



ICOLLEGE LIMITED

ABN 75 105 012 066

2016 HALF-YEAR REPORT

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ICOLLEGE LIMITED
CORPORATE DIRECTORY

Directors

Mr Ross Cotton – Executive Chairman
Mr Philip Re - Non-executive Director
Mr Daniel Moore – Non-executive Director

Chief Executive Officer

Mr Andrew Vlahov

Stock Exchange Listing

ASX Limited

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

Company Secretary

Mr Stuart Usher

Auditor

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

Registered Office

Suite 1 GF
437 Roberts Road
SUBIACO WA 6008

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

Bankers

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

Solicitors

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

Share Registry

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

ICOLLEGE LIMITED
REPORT OF THE DIRECTORS

The Directors of iCollege Limited present their report on iCollege Limited and its Controlled Entities ("the Company" or "iCollege" or "Consolidated Entity") for the half-year ended 31 December 2016.

DIRECTORS

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

Current Directors

Mr Ross Cotton – Executive Chairman

Mr Philip Re - Non-executive Director

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

Past Directors

Mr Andrew Crevald - Non-executive Director (Resigned 30th November 2016)

Company Secretary

Mr Stuart Usher

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS

The first half of the 2016/17 FY saw significant changes to the VET sector and Government policy resulting in a changed approach to student acquisition overall and significant opportunity for expansion. Following the review of operations and the rationalisation and mitigation of perceived risks, iCollege concentrated on growth in three core areas being, Healthcare, Community and Sport. The following activities impacted the performance of the group in the half year to December 2016:

- Expansion of the iCollege Foundation Skills training delivery team to cope with growth in the corrections sector;
- iCollege is now providing Foundation Skills Certificate II in 11 of 36 Probation and Parole regions and 4 of 11 Correctional facilities in Queensland, with further growth planned for the second half of the 16/17 FY. Completion rates are exceeding 60% again showing sustained student engagement and completions well above National averages;
- Further investigation into the MIA group of companies uncovered a perceived risk to both the iCollege brand and the VET Sector in general, in line with regulatory requirements; steps have been taken to deregister all MIA businesses as Registered Training Organisations with ASQA. All students have either been transitioned to a suitable RTO or completed as per the guidelines set out by the regulator. All requests for refunds have now been processed and either paid or denied;
- All franchisees have been removed from the MIA franchise and are now actively working in partnerships with other Registered Training Organisations;
- Revenue grew by 25% quarter on Quarter for the first half of the year with strong growth expected for Q3 and Q4 2016/17;
- The Diploma of Sport Development is progressing with a 70% continuation rate past the first census date. Changes to the VFH scheme has meant a reassessment regarding the delivery and funding model of this

ICOLLEGE LIMITED
REPORT OF THE DIRECTORS

program with the focus moving to a fee for service model. Approximately 65% of the initial basketball cohort has attained employment in a sporting related field.;

- Mathisi is working with 4 franchises of a large food retailer in Queensland to deliver traineeships to school based students. There are currently 34 students enrolled in this program. 18 Students completed in December 2016;
- Discussions are underway with a leading RTO to provide CRICOS licenses allowing foreign student revenue;
- Centralisation of compliance and accounting functions allowing each business to concentrate on new business development has been achieved with consistent reporting software being utilised across all businesses;
- Strategic acquisition focus on companies that fit within and expand the three core verticals established within the iCollege group. These acquisitions will likely include business who can offer strong employment outcomes to iCollege graduates;
- iCollege undertook a significant capital raising successfully placing \$2.67M in Q2

With the changes and actions above now completed, iCollege is well positioned to drive significant growth across all businesses as was demonstrated by 25% growth between Q3 and Q4. We have begun a number of new and exciting initiatives and partnerships focused on the delivery of employment outcomes for our students. This coupled with our strong completion rates and centralised compliance, accounting and business development functions will ensure a seamless integration for all future acquisitions.

RESULTS

The Company recorded a loss after tax for the half-year ended 31 December 2016 of \$1,176,686 (2015: \$7,254,591).

SUBSEQUENT EVENTS

There are no other matters or circumstances, other than disclosed elsewhere in this report or the financial statements at note 13, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

AUDITOR INDEPENDENCE DECLARATION

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

Signed in accordance with a resolution of the Directors.



Ross Cotton
Executive Chairman
28th February 2017
Perth, Western Australia

**Bentleys Audit & Corporate
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To the Board of Directors

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

As lead audit director for the review of the financial statements of iCollege Limited for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 28th day of February 2017

ICOLLEGE LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		Half Year Ended 31 December 2016 \$	Half Year Ended 31 December 2015 \$
	Note		
Revenues			
Revenue from customers		1,122,321	1,784,997
Cost of sales		(449,055)	(338,846)
Gross Profit		673,266	1,446,151
Interest Revenue		1,346	459
Research & Development Tax Incentive		-	398,165
Expenses			
Accounting and audit expense		(30,420)	(17,675)
Compliance		(97,355)	(110,495)
Consultant fees		(333,733)	(622,906)
Depreciation and amortisation		(29,168)	(19,135)
Directors fees		(96,666)	(142,834)
Doubtful Debts		(114,950)	(195,000)
Employment expenses		(510,235)	(205,931)
Interest expense		(75,900)	(79,751)
Legal fees		(83,581)	(197,347)
Intangible asset impairment	2	-	(8,539,777)
Marketing expenses		(88,148)	(114,404)
Occupancy expenses		(78,431)	(66,265)
Share based payments		(80,000)	-
Travel expenses		(83,738)	(166,061)
Other expenses		(148,973)	(120,542)
Total expenses		(1,851,298)	(10,598,123)
Profit/(loss) before Income Tax		(1,176,686)	(8,753,348)
Income tax benefit		-	1,498,757
Profit/(loss) after income tax attributable to members of iCollege Limited		(1,176,686)	(7,254,591)
Other Comprehensive Income		-	-
Total Comprehensive Income		(1,176,686)	(7,254,591)
Earnings per share		Cents per Share	Cents per Share
Basic profit/(loss) per share		(9.02)	(10.75)

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

ICOLLEGE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		31 December 2016	30 June 2016
	Note	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		330,483	20,343
Trade and other receivables	3	489,447	435,895
Other assets		57,662	40,759
Total Current Assets		877,592	496,997
Non-Current Assets			
Property, plant & equipment		38,434	74,342
Intangible assets	2	1,155,866	1,075,898
Total Non-Current Assets		1,194,300	1,150,240
Total Assets		2,071,892	1,647,237
LIABILITIES			
Current Liabilities			
Trade and other payables	5	2,448,865	2,859,866
Short-term provisions		25,762	21,487
Convertible notes	6	1,250,000	2,000,000
Total Current Liabilities		3,724,627	4,881,353
Non-current Liabilities			
Deferred tax liability		248,284	248,284
Total Non-current Liabilities		248,284	248,284
Total Liabilities		3,972,911	5,129,637
Net Assets/(Liabilities)		(1,901,019)	(3,482,400)
Equity			
Issued capital	7	9,840,741	7,082,674
Reserves		1,040,330	1,040,330
Accumulated losses		(12,782,090)	(11,605,404)
Total Equity		(1,901,019)	(3,482,400)

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

ICOLLEGE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	850,479	1,476,694
Research & Development Tax Incentive	-	398,165
Interest received	1,346	459
Interest paid	(222,437)	(90,696)
Payments to suppliers and employees	(2,167,346)	(2,007,669)
Net cash flows used in operating activities	(1,537,958)	(223,047)
Cash flows from investing activities		
Payments for investments	-	-
Payments for acquisition of subsidiary	(79,968)	(375,000)
Payments for intellectual property	-	-
Payments for property, plant & equipment	-	-
Net cash flows used in investing activities	(79,968)	(375,000)
Cash flows from financing activities		
Proceeds from convertible notes	-	1,125,000
Payment of convertible notes	(750,000)	-
Proceeds from issue of shares	3,080,775	240,098
Payment of share issue costs	(402,709)	(124,885)
Net cash flows provided by financing activities	1,928,066	1,240,213
Net increase/(decrease) in cash and cash equivalents held	310,140	642,166
Add opening cash and cash equivalents brought forward	20,343	271,847
Closing cash and cash equivalents carried forward	330,483	914,013

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

ICOLLEGE LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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

At 1 July 2015	32,045,047	(28,119,473)	1,017,497	4,943,071
Adjustment to share capital	(26,078,886)	26,078,886	-	-
Total comprehensive loss for the period	-	(7,254,591)	-	(7,254,591)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	195,213			195,213
Share based payment	-		22,833	22,833
Issue of share capital on conversion of convertible notes	275,000			275,000
At 31 December 2015	6,436,374	(9,295,178)	1,040,330	(1,818,474)

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2016

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORTS

Basis of Accounting

This general purpose financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board.

This financial report has been prepared in accordance with the historical costs convention.

The functional currency and presentation currency of iCollege Limited is Australian dollars.

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

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2016 and any public announcements made by iCollege Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

New or revised standards and interpretations that are first effective in the current reporting period

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 their operations and effective for the current half-year.

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

A number of Australian Accounting Standards (AASB's) and amendments to AASB's are effective for the first time for the year ending 30 June 2017. The Group has no transactions that are materially affected by these new standards.

The adoption of the above standards have not had a material impact on this half year financial report.

Going Concern

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

The Company incurred a loss for the half-year of \$1,176,686 (2015: \$7,254,591) and net cash outflows from operating activities of \$1,537,958 (2015: \$223,047). The net assets of the Company have increased from 30 June 2016 by \$1,581,381 to \$(1,901,019) at 31 December 2016 (June 2016: \$3,482,400). As at 31 December 2016, the Company had a working capital deficit of \$2,847,035 (June 2016: \$4,384,356). Included in this working capital deficiency is deferred consideration payable of \$1,500,000 to the vendor of MIA. The board has taken the view that additional payments to the vendor are not justifiable given the inconsistencies discovered and will seek court judgement to cancel the liabilities under the shares currently held in escrow.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity and debt markets, the results of negotiations with creditors in extinguishing amounts currently payable, the operating of its core business units at profitability and managing cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2016

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

- is currently in progress of raising a further \$1,250,000 via an issue of shares to sophisticated and professional investors, of which \$970,000 has been received at the date of this report;
- as at the date of this report, convertible notes totalled \$1,150,000 after repayments of \$250,000 were made subsequent to 31 December 2016 (refer note 7). Of this amount, \$500,000 matures in the next two months from the date of this report, with the remainder maturing 4 months from the date of this report. An additional convertible note was issued this month to cover short-term working capital requirements, repayable on 90 day terms. Should any of these convertible notes be required to be repaid in cash, additional funds will be required to be raised to settle any such amounts;
- have forecasted an improvement in operations following the restructuring of core business units, which they expect to generate profitable operations within the next 12 months; and
- if the Company is unsuccessful in any of the above, it may be required to raised further 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 Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

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

2. INTANGIBLE ASSETS

	31 December 2016	30 June 2016
	\$	\$
<i>Intangible Assets – Provisionally Accounted for</i>		
Opening balance	1,075,898	5,717,543
Additions	79,968	1,075,898
Provisional business combination adjustment	-	(137,052)
Impairment charges	-	(5,580,491)
	1,155,866	1,075,898

Intangible assets provisionally accounted for relate to the acquisition of Celtic Training & Consultancy Pty Ltd (refer Note 8).

3. TRADE AND OTHER RECEIVABLES

	31 December 2016	30 June 2016
	\$	\$
Current		
Trade receivables	111,218	175,740
GST receivable	130,635	123,640
Receivable from directors	64,287	73,033
Sundry and other receivables	183,307	63,493
	489,447	435,895

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2016

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

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

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

5. TRADE AND OTHER PAYABLES

	31 December 2016	30 June 2016
	\$	\$
Current		
Trade payables	367,836	513,158
Sundry payables and accrued expenses	183,676	358,921
Accrued interest on convertible note	37,500	146,537
Consideration payable ⁽¹⁾	1,859,853	1,841,250
	<u>2,448,865</u>	<u>2,859,866</u>

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

6. CONVERTIBLE NOTES

	31 December 2016	30 June 2016
	\$	\$
Current		
Convertible Notes	<u>1,250,000</u>	<u>2,000,000</u>

Terms and conditions of the convertible notes

- Maturity: 31-March 2017
- Face Value: \$500,000
- Coupon: 12% pa, payable quarterly in arrears
- Conversion: The loan-holder may convert the loan into ordinary shares of ASX.ICT at any time during the conversion period at the conversion exercise price
- Conversion period: The period commencing 10 days after the Issue Date and ending 10 business days prior to the maturity date. The Issuer to advise the Loan-holder within 30 days of maturity
- Conversion Reference Price: 10 cents

- Maturity: 21-June 17
- Face Value: \$500,000
- Coupon: 12% pa, payable quarterly in arrears

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2016

- Conversion: the loan-holder shall have the option of requesting repayment in full from the Borrower either in cash or in the issue of Ordinary Fully Paid Shares, subject to agreement by the Company and Shareholder approval and in full compliance with ASX Listing Rules
- Conversion period: The period commencing 10 days after the Issue Date and ending 10 business days prior to the maturity date. The Issuer to advise the Loan-holder within 30 days of maturity
- Conversion Reference Price: 4 cents

- Maturity: 23-December 2016
- Face Value: \$250,000
- Coupon: 12% pa, payable quarterly in arrears
- Conversion: the loan-holder shall have the option of requesting repayment in full from the Borrower either in cash or in the issue of Ordinary Fully Paid Shares, subject to agreement by the Company and Shareholder approval and in full compliance with ASX Listing Rules
- Conversion period: The period commencing 10 days after the Issue Date and ending 10 business days prior to the maturity date. The Issuer to advise the Loan-holder within 30 days of maturity
- Conversion Reference Price: 4 cents

Subsequent to the financial period this convertible note was settled in cash.

Furthermore, subsequent to end of the financial period, to cover short term working capital requirements a convertible note of \$150,000 for a term of 90 days has been agreed and received by the Company.

- Maturity: 24-April 2017
- Face Value: \$150,000
- Coupon: 12% pa, payable quarterly in arrears
- Conversion: the loan-holder shall have the option of requesting repayment in full from the Borrower either in cash or in the issue of Ordinary Fully Paid Shares, subject to agreement by the Company and Shareholder approval and in full compliance with ASX Listing Rules
- Conversion period: The period commencing 10 days after the Issue Date and ending 10 business days prior to the maturity date. The Issuer to advise the Loan-holder within 30 days of maturity
- Conversion Reference Price: 4 cents

7. CONTRIBUTED EQUITY

Number of Shares	Summary of Movements:	Issue Price	\$
83,269,374	Opening balance 1 July 2016		7,082,674
77,019,374	Shares issued in accordance with Non-renounceable rights issue	0.04	3,080,775
2,000,000	Shares issued to CEO	0.04	80,000
-	Costs of capital	-	(402,708)
162,288,748	Closing balance at 31 December 2016		9,840,741

ICOLLEGE LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2016

8. BUSINESS COMBINATIONS

On 7th January 2016, the Company acquired 100% of the issued shares of Celtic Training & Consultancy Pty Ltd in accordance with a Share Sale Agreement executed on 19th November 2015. The total cost of the acquisition was \$2,250,000, subject to performance milestones.

The initial accounting for the acquisition of Celtic Training & Consultancy Pty Ltd has only been provisionally determined at the end of the reporting period. At the date of these consolidated financial statements, the necessary identification and fair value assessment of the separately identifiable intangible assets acquired have not been finalised and they have therefore only been provisionally determined and grouped together as an intangible asset.

The fair value of the identifiable assets and liabilities of the Celtic Training & Consultancy Pty Ltd as at the date of acquisition was:

	7 January 2016
	\$
Consideration (including cash, shares and deferred consideration subject to performance milestones that have been adjusted based on probability assessments at transaction date)	1,171,218
Value of assets acquired	
Cash	123,858
Trade receivables	373,914
Property, plant & equipment	49,147
Intangible assets provisionally accounted for	1,155,866
Trade creditors	(5,772)
Other creditors	(253,661)
Profit adjustment to previous vendor	(23,850)
Deferred tax liability	(248,284)
Fair value of net assets acquired	<u>1,171,218</u>

The contribution of the Celtic Training & Consultancy Pty Ltd to the consolidated entity's loss was a profit of \$229,807 before management overhead allocations.

Net cash outflow on acquisition of subsidiaries

	7 January 2016
	\$
Consideration paid in cash	(375,000)
Less: cash and cash equivalent balances acquired	<u>123,858</u>
	(251,142)

ICOLLEGE LIMITED

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2016

9. SEGMENT INFORMATION

6 months ended 31 December 2016	Financing \$	Research & Development \$	Education Services \$	Consolidated \$
Segment Income				
Revenue from customers	-		1,122,321	1,122,321
Finance income	1,338	-	6	1,344
Other income	-	-	-	-
Total income	1,338	-	1,122,327	1,123,665
Segment Expenses				
Cost of goods sold	-	-	(449,055)	(449,055)
Finance costs	(75,900)	-	-	(75,900)
Depreciation and amortisation	(484)	-	(28,684)	(29,168)
Impairment	-	-	-	-
Net other costs	(959,287)	-	(786,941)	(1,746,228)
Total Expenses	(1,035,671)	-	(1,264,680)	(2,300,351)
Segment Loss before income tax	(1,034,333)	-	(142,353)	(1,176,686)
Segment Assets and Liabilities				
Reportable segment assets	1,573,477	-	498,415	2,071,892
Reportable segment liabilities	(3,604,807)	-	(368,104)	(3,972,911)
Net assets	(2,031,330)	-	130,311	(1,901,019)

2015 – 6 months ended 31 December	Financing \$	Research & Development \$	Education Services \$	Consolidated \$
Segment Income				
Revenue from customers	-	-	1,784,997	1,784,997
Finance income	433	-	-	433
Other income	-	398,165	-	398,165
Total income	433	398,165	1,784,997	2,183,595
Segment Expenses				
Cost of goods sold			(338,846)	(338,846)
Finance costs	(79,751)			(79,751)
Depreciation and amortisation	-	(10,581)	(8,554)	(19,135)
Impairment	-	(3,685,537)	(4,854,240)	(8,539,777)
Net other costs	(993,353)	(147,418)	(818,663)	(1,959,434)
Total Expenses	(1,073,104)	(3,843,536)	(6,020,303)	(10,936,943)
Segment Loss before income tax	(1,072,671)	(3,445,371)	(4,235,306)	(8,753,348)

Segment Assets and Liabilities as at 30 June 2016

Reportable segment assets	87,867	49,145	1,510,225	1,647,237
Reportable segment liabilities	(4,268,606)	(151,709)	(709,322)	(5,129,637)
Net assets	(4,180,739)	(102,564)	800,903	(3,482,400)

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2016

Geographical Segments

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

10. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

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

The company is in current negotiations to settle these claims with the parties involved.

There have been no material changes to commitments or contingent assets/liabilities to those disclosed in the 30 June 2016 annual report.

11. EVENTS OCCURRING AFTER REPORTING DATE

On 1 February 2017, the company announced to the ASX that it had appointed Mr Andrew Vlahov as the CEO of the Company.

On 8 February 2017 the company announced to ASX that it had received commitments from sophisticated and professional investors to raise A\$1.25M at \$0.04 per share. A partial allotment of \$750,000 was completed on 22 February 2017.

On 8 February 2017 the company also announced to ASX that it had repaid a 12-month convertible loan facility of A\$0.25M and had negotiated a rollover of an existing A\$0.5M note held by a cornerstone investor into a new convertible note facility for a term of 6 months. To cover short term working capital requirements a convertible note of A\$0.15M for a term of 90 days has been agreed.

The Lender of each convertible note shall have the option of requesting repayment in full from the Company either in cash or in the issue of Ordinary Fully Paid Shares, subject to agreement by the Company and Shareholder Approval and in full compliance with ASX Listing Rules (calculated at a deemed issue price of \$0.04 per share). Interest has been negotiated on normal commercial terms.

On 22 February 2017 the company announced that it had signed a binding term sheet with RV Sport Pty Limited in relation to the proposed acquisition by the Company of 100% of Friendship Games Pty Ltd as part of its new Asian engagement strategy.

A summary of the key terms of the Proposed Acquisition is set out below.

1. Purchase price: The total consideration for the Proposed Acquisition is fully paid ordinary shares in the Company equivalent to a 19.6% voting interest in the securities of the Company immediately after completion (Consideration Shares). The Consideration Shares will be issued at completion:
2. Conditions Precedent: The completion of the Proposed Acquisition is subject to various conditions precedent to be satisfied or waived by 1 April 2017 or other date as agreed between the parties, and will include as a minimum the following:
 - a. completion of due diligence by the Company on Friendship Games to the satisfaction of the Company;
 - b. the execution of a binding sale and purchase agreement;
 - c. the signing of a joint venture agreement between the Buyer (through Friendship Games) and the relevant organisation for a sporting program in Indonesia and/or China;

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

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- d. the Company obtaining confirmation from the ASX that it is not being required to re-comply with Chapters 1 and 2 of the ASX Listing Rules pursuant to ASX Listing Rule 11.1.3;
- e. the parties entering into an escrow agreement for the Consideration Shares for a period of 12 months; and
- f. the Company obtaining shareholder approval.

Completion will occur within five business days of the satisfaction (or waiver) of the Conditions Precedent.

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

12. RELATED PARTY TRANSACTIONS

Other than mentioned above, arrangements with related parties continued during the period. For details of these arrangements please refer to the 30 June 2016 Annual Financial Report.

ICOLLEGE LIMITED
DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position at 31 December 2016 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Ross Cotton
Executive Chairman

28th February 2017
Perth, Western Australia

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 Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the 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 Consolidated Entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 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 Consolidated Entity's financial position as at 31 December 2016 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.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the Consolidated Entity incurred a net loss of \$1,176,686 during the half-year ended 31 December 2016. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.



BENTLEYS
Chartered Accountants



MARK DELARUENTIS CA
Director

Dated at Perth this 28th day of February 2017