ICOLLEGE LIMITED

ABN 75 105 012 066

2019 ANNUAL REPORT

Index:

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)

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

CHAIRMAN'S LETTER

Dear Shareholder,

In last years annual report, I spoke of having great confidence in the future of the business. Having now completed my first full year as the Chairman of iCollege, it has been pleasing to see this confidence was well placed, with the team having delivered four (4) consecutive quarters of growth to the year ending 30 June 2019 and poised to deliver its maiden annual profit for the group in 2020.

It is worth while taking pause to reflect on just how far the Company has come over the last 18 months or so. When I joined iCollege in October 2017, the Company had good bones and dedicated staff but was in dire need of a turnaround in its fortunes. With renewed vigour, a focus on some key areas and with the support of some incredible people, that turnaround is all but complete. I think that the staff, shareholders and all those involved can be rightly proud of what has been achieved to date and are able to reap the rewards for their dedication, loyalty and trust.

One of the significant milestones achieved this year was the extinguishment of the Walker litigation. This eradicated a material risk to the future of the Company. The terms of settlement were, in the circumstances, an outstanding result for the Board and in turn, the Company. The clean-up of the litigation and the acquisition that gave rise to it, is reflected in this year's set of accounts and includes both a material write-back for the contingent liability that had been provisioned as well as a material write down in the value of the businesses acquired as part of that transaction. Moving forward, the Walker transaction and litigation will have no ongoing impact on the Company's financials.

In a tight cash-flow environment, we have focussed our efforts on ensuring that our domestic business is fit and healthy, allowing it to both grow organically and be well placed to take advantage of local opportunities as they arise. The rationalisation of premises, the geographic expansion of courses to campuses in other States, a focus on quality of service to our agent network, our agreements with Cambridge Assessment English and Parabellum, and the resolution of the Walker litigation are all examples of this.

As a consequence of our focus on the on-shore business and need to prudently manage our cash flow, the off-shore expansion opportunities have been slower to progress than we would have liked. As you would have seen from a number of the announcements made during the year, those opportunities continue to progress but do so in the context of prudent financial management. That said, the foundations for successful overseas expansion have been set, and as the Group's financial position improves, you can expect to see a greater level of progress being made in this area.

In January, I had the opportunity to meet with the Board and Executive of iCollege at the new Perth campus. This facility was developed in conjunction with the local council and encompasses the fully operational Sero Café, which is utilised to train our hospitality students, a gym and basketball courts used to facilitate our sports management students, a fully resourced library and classroom facilities that can cater for 400 international students. The facility, which opened in November 2018, has enjoyed exceptional growth and is now home to over 280 students. The success of the Perth campus has put us in the enviable position of having to now look at sourcing further premises to cater for additional growth in 2020.

During this trip I facilitated the second strategic planning session for the business. Following a full review of the business we mapped out our specific priorities for the year, timetabled the pursuit and implementation of certain business initiatives, and recommitted to our core objectives:

- Ensuring financially responsible decisions are made for the Company;
- Pursuing vertical integration, providing control of supply chain and educational outcomes;
- Delivering training using up-to-date and relevant delivery methods;
- Developing appropriate government and industry relationships; and
- Increasing on-shore demand through international delivery.

In addition to this, as a key driver of sales and brand, we resolved to encourage staff to go "*above and beyond*" in all areas, including student experience, agent relationships and communications with stake-holders. To their credit, the staff have done a wonderful job which is evident from the quarter on quarter growth that the company experienced.

As part of the process of making financially responsible decisions, we also had to make difficult decisions regarding staffing and salaries. During the year we saw seven (7) long term staff exited from the business with pay-out costs totalling $68,500. These roles represented an annual cost to the business of $522,500. Three (3) new roles were developed which were focussed on streamlining business and client processes. Appointments for these new roles were made at an annual cost of $189,000 providing an overall annualised saving of $363,000.

Similar decisions have been taken around the closure and/or relocation of some campuses, with a focus on utilisation rates for existing facilities. The rationalisation of campuses is expected to deliver a reduction in the Group's occupancy costs of over $300,000 per annum with no impact on the current student intake or the international student (CRICOS) capacity of 1,800 students. Save for the need to source further premises in Perth to cater for the unexpected speed of growth in that area, all the infrastructure needed to drive significant growth of iCollege in its current locations, is now in place.

We have also undertaken a restructuring of the various business units within the Group as a means of driving efficiencies and accountability. Each of the Registered Training Organisations (RTOs) is supported by the Shared Services Division. This division provides marketing and administrative support to each of the RTOs and allows the Company to have a dynamic and nimble approach to addressing any opportunity that may arise. Our compliance division is focussed on reviewing our teaching materials, course content and course delivery and correlating that to the regulatory framework with a view to being proactive with our compliance obligations. Where issues arise, as they inevitably will in this sector, our compliance team is well equipped to liaise with the regulators and implement changes as and when required, ensuring that our compliance risk is appropriately managed.

The year ahead looks bright. We expect the on-going trend of revenues growth to continue. With the sunk costs of rationalising our facilities now largely completed, we look forward to a year of stronger cash flows and Group profitability.

The education sector in Australia is set for a shake-up this financial year with the Commonwealth Government recently announcing a *Review of Senior Secondary Pathways into Work, Further Education and Training*. I'd commend all those interested in iCollege and the educational sector generally to have a read of the background paper for the Review.[1] As with any shake-up of a sector, opportunities arise for those able to take advantage of them and I am of the view that iCollege now sits squarely in that position. This is especially so, following its appointment as the Preferred Partner of Cambridge Assessment English for the introduction of its Linguaskill suite of medium-stakes tests to the Australian market.

I hope to be writing to you again next year, as I have this year, expressing that the confidence I have shown in the future of the Company was well placed. Until then, I, and the team at iCollege thank you for your ongoing support. It is greatly appreciated.

Simon Tolhurst
Chairman

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 2019.

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

Directors who resigned during the year
Mr Daniel Moore - Non-Executive Director (Resigned 17 August 2018)

INFORMATION ON DIRECTORS

Simon Tolhurst
Non-Executive Chairman
Qualifications: Bachelor of Laws, Master of Laws (Hons), Grad Dip legal Practice, Solicitor to Supreme Court Queensland, Solicitor High Court of Australia

Simon is a Partner at national law firm, HWL Ebsworth and has 25 years' experience managing complex legal projects.

Simon is also a director and sits on the board of a number of private companies including a coal exploration company and retail truck tyre distributor. As such, Simon has a clear understanding of the business process, governance, problem solving and teamwork.

Simon has been named in The Australian Financial Review's *Best Lawyers*® as one of Australia's best lawyers in the litigation category and has also been recognised in Doyle's Guide as a leading commercial Litigation & Dispute Resolution lawyer.

He is also part of the HWL Ebsworth National Competition Law and Anti Trust Group that has been recognised as a leading firm by both Chambers and Legal 500.

Other Current Directorships of Listed Companies:
Nil

Former Directorships of Listed Companies in the last three years:
Nil

Ashish Katta
Managing 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 the 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

Badri Gosavi
Executive Director
Qualifications: B.Bus

Badri Gosavi successfully applied for a student visa to Australia at 15, having undertaken a bridging course owing to his young age, to gain entry into the first Navitas College, Perth Institute of Business and Technology.

Following successful completion of this course Badri was accepted to Edith Cowan University where he completed his Bachelor of Business majoring in accounting and finance.

Following studies and at the age of 20, Badri opened the first of 6 successful restaurants in Perth.

Since then Badri has expanded has business interests to include a mining joint venture with MMG in Zambia. Badri brings significant experience in international business with specific expertise in India, Africa and Malaysia.

Badri's experience in managing and growing smaller businesses leaves him well placed to contribute to the growth of iCollege concentrating on financial responsibility, reduction of unnecessary expenses and the robust management of ongoing costs to the business.

Other Current Directorships of Listed Companies:
Nil

Former Directorships of Listed Companies in the last three years:
Nil

Daniel Moore (Resigned 17 August 2018)
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. Previously he spent ten years as a financial advisor for Morgan Stanley including being based in London for 4 years.

Other Current Directorships of Listed Companies:
Nil
Former Directorships of Listed Companies in the last three years:
Nil

COMPANY SECRETARY

Mr Stuart Usher
Qualifications: MBA, BBus, CPA, ACIS
Mr Usher is a CPA and Chartered Company Secretary with 25 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.

MEETINGS OF THE COMPANY'S DIRECTORS

There were six meetings of the Company's Directors held during the year ended 30 June 2019. The number of meetings attended by each Director were:

		Directors meetings	
Directors		**Meetings Eligible to Attend**	**Meetings Attended**
Simon Tolhurst		6	6
Ash Katta		6	6
Badri Gosavi		6	6
Daniel Moore (Resigned 17 Aug 18)		-	-

Four 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
Simon Tolhurst	-	5,774,637	-	-	-	-
Ashish Katta	-	73,050,000	-	-	-	-
Badri Gosavi	-	10,000,000	-	-	-	-
TOTAL	**-**	**88,824,637**	**-**	**-**	**-**	**-**

EARNINGS PER SHARE

Basic Loss per Share was 2.65 cents (2018: loss of 1.55 cents).

PRINCIPAL ACTIVITIES

iCollege Limited is comprised of six businesses which deliver accredited and non-accredited vocational education and training solutions throughout Australia and internationally. iCollege currently has:

- four registered training organisations (RTO's) based in Australia;
- an internationally recognised training provider based in Australia; and
- an international student recruitment agency.

The iCollege training scope assists people to develop essential skills and knowledge needed to gain employment or advance their careers across a range of industry sectors including construction, aged care, 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 at our seven campuses located in Sydney, Brisbane, Gold Coast, Perth, Adelaide and Canberra.

iCollege operates four CRICOS approved campuses with an allocation for 1,800 students. The CRICOS approved campuses are in Brisbane, Gold Coast and Perth.

OPERATING AND FINANCIAL REVIEW

The year represented a significant improvement on the previous year's trading results with:

- a 212% improvement on revenues;
- revenue growth increasing at a greater rate than normalised expenses; and
- 350% increase in international student enrolments,

Setting a firm foundation for iCollege to aim for a maiden profit by FYE2020.

The FYE2019 has seen iCollege deliver four (4) consecutive quarters of revenue growth and a move to profitability in Q4. Each individual RTO now contributes profit to the overall Group on a monthly basis, with both international and domestic enrolments continuing to be strong.

The Company recorded a loss after tax for FYE2019 of $13,495,185 (2018: $4,584,635).

Revenue for the Group grew significantly from $2,739,522 in 2018 to $8,542,536 in 2019 following the Manthano Limited acquisition. This represents a 212% increase in revenue across FYE2019.

The financial year ended 30 June 2019, represented the first full year's operations following the Manthano Limited acquisition. This acquisition brought the business units of Sero Institute, Capital Training Institute and Risktec International into the Group. iStudy International also began operations in India with first revenues delivered in Q4 and a number of successful training partnerships signed. The increased scale of operations has enabled the Company to establish a shared services division providing efficiencies in marketing, sales and management services across all business units in the Group. This has resulted in a significant increase in revenues and enrolments for the year.

Importantly, the Company removed a significant risk to its ongoing operations by resolving the Walker litigation (ASX: 11.10.2018). Refer below for details.
During the year, the Company also incurred over $600,000 in abnormal non-recurring expenses, details of which are set out below.

OPERATING AND FINANCIAL REVIEW - CONTINUED

Following the centralisation of its accounting team, the Board and Executive focused on financially responsible cost reduction strategies including the rationalisation of the number of campuses, staff restructuring and reduction of course delivery costs.

Additionally, several abnormal costs were incurred, driven by both legacy issues and pursuing organic growth opportunities both in Australia and internationally. Following is an outline of these costs and a comparison with the same reporting period during 2018:

- On 11 October 2018, the Company announced that the Supreme Court litigation with Walker Enterprises (Australia) Pty Ltd and Walker had been settled. The terms of settlement included the sale of Walker's 6,666,667 shares to buyers nominated by iCollege through off-market transfers, with the proceeds being to meet the Settlement Sum and Walker being removed as a shareholder on the company share register. As consequence of the settlement, the amount previously recorded in trade and other payables of $1,500,000 in the 2018 Annual Report, was reversed, recognised as a write-back to profit and has been approved by the Company's auditor. This write-back occurred in the period ending 31 December 2018 and is reflected in the condensed consolidated statement of profit and loss as a 'Gain on settlement of liability'.

- Legal fees associated directly with the defence and ultimate settlement of the Walker litigation matter during FY2019 totalled approximately $400,000 which included solicitor costs, barrister costs, the costs of experts including expert reports and costs associated with seeking information and evidence from third parties. The abnormal expense associated with these legal costs have now been fully discharged by the Company.

- As the business has grown, so have the costs associated with running the business. Pleasingly, the increase in normalised expenses has been at a rate significantly lower than the rate at which revenues have increased:

  - Employee costs incurred by the business in 2018 totalled $2,143,905 compared with costs of $4,514,764 for FYE2019 (Manthano employee costs are only reflected from acquisition date of 12 February 2018);

  - Current international enrolment numbers represent a utilisation rate of only 45% of the Company's current CRICOS capacity, meaning that the sunk costs have been incurred to pave the way for future growth in international student numbers for nominal incremental increase in costs;

  - Additional resources have been allocated to ensure the best possible student experience and to comply with regulatory requirements; and

  - All other RTO business units have maintained staffing levels while increasing revenue contributions.

- Throughout the year, the company made several decisions regarding redundancies and staff restructuring. Seven (7) long term staff exited the business with pay-out costs of $68,500. These roles represented an annual cost of $522,500. Three (3) new roles were developed focussed on streamlining business and client processes. These new appointments were made at an annual cost of $189,000 providing annual savings of $363,000 moving forward.

- Occupancy expenses increased from $639,657 in 2018 to $1,589,848 in 2019. This was directly attributable to the acquisition of Manthano and growth from one campus to 8 campuses across the country. This increase also includes the establishment of a Perth campus that has grown significantly by way of student numbers from 50 at opening in November 2018 to close to 300 at 30 June 2019.

OPERATING AND FINANCIAL REVIEW - CONTINUED

Having closed two campuses in 2019, the Company anticipates further rationalisation of physical premises in the coming year to drive an increase in utilisation of key facilities.

- The company incurred end of lease expenses linked to the closure of 2 campuses and relocation of 1 campus:
  - The make good costs and fit out requirements for the relocated Adelaide facility nominally exceeded $50,000;
  - The closure of the Kedron facility has seen the relocation of Capital Training Institute to the existing Mt. Gravatt campus which already housed the Celtic training business, greatly increasing the utilisation rate for this facility; and
  - The end of lease at the Sydney campus of Capital Training Institute has provided a significant annual saving.

  The rationalisation of campuses is expected to deliver a reduction in the Group's occupancy costs by over $300,000 per annum with no impact on the current student intake or the international student (CRICOS) capacity of 1,800 students. The cost of CRICIOS facilities is generally higher than the occupancy costs for delivery to domestic students given the legislative requirements for allocation approval as a CRICOS provider.

- iCollege expended $292,391 on travel and accommodation during the financial year. This travel has been required for the movement of staff progressing both China and India opportunities as well as ongoing requirements for Australian travel for specialist staff. Additionally, the company has worked with its agent network internationally to expand offshore applications which have proven successful. The company plans to lodge an Export Market Development Grant Scheme application prior to the end of Q2 FYE2020.

While the Board recognises that both the China and Indian initiatives appear to be progressing slowly, largely due to cash constraints, the strategy is nonetheless proving successful, with India producing first revenues in Q4 FYE2019 and both China and India representing 21% of the overall international student population studying at Sero facilities in Australia. The Company expects this trend to increase as it gathers a firmer foothold in both locations through greater leverage of our partners' skills, facilities and contacts and increased target marketing in these countries.

The board and executive are confident that the current trend of strong enrolments, coupled with stringent cash management and the continued development of international initiatives will deliver a strong result for shareholders during FYE2020.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The company has completed a reasonable turnaround over the last 18 months. As the company transfers from a loss making enterprise to a profit making enterprise, the company remains at this point in time a relatively immature business. Its ability to grow its revenues and profits are dependent on a number of contingent factors.

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. The inclusion of such information is at this stage be unpredictable and publication of expected results would likely prejudice both the company and the ASX market participants.

OPERATING AND FINANCIAL REVIEW - CONTINUED

FINANCIAL POSITION

The Company recorded a loss after tax for the year ended 30 June 2019 of $13,495,185 (2018: $4,584,635).

The net deficiency of the Consolidated Entity were $1,045,296 (2018: $9,566,873 net assets).

The Consolidated Entity's working capital deficiency, being current assets less current liabilities was $3,726,185 (2018: $5,157,693 deficiency).

At the time the Appendix 4E Preliminary Final Results were published, the audit had not started. As a result there have been a number of adjustments made that have increased the loss result from $1,873,926 to $13,495,185. Adjustments included mainly reversal of accrual cost adjustments of $142,807, reduction in unearned revenue of $303,055, impairment of goodwill amount for $11,607,592 net of DTL written off, and amortisation of intangibles of $615,665.

Goodwill was recognised on the acquisition of Manthano on 12 February 2018. The acquisition consideration was valued based on the prevailing share price on the day of the shareholder meeting, held on 12 February 2018, where approval was received for the company to complete the acquisition and issue the consideration shares. The price on the day was 7.1cents per share, a substantial premium to when the original acquisition terms sheet was announced on 2 October 2017, when the share price was 1.7cents per share, at this time the agreed acquisition value was approximately $4.2M, based on the share price at the time.

During the year, management tested the Group's assets for impairment resulting in an impairment loss of $11,607,592 being the entirety of the goodwill recognised on acquisition of the business. The Company determined the recoverable amount using the value-in use method being a discounted cash flow forecast for a period of 7 years with a pre-tax discount rate of 13.79%

The Board have agreed to impair goodwill, after testing the Group's assets for impairment to the approximate value that the acquisition was originally agreed upon, the purchase price remaining on the statement of financial position being ascribed to Intangible assets for Licenced operations of Manthano.

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 2019.

MATTERS SUBSEQUENT TO THE END OF THE YEAR

No other matters or circumstances has arisen since 30 June 2019 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 Simon Tolhurst	Non-executive Chairman
Mr Ashish Katta	Managing Director
Mr Badri Gosavi	Executive Director and CFO
Mr Daniel Moore	Non-Executive Director (Resigned 17 August 2018)

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.

REMUNERATION REPORT (AUDITED)

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

Managing Director – Ash Katta

Mr Ashish Katta has entered into an Executive Services Agreements (**ESA**) on 12 February 2018 with the Company to be employed as Managing Director upon and subject to the terms and conditions of the ESA. The key terms of this agreement are disclosed below:

(i) Remuneration

- Mr Katta receives a salary, inclusive of superannuation, of $180,000 per year, on a total employment cost basis, which will be reviewed annually by the Company (**Salary**).
- Mr Katta will not receive any further director's fees in addition to the Salary from the Company during such period as Mr Katta serves as a director of the Company as determined by the Board.
- In addition, the Company may subject to company profitability and breakeven during the term of the ESA pay Mr Katta a performance-based bonus of an amount to be determined by the Board. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of Mr Katta and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.
- The Company will reimburse Mr Katta for all reasonable travelling intra/interstate or overseas, accommodation, and general expenses incurred in the performance of all duties in connection with the business of the Company and its related bodies corporate
- Mr Katta is entitled to all leave in accordance with the National Employment Standard (**NES**) and Queensland long service leave legislation.

(ii) Termination by the Company without reason

The Company may at its sole discretion terminate employment by giving twelve months' written notice and, at the end of that notice period, making a payment to Mr Katta equal to the salary payable over a twelve month period. The Company may elect to pay Mr Katta the equivalent of the twelve months' salary and dispense with the notice period.

The Company may also terminate on the basis of performance and unsatisfactory performance against performance indicators if for a period of not less than six weeks the performance has not improved. The company may terminate after this period without any further notice.

(iii) Termination by Mr Katta

Mr Katta may at his sole discretion terminate the Employment in the following manner:

- if at any time the Company commits any serious or persistent breach of any of the provisions contained in the ESA and the breach is not remedied within 28 days of receipt of written notice from Mr Katta to the Company to do so, by giving notice effective immediately; or
- by giving two months' written notice to the Company.

REMUNERATION REPORT (AUDITED)

Executive Director and Chief Financial Officer - Mr Badri Gosavi

Mr Badri Gosavi has agreed to enter into an Executive Services Agreements (**ESA**) with the Company, as an Executive Director and Chief Financial Officer upon and subject to the terms and conditions of the ESA. The key terms of the agreement will be as follows:

(i) Remuneration

- Mr Gosavi receives a salary, of $150,000 per year plus superannuation, on a total employment cost basis, which will be reviewed annually by the Company (**Salary**).
- Mr Gosavi will not receive any further director's fees in addition to the Salary from the Company during such period as Mr Gosavi serves as a director of the Company as determined by the Board.
- In addition, the Company may subject to company profitability and breakeven during the term of the ESA pay Mr Gosavi a performance-based bonus of an amount to be determined by the Board. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of Mr Bosavi and the Company, as the Company may set from time to time, and any other matter that it deems appropriate.
- The Company will reimburse Mr Gosavi for all reasonable travelling intra/interstate or overseas, accommodation, and general expenses incurred in the performance of all duties in connection with the business of the Company and its related bodies corporate
- Mr Gosavi is entitled to all leave in accordance with the National Employment Standard (**NES**) and Queensland long service leave legislation.

(ii) Termination by the Company without reason

The Company may at its sole discretion terminate employment by giving twelve months' written notice and, at the end of that notice period, making a payment to Mr Gosavi equal to the salary payable over a twelve month period. The Company may elect to pay Mr Gosavi the equivalent of the twelve months' salary and dispense with the notice period.

The Company may also terminate on the basis of performance and unsatisfactory performance against performance indicators if for a period of not less than six weeks the performance has not improved. The company may terminate after this period without any further notice.

(iii) Termination by Mr Gosavi

Mr Gosavi may at his sole discretion terminate the Employment in the following manner:

- if at any time the Company commits any serious or persistent breach of any of the provisions contained in the ESA and the breach is not remedied within 28 days of receipt of written notice from Mr Gosavi to the Company to do so, by giving notice effective immediately; or
- by giving two months' written notice to the Company.

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.

REMUNERATION REPORT (AUDITED)

Details of remuneration

2019

Key Management Personnel	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & fees	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	$	$	$	%	%
Simon Tolhurst	-	-	-	-	-	-	112,100(1)	-	112,100	-	
-Ash Katta	165,138	-	-	-	-	14,862	-	-	180,000	-	
Badri Gosavi	174,923	-	-	-	-	3,508	-	-	178,431	-	
Daniel Moore (Resigned 17-Aug-18))	4,500	-	-	-	-	-	-	-	4,500	-	
	344,561	-	-	-	-	18,370	112,100	-	475,031	-	

(1) Mr Tolhurst has elected to receive ordinary shares in lieu of director fees, approved by shareholders at each AGM

2018

Key Management Personnel	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & fees	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	$	$	$	%	%
Simon Tolhurst (Appointed 10-Oct-17)	-	-	-	-	-	-	77,400(1)	-	77,400	-	
Ash Katta (Appointed 23-Aug-17)	54,721	-	-	-	4,058	-	-	-	58,779	-	
Badri Gosavi (Appointed 15-May-18)	19,615	-	-	-	1,863	-	-	-	21,478	-	
Phil Re (Resigned 14-May-18)	27,500	-	-	-	-	-	-	-	27,500	-	
Daniel Moore (Resigned 17-Aug-18)	36,000	-	-	-	-	-	-	-	36,000	-	
Ross Cotton (Resigned 19-Oct-17)	15,000	-	-	-	-	-	-	-	15,000	-	
	152,836	-	-	-	5,921	-	77,400	-	236,157	-	

(1) Mr Tolhurst has elected to receive ordinary shares in lieu of director fees, approved by shareholders at each AGM

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 3,624,637 shares granted to Directors (2018: 900,000). There were no shares issued upon exercise of options (2018: nil).

2019
Shares (held directly and indirectly)

Name	Balance at 30 June 2018	Net change during the year	Change due to appointment/ (resignation)	Balance at 30 June 2019
Simon Tolhurst	2,150,000	3,624,637	-	5,774,637
Ash Katta	73,050,000	-	-	73,050,000
Badri Gosavi	10,000,000	-	-	10,000,000
Daniel Moore (Resigned 17-Aug-18)	6,094,774	-	(6,094,774)	-
Total Shares	91,294,774	3,624,637	(6,094,774)	88,824,637

2018
Shares (held directly and indirectly)

Name	Balance at 30 June 2017	Net change during the year	Change due to appointment/ (resignation)	Balance at 30 June 2018
Simon Tolhurst	-	1,250,000	900,000	2,150,000
Ash Katta	-	60,550,000	12,500,000	73,050,000
Badri Gosavi	-	-	10,000,000	10,000,000
Daniel Moore	6,094,774	-	-	6,094,774
Philip Re (Resigned 14-May-18)	3,630,001		(3,630,001)	-
Ross Cotton (Resigned 19-Oct-17)	5,748,199	-	(5,748,199)	-
Total Shares	15,472,974	61,800,000	14,021,800	91,294,774

REMUNERATION REPORT (AUDITED)

(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:

2019
Options (held directly and indirectly)

Name	Balance at 30 June 2018	Granted as remuneration during the year	Other granted/purchased during the year	Change due to appointment/ (resignation)	Balance at 30 June 2019	Number vested and exercisable
Simon Tolhurst	-	-	-	-	-	-
Ash Katta	-	-	-	-	-	-
Badri Gosavi	-	-	-	-	-	-
Daniel Moore (Resigned 17-Aug-18)	3,047,387	-	-	(3,047,387)	-	-
Total Options	3,047,387	-	-	(3,047,387)	-	-

2018
Options (held directly and indirectly)

Name	Balance at 30 June 2017	Granted as remuneration during the year	Other granted/purchased during the year	Change due to appointment/ (resignation)	Balance at 30 June 2018	Number vested and exercisable
Simon Tolhurst	-	-	-	-	-	-
Ash Katta	-	-	-	-	-	-
Badri Gosavi	-	-	-	-	-	-
Daniel Moore	3,047,387	-	-	-	3,047,387	3,047,387
Philip Re (Resigned 14-May-18)	1,458,333	-	-	(1,458,333)	-	-
Ross Cotton (Resigned 19-Oct-17)	309,112	-	-	(309,112)	-	-
Total Options	4,814,832	-	-	(1,767,445)	3,047,387	3,047,387

REMUNERATION REPORT (AUDITED)

Other Transactions with Key Management Personnel

There is a loan outstanding payable to Mr Ash Katta of $337,657 (2018: $581,233) at year end being an amount payable as a result of an equity sell-down completed pre-acquisition. No interest is accrued on the loan and will be repaid to him as and when he provides notice to the company subject to available cash and sufficient working capital remaining in the company.

There is a loan outstanding payable to Mr Badri Gosavi of $12,743 (2018: Nil) being an amount payable for short –term funding. No interest is accrued on the loan and will be repaid to him as and when he provides notice to the Company subject to available cash.

There is a loan outstanding receivable from Sero Learning Pty Ltd, of which Mr Ash Katta is a Director of $207,139 (2018: $63,070) at year end. No Interest is accrued on the loan.

Use of Remuneration Consultants

During the financial year ended 30 June 2019, the Company did not engage any external remuneration consultants to review its existing remuneration policies.

Voting and comments made at the Company's 2018 Annual General Meeting (AGM)

The Company received 487,425 votes against its remuneration report for the 2018 financial year representing 2.19% of the total proxies voted on the resolution and there was no specific feedback at the AGM or throughout the year on its remuneration policies.

*************END OF 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
Unlisted Options	15,000,000	$0.04	12 February 2020
Unlisted Options	5,000,000	$0.08	12 February 2020
Unlisted Options	7,500,000	$0.08	3 July 2020

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.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

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 2019 has been received and can be found on page 20.

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 (2018: 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 20 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.

Ash Katta
Managing Director
Brisbane, Queensland
30 September 2019

Bentleys
THINKING AHEAD

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 Partner for the audit of the financial statements of iCollege Limited for the financial year ended 30 June 2019, 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

Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 June 2019 $	30 June 2018 $ (restated)*
Revenues			
Revenue from customers	3	8,542,536	2,739,522
Cost of sales		(2,539,817)	(803,633)
Gross Profit		6,002,719	1,935,889
Interest Revenue		2,729	9,996
Profit from sale of subsidiary		100,671	-
Expenses			
Audit and tax expenses		(75,706)	(30,000)
Acquisition cost		-	(338,750)
Compliance		(133,563)	(94,257)
Consultant fees		(585,942)	(833,317)
Depreciation		(61,294)	(94,927)
Directors fees		(75,918)	(207,400)
Doubtful debts		(48,680)	(149,957)
Employee expenses		(4,514,764)	(2,143,905)
Finance costs		(130,860)	(853,569)
Gain on settlement of liability	4	1,500,000	-
Impairment of Intangible Assets - Goodwill	8	(11,607,592)	-
Amortisation of Intangible assets		(615,665)	(232,772)
Legal expenses		(402,687)	(307,807)
Marketing/Sponsorships expenses		(259,528)	(31,007)
Occupancy expenses		(1,589,848)	(639,657)
Travel and accommodation		(292,391)	(142,086)
Other expenses		(876,174)	(495,121)
Total expenses		(19,770,612)	(6,594,532)
Profit/(loss) before Income Tax		(13,664,493)	(4,648,647)
Income tax benefit	2	169,308	64,012
Profit/(loss) after income tax attributable to members of iCollege Limited		**(13,495,185)**	**(4,584,635)**
Other comprehensive income		-	-
Total comprehensive profit/(loss) attributable to members of iCollege Limited		**(13,495,185)**	**(4, 584,635)**
Earnings/(loss) per share		**Cents per Share**	**Cents per Share**
Basic Earnings/(loss) per share	5	(2.65)	(1.55)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.
*Refer note 17 for details of the restatement

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	30 June 2019 $	30 June 2018 $ (restated) *
ASSETS			
Current Assets			
Cash and cash equivalents	15(a)	134,989	339,214
Trade and other receivables	6	651,378	642,998
Other assets		25,682	10,350
Total Current Assets		812,049	992,562
Non-Current Assets			
Property, plant & equipment	7	171,507	161,235
Intangible assets	8	3,461,216	15,684,473
Total Non-Current Assets		3,632,723	15,845,708
Total Assets		4,444,772	16,838,270
LIABILITIES			
Current Liabilities			
Trade and other payables	10	3,652,733	4,355,295
Borrowings	11	712,485	1,620,251
Current tax liabilities		-	6,854
Short-term provisions	12	173,016	167,855
Total Current Liabilities		4,538,234	6,150,255
Non-Current Liabilities			
Deferred tax liabilities	2(d)	951,834	1,121,142
Total Non-Current Liabilities		951,834	1,121,142
Total Liabilities		5,490,068	7,271,397
Net Assets/(Deficiency)		**(1,045,296)**	**9,566,873**
Equity			
Issued capital	13	29,951,452	27,278,641
Reserves	14	1,957,234	1,747,029
Accumulated losses		(32,953,982)	(19,458,797)
Total Equity		**(1,045,296)**	**9,566,873**

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

*Refer note 17 for details of the restatement

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Cash flows from operating activities			
Receipts from customers		9,172,093	2,847,385
Interest received		5,611	9,996
Finance costs		(207,361)	(146,871)
Payments to suppliers and employees		(10,509,890)	(3,344,502)
Net cash flows used in operating activities	15(b)	(1,539,547)	(633,992)
Cash flows from investing activities			
Net cashflow from acquisition of subsidiaries		-	722,800
Deferred consideration from acquisition of a subsidiary		-	(250,000)
Payments for plant and equipment		(71,566)	(8,968)
Net cash flows (used in) and from investing activities		(71,566)	463,832
Cash flows from financing activities			
Proceeds from borrowings		269,195	1,925,566
Repayment of borrowings		(630,307)	(1,723,192)
Proceeds from share issues		1,900,000	300,000
Payment of share issue costs		(132,000)	(5,000)
Net cash flows provided by financing activities		1,406,888	497,374
Net (decrease)/ increase in cash and cash equivalents held		(204,225)	327,214
Add opening cash and cash equivalents brought forward		339,214	12,000
Closing cash and cash equivalents carried forward	15(a)	**134,989**	**339,214**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2019

	Issued Capital $	Accumulated Losses $	Share based payments Reserve $	Total Equity $
At 1 July 2018 (restated)*	**27,278,641**	**(19,458,797)**	**1,747,029**	**9,566,873**
Total comprehensive loss for the period	-	(13,495,185)	-	(13,495,185)
Transactions with owners in their capacity as owners:				
Issue of share capital	2,200,000	-	-	2,200,000
Options	-	-	210,205	210,205
Shares issued on conversion of convertible note	549,863	-	-	549,863
Shares issued in lieu of services	265,153	-	-	265,153
Costs of capital raising	(342,205)	-	-	(342,205)
At 30 June 2019	**29,951,452**	**(32,953,982)**	**1,957,234**	**(1,045,296)**
At 1 July 2017	**11,066,741**	**(14,874,162)**	**1,040,330**	**(2,767,091)**
Total comprehensive loss for the period (restated)*		(4,584,635)	-	(4,584,635)
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 (restated)*	**27,278,641**	**(19,458,797)**	**1,747,029**	**9,566,873**

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.
*Refer note 17 for details of the restatement

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 2019 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 the 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 $13,495,185 (2018: $4,584,635 loss). The net assets of the Consolidated Entity was $1,045,296 deficit (2018: $9,566,873). The Consolidated Entity’s working capital deficiency, being current assets less current liabilities was $3,726,185 in 2019 (2018: $5,157,693). Included in current liabilities are unearned revenues of $922,604 which is not expected to be refunded

During the year 30 June 2019, the Consolidated Entity issued 44,000,000 shares with an issue price of $0.05 per share to raise $2,200,000 before costs for working capital purposes.

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 including increasing the service offerings provided and expanding its geographical foot print;
- Loans provided to the Company (2019: $350,400) by Directors who have historically demonstrated support to the Company by not calling on the loan until the Company is in a financial position to repay the amounts or convert the amounts to shares;
- The continued support of the Consolidated Entity’s creditors. At the date of the report there were no outstanding statutory demands made against the company;
- the ability of the Consolidated Entity to secure funds by raising capital from equity markets for working capital;
- The remaining convertible note at 30 June 2019 has been extended until 31 December 2019 and the company will look to convert the note into shares and or look to be refinanced with new convertible notes; 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. In the event the above matters are not achieved, the Consolidated Entity will be required to raise funds for working capital 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 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.

1. ACCOUNTING POLICIES (continued)

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.

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity 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.

(iv) Adoption of New and Revised Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to its operations and effective for the current year.

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced 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 that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are 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 or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, 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 use an 'expected credit loss' ("ECL") model to recognise an allowance. Impairment is measured using 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. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange

for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below.

Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

1. ACCOUNTING POLICIES (continued)

Impact of adoption

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on opening retained profits as at 1 July 2018.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

(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.

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.

Valuation of intangible assets
Intangible assets and goodwill
As part of the terms of the Business Combination, a valuation work performed using the Discounted Cash Flow approach to determine the intangible assets of the licenced operation. A discount rate of 13.79% pre-tax was applied.
The Group has intangible assets with a carrying amount of $3,461,216 (Note 8) and goodwill with a carrying amount of Nil (Note 8), arising through a business combination completed during 2018 (Note 17).

Intangible assets and goodwill are regularly reviewed for impairment and whenever there is an indication that an impairment might exist. Goodwill is subject to impairment testing on, at least, an annual basis.

To assess if there is any impairment, estimates are made of the future cash flows expected to result from the use of these assets and their eventual disposal. These estimated cash flows are then adjusted to the present value using an appropriate discount

rate that reflects the risks and uncertainties associated with the forecasted cash flows. Actual outcomes could vary significantly from such estimates of discounted future cash flows.

The Group applied the following key assumption for the "value in use" calculations used in the impairment testing of intangible assets and goodwill at year-end:

1. ACCOUNTING POLICIES (continued)

- discount rate in respect of goodwill and brand/intellectual property intangible asset of 13.79% pre-tax

Since the cash flows does not take into account tax expenses, a pre-tax discount rate is used in the impairment testing.

(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 9 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.

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

1. ACCOUNTING POLICIES (continued)
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.

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.

1. ACCOUNTING POLICIES (continued)

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 6.7 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.

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.

1. ACCOUNTING POLICIES (continued)

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.

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

1. ACCOUNTING POLICIES (continued)

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

Our group revenue is comprised of the following:

Student co-contribution revenue for government funded courses -

Performance obligation:

Administration fee for allowing the student to perform the literacy test

Timing of recognition:

Revenue recognised using the point in time recognition when the performance obligations are satisfied (i.e. when students has completed the literacy test for eligibility into the funded course enrolments are confirmed)

Government Funded Courses -

Performance obligation:

When a student has completed a unit within the course

Timing of recognition:

Revenue recognition is when the student has successfully completed the course and has submitted the claim to the government

Educational teaching revenue -

Performance obligation:

Provision of vocational teaching across various course levels ranging from certificate through to advanced diploma.

Timing of recognition:

Revenue is recognised from the commencement of the course till completion.

Interest revenue

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

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

1. ACCOUNTING POLICIES (continued)

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.

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.

1. ACCOUNTING POLICIES (continued)

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.

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.

Financial assets (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

1. ACCOUNTING POLICIES (continued)

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.

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.

1. ACCOUNTING POLICIES (continued)

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 23.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2019

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 16 will be applied by the Consolidated Entity from its mandatory adoption date of 1 July 2019.
The comparative amounts for the year prior to first adoption will not be restated, as the Consolidated Entity has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption.

Based on a preliminary assessment the Consolidated Entity has estimated that on 1 July 2019, a right-of-use asset and lease liabilities will be required to be recognised based on the operating lease commitment at note 18, which do not fall under the lease exception. All impacts are subject to finalisation prior to final implementation.

The Consolidated Entity expects that net profit after tax will decrease as of adopting the new rules. Adjusted EBITDA is expected to increase as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure. The Consolidated Entity is still currently assessing the impact on adoption of the new standard.

The repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities, thus increasing operating cash flows and decreasing financing cash flows.

Given that the Consolidated Entity activities as a lessor will not be materially impacted by this new Standard, the Consolidated Entity does not expect any significant impact on its financial statement from a lessor perspective. Nonetheless, starting from the financial year ending 30 June 2020, additional disclosures will be required.

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 2019	30 June 2018
	$	$
Current tax	-	-
Deferred tax	(169,308)	(64,012)
	(169,308)	(64,012)

(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable		
Loss from ordinary activities before income tax	(13,664,493)	(4,648,647)
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%	(3,757,736)	(1,278,378)
Add / (Less)		
Tax effect of:		
Share based payments	-	141,735
Other non-deductible expenses	3,409,753	157,169
Non assessable income	(412,500)	-
Deferred tax assets relating to tax losses not recognised	818,096	999,159
Other temporary differences not recognised	(57,613)	(19,685)
Benefit from movement in temporary difference	(169,308)	(64,012)
Income tax expense/(benefit) attributable to operating profit	(169,308)	(64,012)
The applicable weighted average effective tax rates are as follows:	nil%	nil%
Balance of franking account at year end	$	$
	Nil	Nil

(c) Deferred tax assets		
Tax Losses	3,975,658	3,157,827
Provisions & accruals	218,749	170,982
Capital raising costs	150,040	137,720
Other	-	-
	4,344,447	3,466,529
Set-off deferred tax liabilities	-	-
Net deferred tax assets	4,344,447	3,466,529
Less deferred tax assets not recognised	(4,344,447)	(3,466,529)
Net tax assets	-	-

2. INCOME TAX (continued)

	30 June 2019	30 June 2018
(d) Deferred tax liabilities	$	$
Arising on recognition of separately identifiable intangible assets as part of the business combination (Note 17)	951,834	1,121,142
	-	-
Set-off deferred tax assets	-	-
Net deferred tax liabilities	951,834	1,121,142
(e) **Tax losses**		
Unused tax losses for which no deferred tax asset has been recognised	14,456,939	11,483,006

Potential deferred tax assets attributable to tax losses and temporary differences carried forward have not been brought to account at 30 June 2019 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.

3. REVENUE

	30 June 2019	30 June 2018
	$	$
Course income	8,542,536	2,739,522
	8,542,536	2,739,522

4. GAIN ON SETTLEMENT OF LIABILITY

	30 June 2019	30 June 2018
	$	$
Gain on Settlement of Liability(a)	1,500,000	-
	1,500,000	-

(a) On 11 October 2018, the Company announced to ASX that the Supreme Court litigation with Walker Enterprises (Australia) Pty Ltd and Walker had been settled. The terms of settlement included the sale of Walker's 6,666,667 shares to buyers nominated by iCollege through off-market transfers, with the proceeds of $385,000 (being the settlement sum) paid to Walker. On settlement of the case there was a gain on settlement of the liability of $1,500,000.

5. EARNINGS PER SHARE

	30 June 2019	30 June 2018
	Cents	Cents
Basic profit/(loss) per share	(2.65)	(1.55)

The following reflects the earnings used in basic and diluted earnings per share computations:

a) Earnings used in calculating earnings per share

Basic Earnings per share:

Profit/(loss) after income tax attributable to members of iCollege Limited	(13,495,185)	(4,584,635)

b) Weighted average number of shares

	30 June 2019	30 June 2018
Weighted average number of ordinary shares for basic earnings per share	508,382,584	295,364,822

6. TRADE AND OTHER RECEIVABLES

	30 June 2019	30 June 2018
	$	$
Current		
Trade receivables	531,562	679,786
Less: Doubtful Debts	(157,623)	(149,957)
	373,939	529,829
GST receivable	26,555	17,492
Bank guarantees and bonds	136,375	-
Other receivables	114,509	95,677
Total current receivables	651,378	642,998

Fair Value and Risk Exposures:

(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 21.
(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 2019	30 June 2018
	$	$
Age of receivables that are past due but not impaired		
60-90 days	52,534	10,745
90-180 days	14,091	-
180+ days	-	-
Total	66,625	10,745
Average age (days) *	24	90

7. PROPERTY, PLANT & EQUIPMENT

	30 June 2019	30 June 2018
	$	$
Office equipment		
Opening balance	65,979	5,072
Additions	27,413	1,860
Disposals	-	-
Depreciation	(29,244)	(60,829)
Assets Acquired through business acquisition Assets (refer note 17(c))	-	119,876
Total office equipment	64,148	65,979
Training equipment		
Opening balance	810	10,190
Additions	2,645	-
Depreciation	(938)	(9,380)
Total training equipment	2,517	810
Motor vehicles		
Opening balance	37,477	13,208
Additions	-	-
Depreciation	(7,687)	(13,077)
Assets Acquired through business acquisition Assets (refer note 17(c))	-	37,346
Total motor vehicles	29,790	37,477
Building improvements		
Opening balance	47,938	5,375
Additions	-	-
Depreciation	(4,639)	(9,434)
Assets Acquired through business acquisition Assets (refer note 17(c))	-	51,997
Total building equipments	43,299	47,938
Computer equipment		
Opening balance	9,031	-
Additions	41,508	7,107
Depreciation	(18,786)	(2,207)
Assets Acquired through business acquisition Assets (refer note 17(c))	-	4,131
Total computer equipment	31,753	9,031
Total Property, Plant & Equipment	171,507	161,235

8. INTANGIBLE ASSETS

	30 June 2019	30 June 2018
	$	$
Intangible Assets		
Opening balance	4,076,881	-
Additions on acquisition of subsidiaries (refer note 17(c))	-	4,309,653
Amortisation Expense	(615,665)	(232,772)
Net carrying amount	3,461,216	4,076,881
Goodwill		
Opening balance	11,607,592	-
Additions on acquisition of subsidiaries (refer note 17(c))	-	11,607,592
Impairment charges (refer note 17(c))	(11,607,592)	-
Net carrying amount	-	11,607,592
Total Intangible Assets	3,461,216	15,684,473

Refer to Note 17 for further details on the acquisition of Manthano Ltd in the prior year.

9. CONTROLLED ENTITIES

Name of subsidiary	Principal Activity	Place of incorporation and operation	Proportion of ownership interest held by the Group	
			30 June 2019	30 June 2018
iCollege Holdings Pty Ltd	Educational Services	Western Australia	100%	100%
ICT International Pty Ltd[(2)]	Educational Services	Queensland	100%	100%
Mathisi Pty Ltd [(1)]	Educational Services	Queensland	-	100%
Management Institute of Australia Pty Ltd[(3)]	Educational Services	New South Wales	100%	100%
Management Institute of Australia No.1 Pty Ltd*[(3)]	Educational Services	New South Wales	100%	100%
Management Institute of Australia No. 2 Pty Ltd*[(3)]	Educational Services	New South Wales	100%	100%
Celtic Training & Consultancy Pty Ltd	Educational Services	South Australia	100%	100%
Manthano Limited	Educational Services	Queensland	100%	100%
Brisbane Career College Pty Ltd	Educational Services	Queensland	100%	100%
Capital Training Institute Pty Ltd	Educational Services	New South Wales	100%	100%
Risktec Pte. Ltd	Specialist education services in the Oil and Gas market	Singapore	100%	100%

*these company's were all acquired at the same time when Management Institute of Australia Pty Ltd was acquired.
[(1)] The sale of Mathisi Pty Ltd was completed in January 2019

[(2)] Renamed from Bookkeeping School

[(3)] In Liquidation awaiting deregistration

10. TRADE AND OTHER PAYABLES

Current

	30 June 2019	30 June 2018
	$	$
Trade payables	1,485,065	1,501,463
Sundry payables and accrued expenses	1,241,324	524,654
Unearned revenue	922,604	448,937
Accrued interest on convertible notes	3,740	80,241
Share subscriptions payable	-	300,000
Consideration payable (a)	-	1,500,000
Total current payables	3,652,733	4,355,295

(a) Refer to Note 4 for further details of consideration payable

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.

11. BORROWINGS

Current

	30 June 2019	30 June 2018
	$	$
Convertible notes	150,000	650,000
Loan	62,426 (2)	125,000
Short term loans	356,798 (2)	326,714
Related Party Loan	143,261 (1)	518,537(1)
	712,485	1,620,251

(1) Loans are repayable within 12 months and are non-interest bearing (refer to note 21 for further details)
(2) Loans are repayable within 12 months of which $119,803 are secured and $236,995 are unsecured. These loans are interest bearing

Terms and conditions of the convertible notes

Convertible note terms

1. Maturity: A variation to the terms have been agreed on 30 September 2019 to vary the terms to mature on 31 December 2019, all other terms remain in place.
- Face Value: $150,000
- Coupon: 10%, accrues and is payable on either conversion or redemption date
- 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 at the conversion price of $0.05 per share, subject to providing a conversion notice by the redemption date being 12 months from issue date and ending on the final conversion date subject to agreement by the Company and Shareholder approval and in full compliance with ASX Listing Rules

12. SHORT-TERM PROVISIONS

Current

	30 June 2019	30 June 2018
	$	$
Provision for annual leave	145,516	140,355
Provision for long service leave	27,500	27,500
	173,016	167,855

13. ISSUED CAPITAL

(a) Issued Capital

	30 June 2019	30 June 2018
	$	$
Ordinary shares fully paid	29,951,452	27,278,641

(b) Movements in Ordinary Share Capital

Number of Shares	Summary of Movements:	Issue Price	$
458,822,084	Opening balance 1 July 2018		27,278,641
44,000,000	Shares placement shares issued	$0.05	2,200,000
1,624,637	Shares issued to Chairman for services as director	$0.069	112,100
18,328,767	Shares issued on conversion of convertible note	$0.03	549,863
1,421,060	Shares issued in lieu of services	$0.05	71,053
1,490,908	Shares issued in lieu of services	$0.055	82,000
-	Costs of capital	-	(342,205)
525,687,456	**Closing balance at 30 June 2019**		**29,951,452**

Number of Shares	Summary of Movements:	Issue Price	$
196,672,082	Opening balance 1 July 2017		11,066,741
5,000,000	Shares issued to the vendors of Celtic Training & Consultancy Pty Ltd as deferred settlement	$0.086	430,000
250,000,000	Consideration shares issued to the vendors of Manthano Ltd	$0.061	15,250,000
3,000,000	Shares issued to senior management	$0.086	258,000
3,000,000	Shares issued to senior management	$0.060	180,000
900,000	Shares issued to Chairman for services as director	$0.086	77,400
2	Shares issued in accordance with a cleansing prospectus	$0.000	-
250,000	Shares issued in lieu of services	$0.086	21,500
-	Costs of capital	-	(5,000)
458,822,084	**Closing balance at 30 June 2018**		**27,278,641**

13. 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.

14. RESERVES

	30 June 2019 $	30 June 2018 $
Options Reserve	1,957,234	1,747,029
	1,957,234	1,747,029

The options reserve is used to recognise the grant date fair value of options issued but not exercised.
The Consolidated Entity completed the following share-based payment arrangements for the year ended 30 June 2019:

	2019	Weighted Average Exercise Price $	2018	Weighted Average Exercise Price $
Outstanding at the beginning of the year	20,000,000	0.05	-	-
Granted	7,500,000	0.05	20,000,000	0.05
Exercised	-	-	-	-
Expired	-	-	-	-
***Outstanding at year-end**	-	-	-	-
Total Vested	**27,500,000**	**0.05**	**20,000,000**	**0.05**

Quantity of Options	7,500,000	5,000,000	15,000,000
Deemed value	$0.028	$0.0284	$0.0376
Underlying share price	$0.058 per share	$0.059 per share	$0.059
Risk free interest rate	1.95%	1.93%	1.93%
Share exercise price	$0.08	$0.08	$0.04
Share volatility	106.35%	105.31%	105.31%
Effective date	3 July 2018	12 February 2018	12 February 2018
Share expiry date	3 July 2020	12 February 2020	12 February 2020

The Consolidated Entity other share based payments issued during the year are located in note 13(b).

15. STATEMENT OF CASH FLOW INFORMATION

(a) Cash and cash equivalents

	30 June 2019 $	30 June 2018 $
Cash at bank and in hand	134,989	339,214
	134,989	339,214

(b) Reconciliation of profit/(loss) after tax to the net cash flows used in operations

	30 June 2019 $	30 June 2018 $
Profit/(loss) after income tax	(13,495,185)	(4,584,635)
Non-Cash Items:		
Depreciation	61,294	94,257
Doubtful debts	48,680	149,957
Impairment of assets	11,607,592	-
Gain on settlement of liability	(1,500,000)	-
Profit from sale of subsidiary	(100,671)	-
Amortisation of intangible assets	615,665	232,772
Share based payments - shares	265,153	515,400
Share based payments - options	210,205	706,698
Change in assets and liabilities:		
(Increase)/decrease in receivables	(23,712)	(316,207)
Increase/(decrease) in payables	1,018,935	2,440,600
Increase/(decrease) in accrued interest	(76,501)	43,801
Increase/(decrease) in employee provision	5,160	140,523
Increase/(decrease) in income tax provision	(6,854)	6,854
Increase/(decrease) in deferred tax liabilities	(169,308)	(64,012)
Net cash flows (used in)/provided by operating activities	(1,539,547)	(633,992)

16. 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.

16. 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 9.

Information about Reportable Segments

2019	**Financing**	**Education Services**	**Consolidated**
	$	**$**	**$**
Segment Income			
Revenue from customers	-	8,542,536	8,542,536
Finance income	152	2,577	2,729
Profit on sale of business	-	100,671	100,671
Total income	152	8,645,784	8,645,936
Segment Expenses			
Cost of goods sold	-	(2,539,818)	(2,539,818)
Finance costs	(62,200)	(68,660)	(130,860)
Depreciation and amortisation	(1,248)	(60,046)	(61,294)
Impairment	-	(11,607,592)	(11,607,592)
Gain on settlement of liability	1,500,000	-	1,500,000
Amortisation of intangible assets	-	(615,665)	(615,665)
Net other costs	(2,492,236)	(6,362,964)	(8,855,200)
Total Expenses	(1,055,684)	(21,254,745)	(22,310,429)
Segment Loss before income tax	(1,055,532)	(12,608,961)	(13,664,493)
Segment Assets and Liabilities			
Reportable segment assets	471,222	3,973,550	4,444,772
Reportable segment liabilities	(2,687,703)	(2,802,365)	(5,490,068)
Net assets	(2,216,481)	1,171,185	(1,045,296)

16. SEGMENT INFORMATION (continued)

2018	Financing	Education Services	Consolidated
	$	$	$
Segment Income			
Revenue from customers	-	2,739,522	2,739,522
Finance income	12	-	12
Other income	9,984	-	9,984
Total income	9,996	2,739,522	2,749,518
Segment Expenses			
Cost of goods sold	-	(803,633)	(803,633)
Finance costs	(830,709)	(22,860)	(853,569)
Depreciation	-	(94,927)	(94,927)
Amortisation of intangible assets	-	(232,772)	(232,772)
Net other costs	(1,652,058)	(3,761,206)	(5,413,264)
Total Expenses	(2,482,767)	(4,915,398)	(7,398,165)
Segment Loss before income tax	(2,472,771)	(2,175,876)	(4,648,647)
Segment Assets and Liabilities			
Reportable segment assets	3,130,246	13,708,024	16,838,270
Reportable segment liabilities	(5,644,830)	(1,626,567)	(7,271,397)
Net assets	(2,514,584)	12,081,457	9,566,873

Geographical Segments

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

17. BUSINESS COMBINATIONS

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. Under AASB 3: Business Combinations, iCollege Ltd was deemed to be the acquirer and deemed to retain control of the consolidated entity.

(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.

17. BUSINESS COMBINATIONS (Continued)

(c) Intangible assets

In the prior year, the Company completed the acquisition of Manthano Ltd. As at 30 June 2018 this acquisition was provisionally accounted for. In 2019, the Company engaged an independent expert to perform an allocation of the purchase price which was to be allocated as follows:

	Fair Value
	$
Consideration	
Consideration Shares	15,250,000
Fair value of assets and liabilities held at acquisition date:	
Cash	722,800
Trade and other receivables	856,838
Other	6,275
Plant and equipment	213,349
Trade and other payables	(720,212)
Employee provisions	(70,057)
Borrowings	(491,084)
Fair value of identifiable assets and liabilities assumed	517,909
Identified Intangible Assets – licenced operations	4,309,653
Deferred Tax Liability recognised	(1,185,154)
Goodwill recognised	11,607,592

The contribution of Manthano Ltd to the consolidated entity's loss for the financial year ended 30 June 2018 was a loss of $1,324,261

Accordingly, the 30 June 2018 financial statements have been restated with the following effect:

	2018 $	Adjustment $	Amount Restated 2018 $
Profit/(loss) Before Tax	(4,415,875)	(232,772)	(4,648,647)
Income Tax benefit	-	64,012	64,012
Deferred Tax Liability	(3,963,698)	2,842,556	(1,121,142)
Intangible Assets and Goodwill	18,695,789	(3,011,316)	15,684,473

Impairment

During the year, management tested the Group's assets for impairment resulting in an impairment loss of 11,607,592 being the entirety of the goodwill recognised on acquisition of the business. The Company determined the recoverable amount using the value-in use method being a discounted cash flow forecast for a period of 7 years with a pre-tax discount rate of 13.79%.

18. COMMITMENTS AND CONTINGENT LIABILITIES

Non-cancellable operating leases contracted for rental properties

	June 2019 $	June 2018 $
Not longer than 1 year	996,402	1,176,228
Longer than 1 year and not longer than 5 years	1,134,287	1,119,636
Longer than 5 years	-	-
	2,130,689	2,295,864

Apart from the above there are no other commitments or contingent assets/liabilities as at 30 June 2019.

19. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Compensation

	2019 $	2018 $
Short-term benefits	344,561	152,836
Post employment benefits	18,370	5,921
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	112,100	77,400
	475,031	236,157

(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.

There is a loan outstanding payable to Mr Ash Katta of $337,657 at year end (2018: $581,233) being an amount payable as a result of an equity sell-down completed pre-acquisition. No Interest is accrued on the loan and will be repaid to him as and when he provides notice to the company subject to available cash and sufficient working capital remaining in the company.

There is a loan outstanding receivable from Sero Learning Pty Ltd, of which Mr Ash Katta is a Director of $207,139 at year end (2018: $210,283).

There is a loan payable to Mr Badri Gosavi of $12,743 (2018:Nil) being an amount payable for short-term funding. No interest is accrued on the loan and will be repaid to him as and when he provides notice to the company subject to available cash.

20. AUDITORS' REMUNERATION	30 June 2019 $	30 June 2018 $
Amount received or due and receivable by the auditor or their related entities:		
Audit and review of the financial statements		
Bentleys Audit & Corporate (WA) Pty Ltd	51,181	45,000

21. 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 2019 $	30 June 2018 $
Financial Assets		
Cash and cash equivalents	134,989	339,214
Trade and other receivables	651,378	642,998
Financial Liabilities		
Trade payables	1,485,065	1,501,464
Sundry payables and accrued expenses	1,241,324	524,654
Unearned revenue	922,604	448,937
Short-term loans	356,798	326,714
Accrued interest on convertible notes	3,740	80,241
Consideration payable	-	1,500,000
Share Subscription Payable	-	300,000
Borrowings	355,687	1,293,537

21. 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:

	2019 $	2018 $
Financial Assets:		
Cash and cash equivalents		
(interest-bearing accounts)	134,989	339,214
Net exposure	134,989	339,214

The weighted average rate of interest is 0.5% (2018: 0.5%)

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 2019, 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:

	2019 $	2018 $
Judgements of reasonably possible movements:		
Post tax profit - higher / (lower)		
+ 0.5%	675	1,696
- 0.5%	(675)	(1,696)
Equity - higher / (lower)		
+ 0.5%	675	1,696
- 0.5%	(675)	(1,696)

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 (Moodys) 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.

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

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

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.

2019	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		622,289	-	-	-	622,289
Sundry debtors	7.50%	29,089	-	-	-	29,089
Variable interest rate	0.5%	134,989	-	-	-	134,989
		786,367	**-**	**-**	**-**	**786,367**
Financial Liabilities						
Non-interest bearing		3,858,420	-	-	-	3,858,420
Fixed interest rate	8.15%	150,000	-	356,798	-	506,798
		4,008,420	**-**	**356,798**	**-**	**4,365,218**
Net financial assets/(liabilities)		**(3,222,053)**	**-**	**(356,798)**	**-**	**(3,578,851)**

2018	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		591,372	-	-	-	591,372
Sundry debtors	7.50%	51,626	-	-	-	51,626
Variable interest rate	0.5%	339,214	-	-	-	339,214
		982,212	**-**	**-**	**-**	**982,212**
Financial Liabilities						
Non-interest bearing		2,855,295	-	1,500,000		4,355,295
Fixed interest rate	19%	518,537	775,000	326,714	-	1,620,251
		3,373,832	**775,000**	**1,826,714**	**-**	**5,975,546**
Net financial assets/(liabilities)		**(2,391,620)**	**(775,000)**	**(1,826,714)**	**-**	**(4,993,334)**

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

Reconciliation of liabilities arising from financing activities

The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

	2018		**Non-cash changes**		**2019**
		Financing Cashflows	*Shares Issued*	*Acquisition*	
Convertible Notes (note 11)	650,000	-	(500,000)	-	150,000
Borrowings (note 11)	125,000	(62,574)	-	-	62,426
Short terms loans (note 11)	326,714	30,084	-	-	356,798
Loans from Related Parties (note 11)	518,537	(375,276)	-	-	143,261
Share Subscription Payable (note 10)	300,000	-	(300,000)	-	-
Total liabilities from financing activities	**1,920,251**	**(407,766)**	**(800,000)**	**-**	**712,485**

Accrued interest has been recorded in note 10.

22. EVENTS OCCURING AFTER REPORTING DATE

No other matters or circumstances has arisen since 30 June 2019 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.

23. PARENT ENTITY INFORMATION

Statement of Profit or Loss and other comprehensive income

	30 June 2019	30 June 2018
	$	$
Loss after income tax of the parent entity	(1,306,075)	(2,586,471)
Total comprehensive income of the parent entity	(1,306,075)	(2,586,471)

Statement of Financial Position

Total current assets	51,206	305,628
Total non-current assets	5,332	14,277,681
Total assets	56,538	14,583,309
Total current liabilities	150,000	1,052,738
Total Non-current liabilities	951,834	3,963,698
Total liabilities	1,101,834	5,016,436
Net Asset surplus/(deficiency)	(1,045,296)	9,566,873
Issued Capital	30,120,737	27,278,641
Reserves	1,957,234	1,747,029
Accumulated losses	(33,123,267)	(19,458,797)
	(1,045,296)	9,566,873

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no other guarantees in relation to the debts of its subsidiaries as at 30 June 2019.
Commitments and Contingent liabilities
The parent entity had no commitments as at 30 June 2019.
Capital commitments – Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019.

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 2019 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 2019.

On behalf of the Board,

Ashish Katta
Managing Director
Brisbane, Queensland
30 September 2019

Bentleys
THINKING AHEAD

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

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 Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2019, 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 Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 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(ii).

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 Consolidated Entity 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 Consolidated Entity incurred a net loss of $13,495,185 during the year ended 30 June 2019. 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 Consolidated Entity'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 Consolidated Entity and is generated through the provision of education and training services. The Consolidated Entity adopted *AASB 15 Revenue from Contracts with Customers* ("AASB 15") with effect from 1 July 2018. The Consolidated Entity's sales revenue amounted to $8,542,536 during the year. Note 1 describes the accounting policies applicable to distinct revenue streams, noting that Revenue from education and training services is recognised by reference to when the performance obligations are satisfied. The recognition of revenue and associated unearned revenue is considered a key audit matter due to the varied timing of recognition relative to the different revenue streams, separate performance obligations and the application of AASB 15.	Our procedures included amongst others: - Documenting the processes and assessing the internal controls relating to revenue processing and recognition; - Reviewing the revenue recognition policy for each revenue stream for compliance with AASB 15; - Testing 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 Consolidated Entity's revenue disclosure in note 1 and 3 of the financial report.
Acquisition of Manthano Limited and fair value calculation of intangible assets On 12 February 2018 the Consolidated Entity acquired Manthano Limited. During the current year the Consolidated Entity completed the purchase price allocation for Manthano Limited with the assistance of an independent expert.	Our procedures included amongst others: - We obtained management's assessment of identifiable intangible assets acquired in the acquisition. - We reviewed their assessment against our expectations of likely intangible assets, based on our review of the acquisition and business operations. - We assessed the competence and independence of Management's external valuation expert, and

Key Audit Matter	How our audit addressed the key audit matter
As part of the purchase price allocation a separately identifiable intangible asset relating to the licenced operations for $4,309,653 was recognised. These intangible assets have been valued using the *Discounted cash flow ("DCF") approach*. The excess consideration paid over the net tangible assets and identifiable intangibles assets was recognised as goodwill for an amount of $11,607,592. Given the significance of the acquisition transaction and the complexity of accounting for business combinations, and the significant management assumptions in the valuation of the intangible assets identified, we consider this to be a key audit matter.	assessed the work of the expert with respect to the scope, methodology, findings and conclusions of their work. - We assessed the appropriateness of the related disclosures in Note 17 of the financial report.
Impairment of intangible assets As at 30 June 2019, the carrying value of the identified intangible assets from the finalisation of the Manthano Limited business combination was $11,607,592 in goodwill and $4,309,653 in licenced operations, as disclosed in Note 8 and 17 of the financial report. An impairment loss of $11,607,592 was recognised based on the forecasts prepared by management. The evaluation of the recoverable amount of intangible assets is an area of significant estimation and judgement, and as a result is a Key Audit Matter.	Our procedures included, amongst others assessing: - management's determination of the CGUs to which goodwill and indefinite life intangibles are allocated; - the reasonableness of the financial year budget approved by the Directors, comparing to current actual results, and considering trends, strategies and outlooks; - the source of inputs used in the impairment models, including approved budgets; the discount rate and growth rate applied in the impairment models; - the arithmetic accuracy of the impairment models; - Management's sensitivity analysis around the key drivers of the cash flow projections, to consider the likelihood of such movements occurring sufficient to give rise to an impairment; and - the appropriateness of the disclosures including those relating to sensitivities in the assumptions used in Note 8 and 17.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2019, 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(ii), 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 Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity 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 2019. 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 2019, complies with section 300A of the Corporations Act 2001.

Bentleys

Mark Delaurentis

BENTLEYS
Chartered Accountants
Dated at Perth this 30th day of September 2019

MARK DELAURENTIS CA
Partner

Additional information required by ASX Ltd and not shown elsewhere in this report is as follows. The information is current as at 18 September 2019 to be updated.

Distribution of Securities Held

Size of Holding	Fully Paid Ordinary Shares No. Holders
1 - 1,000	55
1,001 - 5,000	45
5,001 - 10,000	66
10,001 - 100,000	225
100,000 and over	292
Total holders	683
Number of holders holding less than a marketable parcel	125

Shareholders by Location	No. of Holders	No. of Shares
Australian holders	670	498,054,568
Overseas holders	11	27,632,888
	681	**525,687,456**

Twenty Largest Holders of Fully Paid Ordinary Shares

	Name		Number of Shares	Percentage of Issued Capital
1	DRUID CONSULTING PTY LTD	<THE KATTA FAMILY A/C>	73,050,000	13.90%
2	MONARCHIAL PTY LTD	<RD AND SONS A/C>	50,950,000	9.69%
3	AWJ FAMILY PTY LTD	GUS W JOHNSON FAMILY A/C>	19,146,308	3.64%
4	SILVER RIVER INVESTMENT HOLDINGS PTY LTD	<THE FENWICK FAMILY>	18,328,767	3.49%
5	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP		18,251,579	3.47%
6	GASMERE PTY LIMITED		17,231,044	3.28%
7	SAYERS INVESTMENTS (ACT) PTY LTD	<SAYERS SUPER FUND A/C>	12,500,000	2.38%
8	MR HARRY HATCH		11,501,000	2.19%
9	BADRI GOSAVI	<GOSAAVI FAMILY A/C>	10,000,000	1.90%
10	MR JIMMY FAUSTO CAFFIERI & MRS LUCIA CAFFIERI	<CAFFIERI FAMILY A/C>	10,000,000	1.90%
11	SIDDHARTHA KANTICHAND DHADHA		10,000,000	1.90%
12	MR DAVID LEIGH-EWERS & MRS ELIZABETH ANN LEIGH-EWERS		8,250,000	1.57%
13	PG BINET PTY LTD		7,855,160	1.49%
14	OSSUM HOLDINGS PTY LTD	<TANTON SUPER FUND A/C>	7,551,959	1.44%
15	LARRAKEYAH PTY LTD	<THE MOORE FAMILY A/C>	6,094,774	1.16%
16	MATTHEW SUTHERLAND	<THE MATTHEW SUTHERLAND FAMILY A/C>	5,000,000	0.95%
17	MR JASON JON BOYER		5,000,000	0.95%
18	MR RUSSELL EMERICK & MRS ANNE CHRISTINE EKAS	<SPORT ATTACK SUPER FUND A/C>	4,895,288	0.93%
19	FORMULA PROPERTIES PTY LTD	<FORMULA FAMILY S/F A/C>	4,620,087	0.88%
20	MR KEVIN ANTHONY TORPEY		4,169,295	0.79%
			304,395,261	**57.90%**

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	73,050,000
Monarchial Pty Ltd	53,050,000

Unlisted Options

Number of Options	Exercise Price $	Exercise date
15,000,000	$0.04	12 Feb 2020
7,500,000	$0.08	3 July 2020
5,000,000	$0.08	12 Feb 2020

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

Name	Number of Options	Percentage
Options expiring 12 February 2020		
Exercise Price $0.04		
Gasmere Pty Ltd	10,000,000	67%
PG Binet Pty Ltd	5,000,000	33%
Options expiring 12 February 2020		
Exercise Price $0.08		
5G Capital Investments Pty Ltd	5,000,000	100%
Options expiring 3 July 2020		
Exercise Price $0.08		
J & M Hunter Investments Pty Ltd	2,500,000	33%
CIBAW Pty Ltd	2,500,000	33%
Rexroth Holdings Pty Ltd	1,750,000	23%

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 how of hands.

Performance Shares

- These shares have no voting rights.

Restricted securities
There are 105,003,404 fully paid ordinary shares subject to voluntary imposed escrow on issue.