



ICOLLEGE LIMITED

ABN 75 105 012 066

ASX Appendix 4E (rule 4.3A)

Preliminary final report for the year ended 30 June 2018

Details of the reporting period and the previous corresponding period

Reporting Period: 30 June 2018
Previous Corresponding Period: 30 June 2017

Results for announcement to the market

(All comparisons to year ended 30 June 2017)

	\$A'000	Up/Down	% Movement
Revenue from ordinary activities	3,119	up	52%
Revenue from ordinary activities excluding interest income	3,109	up	52%
Loss from ordinary activities after tax	(3,281)	up	0.38%
Loss attributable to members	(3,281)	up	0.38%

Dividends	Amount per share	Franked amount per share
Interim dividend	N/A	N/A
Final dividend	N/A	N/A
Record date for determining entitlements to dividends		N/A

Brief explanation of any figures reported above necessary to enable the figures to be understood
Refer to ASX Announcement and attached Review and Results of Operations

Net tangible assets backing	30 June 2017	30 June 2017
Net tangible assets/(liability) per security	(1.7) cents	(1.41) cents
Net asset backing per security	2.4 cents	(1.41) cents

Control gained or lost over entities having material effect

Name of entity	Manthano Limited
Date of acquisition	12 February 2018
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	(\$811,024)
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A
Contribution to consolidated profit/(loss) from ordinary activities from acquisition date	(\$811,024)

Description of acquisition:

Manthano is a vocational education and training organisation that provides both accredited and non-accredited training solutions to existing workers, job seekers and school leavers throughout Australia and abroad. The training that is delivered by Manthano and its two registered training organisations is targeted at individuals seeking essential skills and knowledge required to gain employment across a range of industry sectors including health and fitness, community services and business. Manthano is working closely with a number of community based organisations and overseas to increase opportunities for graduates to secure meaningful employment.

Material interest in entities which are not controlled entities

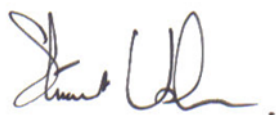
The consolidated entity has an interest (that is material to it) in the following entities: Nil

Compliance Statement

The preliminary final report has been prepared based on the 30 June 2018 accounts which are in the process of being audited by an independent Audit Firm in accordance with the requirements of s302 of the *Corporations Act 2001*.

Attachments forming part of Appendix 4E:

1. Financial Report



Signed: _____
Stuart Usher
Company Secretary

Date: 31 August 2018



ICOLLEGE LIMITED

ABN 75 105 012 066

**PRELIMINARY FINAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

Index:	Page
Corporate Directory	1
Review and Results of Operations	2
Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Cash Flows	6
Consolidated Statement of Changes in Equity	7
Condensed Notes to the Financial Statements	8

ICOLLEGE LIMITED

CORPORATE DIRECTORY

Directors

Mr Simon Tolhurst – Non-Executive Chairman
Mr Ashish Katta – Managing Director
Mr Badri Gosavi – Executive Director

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

Andrew Lindfoot
Suite 5, 531 Hay Street, Subiaco,
Western Australia

Share Registry

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
PERTH WA 6000

PRINCIPAL ACTIVITIES

iCollege Limited comprises of seven businesses which deliver accredited and non-accredited vocational education and training solutions throughout Australia and internationally. iCollege currently has five registered training organisations (RTO's) based in Australia, an internationally recognised training provider based in Singapore and an international student recruitment agency.

The iCollege training scope assists people looking to develop essential skills and knowledge required to gain employment or advance their careers across a range of industry sectors including construction, nursing, disability, hospitality, business, English language and health & fitness.

iCollege is approved to train both domestic and international students throughout Australia. iCollege currently provides training to a range of existing workers, job seekers and school leavers throughout our seven campuses in Sydney, Brisbane, Gold Coast, Perth, Adelaide and Canberra.

Our mission is to give students a flexible and more engaging learning experience. Quite simply iCollege provides the pathway for individuals to realise success in their chosen field.

REVIEW OF OPERATIONS AND RESULTS

The Company recorded a loss after tax for the year ended 30 June 2018 of \$3,281,246 (2017: \$3,268,758).

The financial year ended 30 June 2018, saw iCollege engage with Manthano Limited with the first half of the year dedicated to an in-depth due diligence program leading to the Acquisition of Manthano in February 2018. The second half of the year saw the integration of Manthano assets into the broader iCollege Group. This integration process unearthed several significant growth opportunities and has set a solid foundation for iCollege to continue to capitalise on the growth and solid revenue numbers reported in Q3 and Q4. 2017/18 has seen the restructure of the iCollege board with the new members highlighting the following midterm strategic objectives which have been strictly adhered to by the executive:

- Ensuring financially responsible decisions are made for the company;
- Pursue vertical integration, providing control of supply chain and educational outcomes;
- Deliver training using up to date and relevant delivery methods;
- Develop appropriate Government and industry relationships; and
- Increasing on-shore demand through international delivery.

The following initiatives have been announced to the market and are progressing to the point where they provide additional revenue streams or cost savings to the business:

- In February 2018, the Manthano acquisition was completed in line with all terms outlined in the Share Sale Agreement, this acquisition included two additional Registered Training Organisations and one Internationally Accredited Oil and Gas specialist training business.
- In April 2018, the company replaced an existing convertible note allocating the instrument to a sophisticated investor on improved commercial terms.
- iCollege signed a Memorandum of Understanding with Birla Edutech which is part of the Yash Birla Group. The Birlas are one of the oldest Business families in India and have been in operation since 1887 AD for the establishment of a Hospitality Centre of Excellence and additional vocational training opportunities, In August 2018 this agreement was finalised with the signing of a binding Joint Venture Agreement. The initial centre will be based in New Delhi with additional opportunities being investigated.
- In line with "increasing on-shore demand through international delivery" iCollege signed a binding HOA to establish iStudy Australia (India), an international student recruitment arm designed to begin the vertical integration of student acquisition lessening the burden of commissions paid to third party agents. iCollege is now in the process of expanding Indian operations and looking to establish iStudy Australia offices in Malaysia and China.

- iCollege welcomed Mr. Badri Gosavi into the business as an Executive Director and full time CFO. Badri brings with him significant experience and has already streamlined the accounting functions of all operating entities.
- May 2018 saw iCollege successfully apply to the Department of Home Affairs as a sponsor organisation under the 407 Visa subclass. This allows iCollege to provide structured training plans and instruction to suitable overseas graduates and professionals allowing them to complete 12 – 24 months on the job training programs.
- In June 2018, iCollege (through Sero Institute) applied for and was granted an increase in its existing CRICOS places. This increase saw the number of places increased from 450 to 1450 and included the addition of a Perth Campus which will become active in September 2018.
- Finally, iCollege successfully completed a share placement to Sophisticated investors in July 2018. This placement was oversubscribed and saw the company raise \$2M after costs seeing the company well-funded and, in the position to aggressively pursue growth initiatives.
- Importantly, the last quarter of 2017/18 saw iCollege report the highest ever quarterly revenue achieved by the business. The board of iCollege expect this trend to continue and are confident of reporting growth quarter on quarter during the 2018/19 FY.

The board and executive of iCollege are excited by the growth initiatives that have been established through 2017/18 and look forward to reporting on their continuing success throughout the current 2019 FY.

ICOLLEGE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
Revenues			
Revenue from customers		3,108,910	2,041,838
Cost of sales		(766,781)	(817,756)
Gross Profit		<u>2,342,129</u>	<u>1,224,082</u>
Interest Revenue		9,996	792
Expenses			
Audit and tax expenses		(30,000)	(118,203)
Compliance		(94,257)	(130,469)
Consultant fees		(356,817)	(727,156)
Depreciation and amortisation		(98,093)	(33,357)
Directors fees		(130,000)	(120,166)
Doubtful debts		(84,984)	(73,810)
Employee expenses		(1,974,207)	(1,003,951)
Finance costs		(853,569)	(146,733)
Intangible asset impairment		-	(1,157,257)
Legal expenses		(307,807)	(198,901)
Marketing/Sponsorships expenses		(31,007)	(147,294)
Occupancy expenses		(639,657)	(153,025)
Share based payments		(515,400)	(133,000)
Travel and accommodation		(142,086)	(294,198)
Other expenses		(375,487)	(304,396)
Total expenses		<u>(5,633,371)</u>	<u>(4,741,916)</u>
Profit/(loss) before Income Tax		(3,281,246)	(3,517,042)
Income tax benefit		-	248,284
Profit/(loss) after income tax attributable to members of iCollege Limited		<u>(3,281,246)</u>	<u>(3,268,758)</u>
Other comprehensive income		-	-
Total comprehensive profit/(loss) attributable to members of iCollege Limited		<u>(3,281,246)</u>	<u>(3,268,758)</u>
Earnings/(loss) per share		Cents per Share	Cents per Share
Basic Earnings/(loss) per share		(1.11)	(2.11)

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 2018

	Note	30 June 2018 \$	30 June 2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents		339,214	12,000
Trade and other receivables		830,821	314,128
Other assets		10,350	23,013
Total Current Assets		1,180,385	349,141
Non-Current Assets			
Property, plant & equipment		190,118	33,845
Intangible assets	3'	18,876,026	-
Total Non-Current Assets		19,066,144	33,845
Total Assets		20,246,529	382,986
LIABILITIES			
Current Liabilities			
Trade and other payables	2	4,071,777	2,472,745
Convertible notes		650,000	650,000
Borrowings		125,000	-
Current tax liabilities		6,854	-
Short-term provisions		123,754	27,332
Total Current Liabilities		4,977,385	3,150,077
Non-Current Liabilities			
Borrowings		469,373	-
Deferred tax liabilities		3,929,509	-
Total Non-Current Liabilities		4,398,882	-
Total Liabilities		9,376,267	3,150,077
Net Assets/(Deficiency)		10,870,262	(2,767,091)
Equity			
Issued capital		27,278,641	11,066,741
Reserves		1,747,029	1,040,330
Accumulated losses		(18,155,408)	(14,874,162)
Total Equity		10,870,262	(2,767,091)

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 2018

Note	Year ended 30 June 2018 \$	Year ended 30 June 2017 \$
Cash flows from operating activities		
Receipts from customers	2,847,385	1,990,294
Interest received	9,996	792
Finance costs	(146,871)	(289,936)
Payments to suppliers and employees	(3,344,502)	(4,130,591)
Net cash flows used in operating activities	(633,992)	(2,429,441)
Cash flows from investing activities		
Net cashflow from acquisition of subsidiaries	722,800	(79,968)
Deferred consideration from acquisition of a subsidiary	(250,000)	-
Payments for plant and equipment	(8,968)	-
Net cash flows used in and from investing activities	463,832	(79,968)
Cash flows from financing activities		
Proceeds from borrowings	1,044,865	150,000
Repayment of borrowings	(842,491)	(1,500,000)
Proceeds from issue of shares and options	-	4,330,775
Proceeds from share issues received in advance	300,000	-
Payment of share issue costs	(5,000)	(479,709)
Net cash flows provided by financing activities	497,374	2,501,066
Net increase/(decrease) in cash and cash equivalents held	327,214	(8,343)
Add opening cash and cash equivalents brought forward	12,000	20,343
Closing cash and cash equivalents carried forward	339,214	12,000

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 2018

	Issued Capital	Accumulated Losses	Share based payments 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		(3,281,246)	-	(3,281,246)
Transactions with owners in their capacity as owners:				
Issue of share capital	15,701,500	-	-	15,701,500
Share based payment	515,400	-	-	515,400
Options	-	-	706,699	706,699
Shares issued in lieu of services	-	-	-	-
Costs of capital raising	(5,000)	-	-	(5,000)
At 30 June 2018	27,278,641	(18,155,408)	1,747,029	10,870,262

At 1 July 2016	7,082,674	(11,605,404)	1,040,330	(3,482,400)
Total comprehensive loss for the period	-	(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)

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

ICOLLEGE LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018

1. BASIS OF PREPARATION

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

2. TRADE CREDITORS AND PAYABLES

Included in trade creditors and payables in 2018 and 2017 is an amount that represents deferred consideration on previously completed business combinations of \$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.

3. BUSINESS COMBINATION

(i) ACQUISITION OF MANTHANO LTD

On 12 February 2018, iCollege Ltd acquired 100% of the ordinary share capital and voting rights in Manthano Ltd.

(a) Acquisition Consideration

As consideration for the issued capital of Manthano Ltd, iCollege Ltd paid by the issue of 250,000,000 Consideration Shares valued at the date of acquisition to be \$15,250,000.

(b) Fair value of consideration transferred

Under the principles of AASB 3, the assets and liabilities of Manthano Ltd are measured at fair value on the date of acquisition.

(c) Intangible assets

Provisionally accounted for intangible assets are calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of Manthano Ltd. Details of the transaction are as follows:

	Fair Value \$
<i>Consideration</i>	
Consideration Shares	15,250,000
<i>Fair value of assets and liabilities held at acquisition date:</i>	
Cash	722,800
Trade and other receivables	524,363
Plant and equipment	245,398
Trade and other payables	(627,937)
Employee provisions	(70,057)
Borrowings	(491,084)
Deferred tax liability	(3,929,509)
Fair value of identifiable assets and liabilities assumed	(3,626,026)
Provisionally accounted for intangible assets	18,876,026

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

4. EVENTS OCCURING AFTER REPORTING DATE

No other matter or circumstance has arisen since 30 June 2018 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.

5. AUDIT STATUS

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