ICOLLEGE LIMITED

ABN 75 105 012 066

and its controlled entities

Interim Financial Report

31 December 2019

Corporate directory

Current Directors

Simon Tolhurst	*Non-executive Chairman*
Ashish Katta	*Managing Director*
Badri Gosavi	*CFO & Executive Director*

Company Secretary

Stuart Usher

Registered Office

Street + Postal: 205 North Quay
Brisbane City
QLD 4000
Telephone: +61 (0)7 3229 6000
Email: investors@icollege.edu.au
Website: http://www.icollege.net

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St Georges Terrace
PERTH WA 6000
Telephone: +61 (0)8 9226 4500

Solicitors

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

Share Registry

Link Market Services Limited
Street + Postal: Level 12, QV1 Building
250 St Georges Terrace,
PERTH WA 6000
Telephone: 1300 554 474 (within Australia)
+61 (0)8 9211 6670 (International)
Facsimile: +61 (0)8 9287 0303
Email: registrars@linkmarketservices.com.au
Website: https://www.linkmarketservices.com.au

Securities Exchange

Australian Securities Exchange
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000
Telephone: 131 ASX (131 279) (within Australia)
Telephone: +61 (0)2 9338 0000
Facsimile: +61 (0)2 9227 0885
Website: www.asx.com.au
ASX Code ICT

Bankers

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

Contents

Results for Announcement to the Market

for the half-year Ended 31 December 2019

1 REPORTING PERIOD (item 1)

- Report for the period ended: 31 December 2019
- Previous corresponding period is half-year ended: 31 December 2018

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Movement	Percentage %		Amount $
Revenues from ordinary activities (item 2.1)	Increase	102.82	to	7,021,177
Loss from ordinary activities after tax attributable to members (item 2.2)	Decrease in Losses	(68.21)	to	(107,805)
Loss from after tax attributable to members (item 2.3)	Decrease in Losses	(68.21)	to	(107,805)

a. Dividends (items 2.4 and 5)

	Amount per Security ¢	Franked amount per security %
Interim dividend	nil	n/a
Final dividend	nil	n/a

- Record date for determining entitlements to the dividend (item 2.5) n/a

b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6):

1. Revenue represents interest earned and service revenue.

3 DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS

Nil.

a. Details of dividend or distribution reinvestment plans in operation are described below (item 6):

Not applicable

4 RATIOS

	Current period	Previous corresponding period
a. Financial Information relating to 4b:	$	$
Earnings/(Losses) for the period attributable to owners of the parent	(107,805)	(339,120)
Net assets/(Deficiency)	(1,118,101)	(1,045,296)
Less: Intangible assets	(6,106,659)	(3,461,216)
Add: Deferred tax liabilities	866,484	951,834
Net tangible (liabilities)/assets	(6,358,276)	(3,554,678)
	No.	No.
Fully paid ordinary shares	526,564,649	525,687,456
b. Net tangible (liability)/assets backing per share (cents) (item 3):	(0.012)	(0.007)

Results for Announcement to the Market
for the half-year Ended 31 December 2019

---

5 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 4)

a. Control gained over entities
- Name of entities (item 4.1)
- Date(s) of gain of control (item 4.2)

b. Loss of control of entities
- Name of entities (item 4.1) — Nil
- Date(s) of loss of control (item 4.2) — n/a

c. Contribution to consolidated loss from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 4.3). — n/a

d. Loss from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3) — n/a

6 DETAILS OF ASSOCIATES AND JOINT VENTURES: (item 7)

- Name of entities (item 7) — Nil
- Percentage holding in each of these entities (item 7) — N/A

	Current period	Previous corresponding period
Aggregate share of profits (losses) of these entities (item 7)	N/A	N/A

7 The financial information provided in the Appendix 4D is based on the interim final report (attached), which has been prepared in accordance with Australian Accounting Standards.

8 The report is based on accounts which are have been reviewed by the Company's independent auditor (item 9) and contain the following emphasis of matter:

We draw attention to Note 1a(ii) in the financial report, which indicates that the Group incurred a net loss after tax of $107,805 during the half year ended 31 December 2019. As stated in Note 1a(ii), these events or conditions, along with other matters as set forth in Note 1a(ii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' report

Your directors present their report on the Group, consisting of iCollege Limited (**iCollege** or **the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2019.

1. Directors

The names of Directors in office at any time during or since the end of the half-year are:

- Simon Tolhurst — Non-executive Chairman
- Ashish Katta — Managing Director
- Badri Gosavi — CFO and Executive Director

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

2. Operating and financial review

2.1. Operations review

Revenue growth is up 103% to $7,021,177 against the Dec 2018 half year result of $3,461,749. This strong result is due to organic and geographical growth specifically within the International Student market. The Company experienced minimal disruption from the Corona Virus which is attributed to our ongoing concentration on achieving student diversity (Chinese students represent 5% of the total international student base). The business expects to maintain strong enrolments for both domestic and international students throughout the rest of the financial year. The half year saw enrolments of CRICOS (international students) up to 938 a (up 70% from 550 December 2018) with the company confident of increasing the existing number of CRICOS students to 1400 by December 2020.

The company has now reported two consecutive quarters of operating profit. Q2 saw a one off expense for the initial purchase of significant inventory of Linguaskills tests, leaving the business with a lower than desired cash balance. Moving forward, the business expects to continue to strengthen the balance sheet by paying down debt and expects cash receipts to remain strong. This coupled with continuous stringent cash management has the business in a position to continue growth of existing initiatives across all subsidiaries.

2.2. Financial Review

a. Operating results

For the half-year ended 31 December 2019 the Group delivered a loss before tax of $193,155 (31 December 2018: $339,120 loss), representing a decrease in profitability.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in Note 1a(ii) Statement of significant accounting policies: Going Concern on page 10.

b. Financial position

The net asset deficiency of the Group have increased from 30 June 2019 by $72,805 to $1,118,101 at 31 December 2019 (30 June 2019: $1,045,296).

As at 31 December 2019, the Group's cash and cash equivalents decreased from 30 June 2019 by $6,464 to $128,525 (30 June 2019: $134,989) and had a working capital deficit of $3,936,736 (30 June 2019: $3,726,185 working capital deficit).

Directors' report

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2019 has been received and can be found on page 5 of the interim financial report.

Signed in accordance with a resolution of directors made pursuant to s306(3) of the *Corporations Act 2001* (Cth).

ASHISH KATTA
Managing Director
Dated this Friday, 28 February 2020

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 review of the financial statements of iCollege Limited for the half year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 28th day of February 2020

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2019

	Note	6 months to 31 December 2019 $	6 months to 31 December 2018 $
Continuing operations			
Revenue	4a	7,021,177	3,461,749
Cost of sales		(2,139,483)	(748,793)
Gross profit		4,881,694	2,712,956
Other income	4b	1,467	136
Audit and tax expenses		(27,121)	-
Compliance		(50,103)	(93,096)
Consultant fees		(274,514)	(218,681)
Depreciation and amortisation		(634,088)	(36,306)
Directors fees		(50,000)	(76,418)
Doubtful Debts		(225,096)	(948)
Employment expenses		(2,608,542)	(2,187,781)
Interest expense		(232,778)	(46,457)
Gain on settlement of liability		-	1,500,000
Legal fees		(70,363)	(439,312)
Marketing expenses		(108,332)	(113,104)
Occupancy expenses		(324,997)	(768,764)
Travel expenses		(115,993)	(169,178)
Other expenses		(354,389)	(402,167)
Loss before tax		(193,155)	(339,120)
Income tax benefit		85,350	-
Net loss for the half-year		(107,805)	(339,120)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income attributable to members of the parent entity		(107,805)	(339,120)
Earnings per share:			
Basic and diluted loss per share (cents per share)	5	(0.021)	(0.067)

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position
as at 31 December 2019

	Note	31 December 2019 $	30 June 2019 $
Current assets			
Cash and cash equivalents	6	128,525	134,989
Trade and other receivables	7	633,664	651,378
Inventories	8	245,000	-
Other current assets	9	395,109	25,682
Total current assets		1,402,298	812,049
Non-current assets			
Intangible assets	10	3,150,854	3,461,216
Plant and equipment		164,047	171,507
Right of use asset	11a	2,955,805	-
Total non-current assets		6,270,706	3,632,723
Total assets		7,673,004	4,444,772
Current liabilities			
Trade and other payables	12	3,778,384	3,652,733
Borrowings	13	922,944	712,485
Provisions	14	175,526	173,016
Leases	11b	462,180	-
Total current liabilities		5,339,034	4,538,234
Non-current liabilities			
Deferred tax liabilities		866,484	951,834
Leases	11b	2,585,587	-
Total non-current liabilities		3,452,071	951,834
Total liabilities		8,791,105	5,490,068
Net (deficiency)		(1,118,101)	(1,045,296)
Equity			
Issued capital	15	29,986,452	29,951,452
Reserves		1,957,234	1,957,234
Accumulated losses		(33,061,787)	(32,953,982)
Total equity		(1,118,101)	(1,045,296)

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2019

	Note	Contributed equity $	Accumulated Losses $	Share-based Payments Reserve $	Total equity $
Balance at 1 July 2018		27,278,641	(19,290,037)	1,747,029	9,735,633
Loss for the half-year attributable owners of the parent		-	(339,120)	-	(339,120)
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	-
Total comprehensive income for the half-year attributable owners of the parent		-	(339,120)	-	(339,120)
Transaction with owners, directly in equity					
Shares issued during the half-year (net of costs)		2,040,948	-	-	2,040,948
Options granted during the half-year		-	-	210,205	210,205
Balance at 31 December 2018		29,319,589	(19,629,157)	1,957,234	11,647,666
Balance at 1 July 2019		29,951,452	(32,953,982)	1,957,234	(1,045,296)
Loss for the half-year attributable owners of the parent		-	(107,805)	-	(107,805)
Other comprehensive income for the half-year attributable owners of the parent		-	-	-	-
Total comprehensive income for the half-year attributable owners of the parent		-	(107,805)	-	(107,805)
Transaction with owners, directly in equity					
Shares issued during the half-year (net of costs)	15a	35,000	-	-	35,000
Balance at 31 December 2019		29,986,452	(33,061,787)	1,957,234	(1,118,101)

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows
for the half-year ended 31 December 2019

	Note	6 months to 31 December 2019 $	6 months to 31 December 2018 $
Cash flows from operating activities			
Receipts from customers		6,320,311	3,241,207
Interest received		1,467	136
Interest paid		(232,778)	(46,457)
Payments to suppliers and employees		(6,287,037)	(4,589,090)
Net cash used in operating activities		(198,037)	(1,394,204)
Cash flows from investing activities			
Purchase of plant and equipment		(18,886)	(52,784)
Net cash used in investing activities		(18,886)	(52,784)
Cash flows from financing activities			
Proceeds from loans		500,000	191,785
Repayment of loans		(289,541)	(557,695)
Proceeds from issue of shares		-	1,900,000
Payment of share issue costs		-	(132,000)
Net cash provided by financing activities		210,459	1,402,090
Net increase/(decrease) in cash held		(6,464)	(44,898)
Cash and cash equivalents at the beginning of the half-year		134,989	339,214
Cash and cash equivalents at the end of the half-year	6	128,525	294,316

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

Note 1 Statement of significant accounting policies

These are the condensed consolidated financial statements and notes of iCollege Limited (**iCollege** or **the Company**) and controlled entities (collectively **the Group**). iCollege is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 28 February 2020 by the directors of the Company.

a. Basis of preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements of iCollege Limited and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the half-year.

i. Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

ii. Going Concern

The half year 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 Group recorded a loss after tax for the half year ended 31 December 2019 of $107,805 (31 December 2018: $339,120 loss) and as at balance date had a working capital deficiency of $3,936,736 (30 June 2019: $3,726,185). Included in current liabilities is unearned revenue of $578,641 (30 June 2019: $922,604) which is not expected to be repaid and convertible notes of $650,000 which may be converted to equity.

The Company has a convertible note of $150,000 which was due for repayment (or conversion) on 31 December 2019. The convertible note is past due and repayable on demand. As at the date of this report, the Company has not received a demand for payment.

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

- Forecasted profitability of the companies within the Group including increasing the service offerings provided and expanding its geographical foot print;
- Loans provided to the Company (2019: $113,645) by Directors has 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 Group's creditors. At the date of the report there were no outstanding statutory demands made against the company;
- Convertible note holders converting to shares rather than redeeming for cash; and
- The Board has advanced discussions with external parties to raise funds from debt or equity sources and as such is confident with respect to its ability to secure funds by raising funds from debt or equity sources.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern. In the event the above matters are not achieved, the Group will be required to raise funds for working capital from other sources.

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

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 Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

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

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

Note 1 Statement of significant accounting policies

iii. Use of estimates and judgments

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The judgements, estimates and assumptions applied in the condensed financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2019.

b. Accounting Standards that are mandatorily effective for the current reporting period

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Directors have reviewed and 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 an accounting period that begins on or after 1 January 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- *AASB 16: Leases*

  AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice. The adoption of this standard has no material financial impact on the financial statement of the Group.

c. Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019. All applicable new standards and interpretations issued since 1 July 2019 have been adopted. There was no significant impact on the Group.

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

Note 2 Effects of Changes in Accounting Policy

This note explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019 in note 2 a following. The Group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 30 June 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

a. Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as *operating leases* under AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 10%.

	31 December 2019 $
Operating lease commitments disclosed as at 30 June 2019	*2,130,689*
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,866,314
Add/(less): adjustments as a result of a different treatment of extension and termination options, short term leases	1,385,572
Lease liability recognised as at 1 July 2019	3,251,886
Of which are:	
• Current lease liabilities	428,432
• Non-current lease liabilities	2,823,454
	3,251,886

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 $	1 July 2019 $
Properties	2,955,805	3,251,886
Total right-of-use assets	2,955,805	3,251,886

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- right-of-use assets – increase by $3,251,886
- lease liabilities – increase by $3,251,886

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

Note 2 Effects of Changes in Accounting Policy (continued)

b. Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

c. The group’s leasing activities and how these are accounted for

The group leases various offices. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options as described in (ii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis

d. Key estimates – Extension and termination options

An extension options is included in a property lease of Group. These terms are used to maximise operational flexibility in terms of managing contracts. The extension option held is exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of $1,964,263.

Note 3 Company details

The registered office of the Company is:

Street + Postal: 205 North Quay
Brisbane City QLD 4000

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

Note 4 Revenue and other income

	6 months to 31 December 2019 $	6 months to 31 December 2018 $
a. Revenue		
Course income	7,021,177	3,461,749
	7,021,177	3,461,749
b. Other Income		
Interest income	1,467	136
	1,467	136

Note 5 Earnings per share (EPS)

	Note	6 months to 31 December 2019 $	6 months to 31 December 2018 $
a. Reconciliation of earnings to profit or loss			
Loss for the half-year		(107,805)	(339,120)
Loss used in the calculation of basic and diluted EPS		(107,805)	(339,120)

	6 months to 31 December 2019 No.	6 months to 31 December 2018 No.
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	525,687,456	505,867,781

	Note	6 months to 31 December 2019	6 months to 31 December 2018
c. Earnings per share			
Basic EPS (cents per share)	5d	(0.021)	(0.067)

d. As at 31 December 2019 the Group has 27,500,000 unissued shares under options (31 December 2018: 27,500,000). During the half-year ended 31 December 2019 the Group's unissued shares under option and partly-paid shares were anti-dilutive.

Note 6 Cash and cash equivalents

	31 December 2019 $	30 June 2019 $
a. Current		
Cash at bank	128,525	134,989
	128,525	134,989

Note 7 Trade and other receivables

	31 December 2019 $	30 June 2019 $
a. Current		
Trade receivables	607,123	531,562
Less: Doubtful debts	(204,000)	(157,623)
	403,123	373,939
GST receivable	5,684	26,555
Bank guarantees and bonds	129,149	136,375
Other receivables	95,708	114,509
	633,664	651,378

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2019

Note 8 Inventories

	31 December 2019 $	30 June 2019 $
a. **Current**		
Linguaskill bundles	245,000	-
	245,000	-

b. ***Accounting policy***

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Linguaskill bundles - cost of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Note 9 Other current assets

	31 December 2019 $	30 June 2019 $
a. **Current**		
Accrued income	275,091	-
Prepayments	114,046	19,263
Other	5,972	6,419
	395,109	25,682

Note 10 Intangible assets

	31 December 2019 $	30 June 2019 $
a. **Non-current**		
Licenced operations	3,461,216	4,076,881
Amortisation	(310,362)	(615,665)
	3,150,854	3,461,216

Note 11 Leases

	31 December 2019 $	30 June 2019 $
a. **Right of use assets**		
Properties	2,955,805	-
	2,955,805	-
b. **Lease liabilities**		
Current	462,180	-
Non-current	2,585,587	-
	3,047,767	-

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2019

Note 12 Trade and other payables

	31 December 2019 $	30 June 2019 $
a. **Current**		
Trade payables	1,624,243	1,485,065
Sundry payables and accrued expenses	1,572,993	1,241,324
Unearned revenue	578,641	922,604
Accrued interest on convertible notes	2,507	3,740
	3,778,384	3,652,733

Note 13 Borrowings

	31 December 2019 $	30 June 2019 $
a. **Current**		
Convertible notes (i) & (ii)	650,000	150,000
Loan (iii)	1,987	62,426
Short term loans (iv)	157,312	356,798
Related Party Loan (v)	113,645	143,261
	922,944	712,485

(i) Convertible Note (Unsecured)

Face Value: $150,000

Coupon: 10%, accrues and is payable on either conversion or redemption date.

Maturity: A variation to the terms was agreed on 30 September 2019 to vary the terms to mature on 31 December 2019, all other terms remaining in place. As at 31 December 2019, the Company has not obtained an extension or similar and the note holder has not exercised his right to be repaid in cash or the issue of share capital. Accordingly, the amount is now at call, payable on demand.

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 shares at the conversion price of $0.05 per share, subject to providing a conversion notice by the redemption date being 12 months from date of issue and ending on the final conversion date subject to arrangement by the Company and Shareholder approval and in full compliance with ASX Listing Rules.

(ii) Convertible Note (Unsecured)

Face Value: $150,000

Coupon: 10%, accrues and is payable on either conversion or redemption date.

Maturity: 12 months from date of issue.

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 shares at the conversion price of $0.05 per share, subject to providing a conversion notice by the redemption date being 12 months from date of issue and ending on the final conversion date subject to arrangement by the Company and Shareholder approval and in full compliance with ASX Listing Rules.

(iii) Loan

Loan is repayable within 12 months is unsecured and interest bearing. The loan was repaid in the period.

(iv) Short term loans

Loans are repayable within 12 months of which $49,180 is secured and $108,132 is unsecured and are interest bearing.

(v) Related party loans

Loans are repayable within 12 months is unsecured and non-interest bearing.

Note 14 Provisions

	31 December 2019 $	30 June 2019 $
b. **Current**		
Provision for annual leave	157,552	145,516
Provision for long service leave	17,974	27,500
	175,526	173,016

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2019

Note 15 Issued capital	Note	6 months to 31 December 2019 No.	12 months to 30 June 2019 No.	6 months to 31 December 2019 $	12 months to 30 June 2019 $
Fully paid ordinary shares at no par value		526,564,649	525,687,456	29,986,452	29,951,452
a. **Ordinary shares**					
At the beginning of the period		525,687,456	458,822,084	29,951,452	27,278,641
Shares issued during the period/year:					
• Shares placement shares issued @$0.05 per share		-	44,000,000	-	2,200,000
• Shares issued to Chairman for services as director @$0.069 per share		-	1,624,637	-	112,100
• Shares issued on conversion of convertible note @$0.03 per share		-	18,328,767	-	549,863
• Shares issued in lieu of services @ $0.05 per share		-	1,421,060	-	71,053
• Shares issued in lieu of services @ $0.055 per share		-	1,490,908	-	82,000
• Shares issue in lieu of cash payment for director fees @$0.057 per share		877,193	-	50,000	-
Transaction costs relating to share issues		-	-	(15,000)	(342,205)
At reporting date		526,564,649	525,687,456	29,986,452	29,951,452

b. **Options**	6 months to 31 December 2019 No.	12 months to 30 June 2019 No.	6 months to 31 December 2019 $	12 months to 30 June 2019 $
Options	27,500,000	27,500,000	1,957,234	1,957,234
At the beginning of the period	27,500,000	20,000,000	1,957,234	1,747,029
Options issued/(lapsed) during the year:				
• Issued to broker – Ex. Date 03.07.2020, Ex. Price: $0.08		7,500,000	-	210,205
At reporting date	27,500,000	27,500,000	1,957,234	1,957,234

Note 16 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

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 $270,807 at half-year end (30 June 2019: $337,657) 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 $174,319 at half-year end (30 June 2019: $207,139).

There is a loan payable to Mr Badri Gosavi of $17,157 (30 June 2019: $12,743) 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.

Note 17 Commitments

There has been no change in commitments since the last reporting period.

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2019

Note 18 Events subsequent to reporting date

Following the execution of a binding terms sheet for the acquisition of The Hacking School, the Group remains in negotiations as it finalises the terms and conditions in the Share Subscription Agreement.

Other than noted above, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future reporting periods.

Note 19 Contingent liabilities

There has been no change in contingent liabilities since the last reporting period.

Note 20 Operating segments

6 months ended 31 December 2019	Financing $	Education Services $	Consolidated $
Segment Income			
Revenue from customers	-	7,021,177	7,021,177
Finance income	2	1,465	1,467
Total income	2	7,022,642	7,022,644
Segment Expenses			
Cost of goods sold	-	(2,139,483)	(2,139,483)
Finance costs	(26,736)	(206,042)	(232,778)
Depreciation and amortisation	(311,272)	(322,816)	(634,088)
Net other costs	(894,357)	(3,315,093)	(4,209,450)
Total Expenses	(1,232,365)	(5,983,434)	(7,215,799)
Segment Loss before income tax	(1,232,363)	1,039,208	(193,155)
31 December 2019			
Segment Assets and Liabilities			
Reportable segment assets	336,407	7,336,597	7,673,004
Reportable segment liabilities	(2,381,530)	(6,409,575)	(8,791,105)
Net assets/(deficiency)	(2,045,123)	927,022	(1,118,101)
6 months ended 31 December 2018			
Segment Income			
Revenue from customers	-	3,461,749	3,461,749
Finance income	126	10	136
Total income	126	3,461,759	3,461,885
Segment Expenses			
Cost of goods sold	-	(748,793)	(748,793)
Finance costs	(27,932)	(18,525)	(46,457)
Depreciation and amortisation	(576)	(35,730)	(36,306)
Gain on Settlement of Liability	-	1,500,000	1,500,000
Net other costs	(859,060)	(3,610,389)	(4,469,449)
Total Expenses	(887,568)	(2,913,437)	(3,801,005)
Segment Loss before income tax	(887,442)	548,322	(339,120)
30 June 2019			
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/(deficiency)	(2,216,481)	1,171,185	(1,045,296)

Directors' declaration

The Directors of the Company declare that:

1. The condensed financial statements and notes, are in accordance with the *Corporations Act* 2001 (Cth) and:

   (a) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements; and

   (b) give a true and fair view of the financial position as at 31 December 2019 and of the performance for the half-year ended on that date of the Company.

2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the *Corporations Act 2001* (Cth) and is signed for and on behalf of the directors by:

ASHISH KATTA
Managing Director
Dated this Friday, 28 February 2020

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 Review Report

To the Members of ICollege Limited

We have reviewed the accompanying half-year financial report of iCollege Limited ("the Company") and Controlled Entities ("the Group") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and condensed other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Group, comprising the Company and the entities it controlled during the half-year.

Directors Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a. Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1a(ii) in the financial report, which indicates that the Group incurred a net loss of after tax $107,805 during the half year ended 31 December 2019. As stated in Note 1a(ii), these events or conditions, along with other matters as set forth in Note 1a(ii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 28th day of February 2020