>	<u>(1,537,958)</u>
Cash flows from investing activities		
Payments for acquisition of subsidiary	-	(79,968)
Payments for property, plant & equipment	(1,133)	-
Net cash flows used in investing activities	<u>(1,133)</u>	<u>(79,968)</u>
Cash flows from financing activities		
Payment of convertible notes	-	(750,000)
Proceeds from loans	275,000	-
Repayment of loans	(150,000)	-
Proceeds from issue of shares	-	3,080,775
Payment of share issue costs	(5,000)	(402,709)
Net cash flows provided by financing activities	<u>120,000</u>	<u>1,928,066</u>
Net increase/(decrease) in cash and cash equivalents held	46,645	310,140
Add opening cash and cash equivalents brought forward	12,000	20,343
Closing cash and cash equivalents carried forward	<u>58,645</u>	<u>330,483</u>

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

ICOLLEGE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
At 1 July 2017	11,066,741	(14,874,162)	1,040,330	(2,767,091)
Total comprehensive loss for the period	-	(609,246)	-	(609,246)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	(5,000)	-	-	(5,000)
At 31 December 2017	11,061,741	(15,483,408)	1,040,330	(3,381,337)

At 1 July 2016	7,082,674	(11,605,404)	1,040,330	(3,482,400)
Total comprehensive loss for the period	-	(1,176,686)	-	(1,176,686)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	2,678,067	-	-	2,678,067
Share based payment	80,000	-	-	80,000
At 31 December 2016	9,840,741	(12,782,090)	1,040,330	(1,901,019)

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORTS

Basis of Accounting

This general purpose financial report for the half-year reporting period ended 31 December 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.

These half-year financial reports do not include all the notes of the type normally included in annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2017 and any public announcements made by iCollege Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

Adoption of new and revised Accounting Standards

The Group has not elected to apply any pronouncements before their operative date in the interim reporting period beginning 1 July 2017.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the half-year of \$609,246 (2016: \$1,176,686) and net cash outflows from operating activities of \$72,222 (2016: \$1,537,958). As at 31 December 2017, the Company had a working capital deficit of \$3,442,702 (June 2017: \$2,847,035). Included in this working capital deficiency is deferred consideration payable of \$1,500,000 to the vendor of MIA. The board has taken the view that additional payments to the vendor are not justifiable given the inconsistencies discovered and will seek court judgement to cancel the liabilities under the shares currently held in escrow. The company was served with a writ during the period for a claim of \$9,000,000 from the previous vendor. The Company is defending the claim and also counter-claiming against the previous vendor.

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

- The ability of the Company to secure funds by raising capital from equity and debt markets
- The results of negotiations with creditors in extinguishing amounts currently payable
- The successful outcome of the claims identified above
- The profitable operation of its core business units
- Managing cashflow in line with available funds.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORTS (*continued*)

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

- The Loan of \$125,000 with 90 days term is past due and the company is in continued negotiations with the holder on the terms of settlement. Should the loan be required to be repaid in cash, additional funds will be required to be raised to settle any such amounts;
- As at the date of this report, convertible notes and loans totalled \$650,000. The convertible notes are past due and the settlement is at the discretion of the holder. Should any of these convertible notes be required to be repaid in cash, additional funds will be required to be raised to settle any such amounts;
- Have forecasted an improvement in operations following the restructuring of core business units, which they expect to generate profitable operations within the next 12 months;
- The company is forecasting positive operating cash flows from the newly acquired entity Manthano over the next 12 months from the date of this 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 legal claims currently in place with the previous vendor of MIA as disclosed in notes 4 and 8
- Managing cash flows in line with available funds; and
- If the Company is unsuccessful in any of the above, it will be required to immediately raise funds for its working capital requirements and settlement of its debt instruments from debt or equity sources.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

2. TRADE AND OTHER RECEIVABLES

	31 December 2017	30 June 2017
	\$	\$
Current		
Trade receivables	41,148	41,148
GST receivable	31,085	111,931
Receivable from directors	-	90,375
Sundry and other receivables	111,900	70,674
	<u>184,133</u>	<u>314,128</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

3. FAIR VALUE OF FINANCIAL INSTRUMENTS*Recurring fair value measurements*

The Company does not have any financial instruments that are subject to recurring fair value measurements.

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to approximate their fair value.

4. TRADE AND OTHER PAYABLES

	31 December 2017	30 June 2017
	\$	\$
Current		
Trade payables	619,138	375,337
Sundry payables and accrued expenses	301,603	226,518
Accrued interest on convertible note	95,570	29,640
Consideration payable ⁽¹⁾	1,833,441	1,841,250
	<u>2,849,752</u>	<u>2,472,745</u>

⁽¹⁾ This amount represents deferred consideration on previously completed business combinations. Included in this amount is \$1,500,000 for the remaining consideration payable for the acquisition of Management Institute of Australia Pty Ltd (MIA) which settled on 1 April 2015. After an intensive and thorough review of MIA operations the iCollege Executive have discovered a number of inconsistencies with what was portrayed of the business prior to its acquisition. The board has taken the view that additional payments to the vendor of MIA are not justifiable given the inconsistencies discovered and has proposed that a formal mediation be held promptly to resolve these issues. Until that time any further payments and release of any shares currently held in escrow will be suspended.

5. CONVERTIBLE NOTES

	31 December 2017	30 June 2017
	\$	\$
Current		
Convertible Notes	<u>650,000</u>	<u>650,000</u>

Terms and conditions of the convertible notes

- 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 HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

5. CONVERTIBLE NOTES (*continued*)

- Maturity: daily roll-over
- 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. The Issuer to advise the Loan-holder within 30 days of maturity
- Conversion Reference Price: 4 cents

6. INTEREST BEARING LIABILITIES

	31 December 2017	30 June 2017
	\$	\$
Current		
Interest Bearing Liabilities	125,000	-

Terms and conditions of the interest bearing liabilities

- Amount: \$125,000
- Issue Date: 12 October 2017
- Terms of Repayment: The loan must be fully and finally repaid, together with all interest accrued thereon and other outstanding moneys 90 days from the date the loan is advanced to the Borrower (unless extended by mutual agreement)
- Interest: 12% pa, payable quarterly in arrears

7. CONTRIBUTED EQUITY

Number of Shares	Summary of Movements:	Issue Price	\$
196,672,082	Opening balance 1 July 2017		11,066,741
-	Costs of capital	-	(5,000)
196,672,082	Closing balance at 31 December 2017		11,061,741

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

8. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

As referenced to the Annual report it was disclosed that Legal proceedings have been commenced against Management Institute of Australia Group of Companies (MIA) in the Supreme Court of New South Wales.

On 10 August 2017, Walker Enterprises (Australia) Pty Ltd (Walker) filed a Commercial List Statement in the Supreme Court of New South Wales (Equity Division) seeking payment of the sum of \$9,000,000.

Walker seeks recovery of the balance sale price alleged to be payable under a share sale agreement (SSA) for the acquisition by iCollege of 100% of the capital of certain MIA companies (Walker subsidiaries). These MIA Companies were subsequently placed into liquidation by iCollege following completion of the transaction. iCollege has defended the proceeding and filed an amended Commercial List Response. iCollege's defence asserts misrepresentations by Walker, breaches of certain obligations under SSA and inaccurate warranties in the SSA rendering each of the MIA companies of no value.

In addition, iCollege has claimed by way of set-off and cross claim, orders permitting iCollege to cancel the shares issued by iCollege in the name of Walker's nominee, being shares issued as part of the purchase consideration and an Order that Walker pay iCollege \$1 million, being cash paid to Walker pursuant to the SSA. In the alternative, iCollege seeks an Order that Walker pay to iCollege the sum of \$2 million, being the return of the cash component paid by iCollege and the value of the shares issued by iCollege to Walker pursuant to the SSA.

On 8 December 2017, the Court ordered Walker to provide security for iCollege's costs of the proceeding against it (excluding costs attributable solely to iCollege's cross claim). The amount to be paid by Walker by way of security was determined on Friday, 9 February 2018 in the sum of \$231,000.

On 2 February 2018, Walker filed a Notice of Motion seeking Orders that iCollege provide security for Walker's costs of defending the cross-claim brought by iCollege. No final Order in respect of that Notice of Motion has yet been made and the Motion has been listed either for directions or hearing on 2 March 2018.

There have been no other material changes to commitments or contingent assets/liabilities to those disclosed in the 30 June 2017 annual report.

9. EVENTS OCCURRING AFTER REPORTING DATE

Mr Ashish Katta was appointed the Managing Director of iCollege on 12th February. iCollege will be entering into an Executive Employment Agreement with Mr Katta. The terms of that executive employment agreement include a base salary of \$180,000 p.a., 4 week's annual leave and a 3 month notice period of termination by both parties. Mr Katta may be entitled to a bonus depending on the group's profitability (in an amount to be determined by the board).

On 12 January 2018 shareholders at the Annual General Meeting have approved the following key resolutions:

- The consideration shares for the acquisition of Manthano with the Share Sale Agreement executed 12th February 2018, which allowed the completion of the acquisition of Manthano Limited. Refer to note 12 for the business combination assessment.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

9. EVENTS OCCURRING AFTER REPORTING DATE *(continued)*

- The issue of unlisted options to the convertible note holders Harry Hatcher (10,000,000 options with an \$0.04 exercise price which expires after two years from date of issue) and 5G Capital (5,000,000 options with an \$0.08 exercise price which expires after two years from date of issue) for consideration to extend and loan, respectively.
- The issue of unlisted options to the Loan holder PG Binet Pty Ltd (5,000,000 options with an \$0.08 exercise price which expires after two years from date of issue) as consideration for the agreement to lend
- Issue of 250,000 shares to Jim Cafferri as consideration for extending the repayment date of Caffeieri Convertible Note
- Issue of 3,000,000 shares to the senior management team member Stuart Usher
- Issue of Shares in lieu of Director Fees (Simon Tolhurst)

On 2 February 2018, Walker filed a Notice of Motion seeking Orders that iCollege provide security for Walker's costs of defending the cross-claim brought by iCollege. No final Order in respect of that Notice of Motion has yet been made and the Motion has been listed either for directions or hearing on 2 March 2018.

There are no other matters or circumstances, other than disclosed elsewhere in this report, the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

10. RELATED PARTY TRANSACTIONS

Other than mentioned above, arrangements with related parties continued during the period. For details of these arrangements please refer to the 30 June 2017 Annual Financial Report.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

11. SEGMENT INFORMATION

During the year and subsequent to year end there were changes in the internal organisation of the Group, which included the appointment of Mr. Ashish Katta as managing director and CEO, and the appointment of Mr. Simon Tolhurst as non-executive chairman, both taking part in the first and second half of the financial year. This restructure has resulted in changes to the personnel who comprise the chief operating decision making function (CODM), where previously this function viewed the Groups operation as multiple business segment, the new chief operating decision making function reviews the information under one segment which is education services.

6 months ended 31 December 2016	Financing \$	Research & Development \$	Education Services \$	Consolidated \$
Segment Income				
Revenue from customers	-		1,122,321	1,122,321
Finance income	1,338	-	6	1,344
Other income	-	-	-	-
Total income	1,338	-	1,122,327	1,123,665
Segment Expenses				
Cost of goods sold	-	-	(449,055)	(449,055)
Finance costs	(75,900)	-	-	(75,900)
Depreciation and amortisation	(484)	-	(28,684)	(29,168)
Impairment	-	-	-	-
Net other costs	(959,287)	-	(786,941)	(1,746,228)
Total Expenses	(1,035,671)	-	(1,264,680)	(2,300,351)
Segment Loss before income tax	(1,034,333)	-	(142,353)	(1,176,686)
30 June 2017				
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)

12. BUSINESS COMBINATIONS

In accordance with a Binding Terms Sheet as announced on 29 September 2017 and a Share Sale Agreement executed 12th February 2018, the company completed the acquisition of Manthano Limited.

The consideration for the acquisition has been satisfied by the issue of 250,000,000 shares in the Company to the Manthano Vendors valued at \$10M using a deemed value of \$0.04 per share. Due to the close proximity between the acquisition date and the reporting date, the acquisition balance sheet has not been finalised and the relevant business combination disclosures could not be made at this point in time.

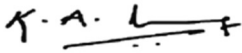
ICOLLEGE LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position at 31 December 2017 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Ashish Katta
Managing Director

28th February 2018
Brisbane, Queensland

Independent Auditor's Review Report

To the Members of iCollege Limited

We have reviewed the accompanying financial report of iCollege Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the period.

Directors Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report

To the Members of iCollege Limited (Continued)



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of iCollege Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the period ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$609,246 during the half year ended 31 December 2017. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 28th day of February 2018