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ASX Announcement

30 January 2015

ASX RELEASE

APPENDIX 4C – QUARTERLY CASH FLOW REPORT AND QUARTERLY UPDATE – DECEMBER 2014

iCollege Limited (ASX: ICT) ("iCollege" and "the Company") lodges the attached Appendix 4C Quarterly Report for entities admitted on the basis of commitments for the quarter ended 31 December 2014.

- **Due Diligence completed and fully binding Share Sale Agreements executed to acquire Dynamic Learning Services Pty Ltd ("DLS") and The Bookkeeping School Pty Ltd ("Bookkeeping School")**
- **Binding Heads of Agreements ("HOA") to acquire the Management Institute of Australia Pty Ltd ("MIA") and Mathisi Pty Ltd ("Mathisi") in place**
- **Due Diligence underway on MIA and Mathisi with a view to finalising the transactions during the March quarter**
- **iCollege will focus on the integration of the initial four acquisitions and look for organic growth opportunities across the four business units**

Completion of the Acquisition of Dynamic Learning Services Pty Ltd

iCollege announced that following completion of the due diligence period, the company executed a fully binding Share Sale Agreement to acquire 100% of the issued capital of Registered Training Organisation ("RTO"), Dynamic Learning Services Pty Ltd ("**DLS**").

DLS is an accredited Vocational Education and Training (VET) Registered Training Organisation, which provides educational courses across Australia and Asia. The courses are currently 100% classroom-based and will be integrated onto iCollege's mobile optimised online platform.

DLS will bring significant turnover and EBIT, generating $2.98m in revenue and $1m in EBIT for the financial year ended 30 June 2014.

Completion of the Acquisition of The Bookkeeping School Pty Ltd

iCollege additionally executed a fully binding Share Sale Agreement to acquire 100% of the issued capital of The Bookkeeping School Pty Ltd ("Bookkeeping School"), an RTO operating a number of accredited accounting and bookkeeping courses online.

The courses offered complement iCollege's existing course portfolio and will be integrated onto the company's existing online learning platform and marketing strategy.

Additionally the acquisition paves the way for iCollege to migrate from iCollege.net to iCollege.edu.au. This process is underway and will be completed in the coming weeks.

Binding Heads of Agreements to acquire 100% of Management Institute of Australia Pty Ltd ("MIA") and Mathisi Pty Ltd ("Mathisi")

iCollege announced that it has entered into binding Heads of Agreements to acquire 100% of the shares in both the Management Institute of Australia Pty Ltd and Mathisi Pty Ltd.

The acquisitions are in line with iCollege's previously stated strategy of acquiring education providers whereby the Company is able to leverage its cutting edge technology to improve the online learning experience for students and to offer a more flexible learning environment via an increased online course offering.

These immediate EPS accretive acquisitions are particularly meaningful for iCollege, as they provide a significantly expanded course offering, solid earnings and scalable growth opportunities. The financial performance of MIA and Mathisi are expected to further improve as iCollege successfully integrates the businesses and applies its proprietary technology to fully maximise the potential of online learning.

About the Management Institute of Australia

The Management Institute of Australia established its RTO operations in 2005 and in 2011 the company established a unique model in the Australian VET sector. The model involved not only establishing one or more teaching organisations; but rather developing a sophisticated, 'systems-driven' RTO model which has been adopted by a range of private education businesses. The model is predicated by having a flexible training delivery utilising online platforms.

The vision has been to be recognised within Australia and globally as a private provider of post-secondary education of the highest quality that produces graduates with relevant and contemporary skills and capabilities for professional practice. The Management Institute of Australia is committed to the continuous development and transfer of knowledge to enhance professional performance for its students, corporate partners and stakeholders. This vision is shared by iCollege and significant synergies exist.

With a combined scope of 70 Accredited and nationally recognised courses and many more non-accredited courses; MIA has been well positioned for national and international expansion, making it an ideal fit for the iCollege business model. Courses are offered across 22 industries, including Business, Logistics, Beauty and Massage, Fitness, Automotive, Rural, Childcare, Aged Care and Workplace Health and Safety.

The main portal for the MIA business can be found at www.mia.edu.au.

About Mathisi Pty Ltd

Mathisi is a well established Brisbane based RTO specialising in Business and Retail qualifications, delivering Nationally Recognised Training. The fully accredited business has been operating for 5 years and has established a strong position in the market via the delivery of high quality training using proven course materials. This has resulted in a 99% completion rate and excellent student feedback.

With excellent processes, systems and procedures, knowledgeable staff, long-term management, and a solid compliance regime in place, Mathisi operates to a standard that iCollege expects across all its business units. With multiple income streams and low operating costs, Mathisi is already a highly profitable enterprise that has an exciting growth profile. Mathisi is particularly experienced in dealing with retail and hospitality food chains; industries whereby iCollege expects to demonstrate significant growth over the next 12 months.

Mathisi is an approved Pre-Qualified Supplier for the Department of Education, Training and Employment and has an exceptional completion rate in the delivery of traineeships. All training courses currently provided by Mathisi are tailor made for the employer to their specific needs. These specialised training programs are flexible, and firmly place the focus on measurable outcomes for employers.

Mathisi's current website can be found at www.mathisi.com.au.

Placement Completion

iCollege announced it had firm commitments in place for the placement of 3,333,334 shares at $0.15, to raise $500,000. The Placement shares were offered with a 1 for 2 free attaching listed option (ASX.ICTO) and was subscribed to by key strategic Sophisticated investors. The placement was completed under the company's existing 7.1 and 7.1A Placement capacity.

Successful Closure of Sale of Small Holdings of Shares

iCollege was pleased to advise that the sale of small holdings of shares ("**Sale**") announced on 30 October 2014, was completed.

In total 504 minority holders holding an aggregate of 542,595 shares in the Company, participated in the Sale. The holdings were sold to Eyeon Investments Pty Ltd as per the agreement ("**Agreement**") with Eyeon Investments Pty Ltd (a member of the Copulos Group) ("**Purchaser**") under which the Purchaser agreed to buy the ordinary shares of shareholders who hold shares in the Company valued at less than a "marketable parcel" (defined in the ASX Listings Rules as a parcel of securities of not less than $500) ("**Small Holding**") at a price of $0.15 per share.

Under the Agreement, the Company issued 1,000,000 listed options (ASX:ICTO) to the Purchaser, each with an exercise price of $0.20 and an expiry date of 24 July 2017, in payment of the Purchaser's fees in connection with the Agreement.

The proceeds from the Sale have been distributed to the relevant former shareholders.

END

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About iCollege Limited:

iCollege Limited (ASX: ICT) is a training organisation that provides practical and comprehensive nationally-recognised specialist education to students from all over Australia. Launching in 2014, the education provider creates more engaging content and training experiences for workers looking to stay relevant in an ever-changing employment environment.

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

iCollege Limited

ABN	Quarter ended ("current quarter")
75 105 012 066	31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from customers		-	-
1.2	Payments for	(a) staff costs	(152)	(249)
		(b) advertising and marketing	(31)	(51)
		(c) research and development	-	-
		(d) leased assets	-	-
		(e) other working capital	(392)	(689)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		11	31
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (R&D grant)		156	156
	Net operating cash flows		(408)	(802)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (12 months) $A'000
1.8	Net operating cash flows (carried forward)	(408)	(802)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	(104)	(115)
	(b) equity investments	-	-
	(c) intellectual property	(94)	(410)
	(d) physical non-current assets	(4)	(26)
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (Deposit on business purchase)	(31)	(31)
	Net investing cash flows	(233)	(582)
1.14	**Total operating and investing cash flows**	(641)	(1,384)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	400	586
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (Costs of issue)	(5)	(21)
	Net financing cash flows	395	565
	Net increase (decrease) in cash held	(246)	(819)
1.21	Cash at beginning of quarter/year to date	1,942	2,515
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	1,696	1,696

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	155
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payment of directors fees, consulting, accounting, book keeping, secretarial, and administration fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NA

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

NA

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter $A'000	Previous quarter $A'000
4.1 Cash on hand and at bank	1,696	1,942
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,696	1,942

Acquisitions and disposals of business entities

	Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1 Name of entity	Bookkeeping School Pty Ltd	
5.2 Place of incorporation or registration	Queensland	
5.3 Consideration for acquisition or disposal	$115,000	
5.4 Total net assets	$114,450	
5.5 Nature of business	On-line Education	

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 30 January 2015
Company secretary

Print name: Chris Watts

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to

disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.

3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.