



## ICOLLEGE LIMITED

ABN 75 105 012 066

### ASX Appendix 4E (rule 4.3A)

#### Preliminary final report for the year ended 30 June 2019

#### Details of the reporting period and the previous corresponding period

Reporting Period: 30 June 2019

Previous Corresponding Period: 30 June 2018

#### Results for announcement to the market

(All comparisons to year ended 30 June 2018)

|                                                            | \$A'000 | Up/Down | % Movement |
|------------------------------------------------------------|---------|---------|------------|
| Revenue from ordinary activities                           | 8,242   | up      | 200%       |
| Revenue from ordinary activities excluding interest income | 8,239   | up      | 200%       |
| Loss from ordinary activities after tax                    | (1,874) | down    | 136%       |
| Loss attributable to members                               | (1,874) | down    | 136%       |

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

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

| Net tangible assets backing                  | 30 June 2019 | 30 June 2018 |
|----------------------------------------------|--------------|--------------|
| Net tangible assets/(liability) per security | (1.5) cents  | (2.0) cents  |
| Net asset backing per security               | 2.0 cents    | 2.1 cents    |



### **Control gained or lost over entities having material effect**

Nil

### **Material interest in entities which are not controlled entities**

Nil

### **Compliance Statement**

The preliminary final report has been prepared based on the 30 June 2019 accounts which are in the process of being audited by an independent Audit Firm in accordance with the requirements of s302 of the *Corporations Act 2001*.

Attachments forming part of Appendix 4E:

1. Financial Report

A handwritten signature in dark ink, appearing to read 'Stuart Usher', followed by a period.

Signed: \_\_\_\_\_  
Stuart Usher  
Company Secretary

Date: 30 August 2019



ICOLLEGE LIMITED

ABN 75 105 012 066

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**PRELIMINARY FINAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

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# ICOLLEGE LIMITED

## CORPORATE DIRECTORY

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### Directors

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

### Home Stock Exchange

Australian Securities Exchange Limited  
Level 40  
Central Park  
152-158 St George's Terrace  
PERTH WA 6000

ASX Code:  
ICT (Ordinary Shares)

### Company Secretary

Mr Stuart Usher

### Auditor

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

### Registered Office

Suite 1 GF  
437 Roberts Road  
SUBIACO WA 6008

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

### Bankers

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

### Share Registry

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

## PRINCIPAL ACTIVITIES

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

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

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

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

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

## REVIEW OF OPERATIONS AND RESULTS

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

- **a 200% improvement on revenues;**
- **revenue growth increasing at a greater rate than normalised expenses; and**
- **350% increase in international student enrolments,**

setting a firm foundation for iCollege to aim for a maiden profit for FYE2020.

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

The Company recorded a loss after tax for FYE2019 of \$1,873,926 (2018: \$4,415,875).

Revenue for the Group grew significantly from \$2,739,522 in 2018 to \$8,239,481 in 2019 following the Manthano Limited acquisition. This represents a 200% increase in revenue across FYE2019.

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

Importantly, the Company removed a significant risk to its ongoing operations by resolving the Walker litigation (ASX: 11.10.2018). Refer below for details.

During the year, the Company also incurred over \$600,000 in abnormal non-recurring expenses.

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

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

- On 11 October 2018, the Company announced that the Supreme Court litigation with Walker Enterprises (Australia) Pty Ltd and Walker had been settled. The terms of settlement included the sale of Walker's 6,666,667 shares to buyers nominated by iCollege through off-market transfers, with the proceeds being used by iCollege to discharge its obligations to meet the Settlement Sum. As consequence of the settlement, the amount previously recorded in trade and other payables of \$1,500,000 in the 2018 Annual Report, was reversed, recognised as a write-back to profit and has been approved by the Company's auditor. This write-back occurred in the period ending 31 December 2018 and is reflected in the condensed consolidated statement of profit and loss as a 'Gain on settlement of liability'.
- Legal fees associated directly with the defence and ultimate settlement of the Walker litigation matter during FY2019 totalled approximately \$400,000 which included solicitor costs, barrister costs, the costs of experts including expert reports and costs associated with seeking information and evidence from third parties. The abnormal expense associated with these legal costs have now been fully discharged by the Company.
- As the business has grown, so have the costs associated with running the business. Pleasingly, the increase in normalised expenses has been at a rate significantly lower than the rate at which revenues have increased:
  - Employee costs incurred by the business in 2018 totalled \$2,143,905 compared with costs of \$4,607,038 for FYE2019 (Manthano employee costs are only reflected from acquisition date of 12 February 2018);
  - Staff numbers have increased from 92 FTE in 2018 to 153 FTE during FYE2019 representing a 40% increase in staffing levels for the Group as a whole;
  - The increase in staffing is predominantly attributable to Sero Institute which has seen student numbers increasing from 203 students at FYE2018 to 821 active students at FYE2019, representing an international student growth rate of 76%;
  - Current international enrolment numbers represent a utilisation rate of only 45% of the Company's current CRICOS capacity, meaning that the sunk costs have been incurred to pave the way for future growth in international student numbers for nominal incremental increase in costs;
  - Additional resources have been allocated to ensure the best possible student experience and to comply with regulatory requirements; and
  - All other RTO business units have maintained staffing levels while increasing revenue contributions.
- Throughout the year, the company made several decisions regarding redundancies and staff restructuring. Seven (7) long term staff exited the business with pay-out costs of \$68,500. These roles represented an annual cost of \$522,500. Three (3) new roles were developed focussed on streamlining business and client processes. These new appointments were made at an annual cost of \$189,000 providing annual savings of \$363,000 moving forward.
- Occupancy expenses increased from \$670,000 in 2018 to \$1,500,000 in 2019. This was directly attributable to the acquisition of Manthano and growth from one campus to 8 campuses across the country. This increase also includes the establishment of a Perth campus that has grown significantly by way of student numbers from 50 at opening in November 2018 to close to 300 at 30 June 2019. Having closed two campuses in 2019, the Company anticipates further rationalisation of physical premises in the coming year matched with increased utilisation of the existing facilities.
- The company incurred end of lease expenses linked to the closure of 2 campuses and relocation of 1 campus:
  - The make good costs and fit out requirements for the relocated Adelaide facility nominally exceeded \$50,000;

- The closure of the Kedron facility has seen the relocation of Capital Training Institute to the existing Mt. Gravatt campus which already housed the Celtic training business, greatly increasing the utilisation rate for this facility; and
- The end of lease at the Sydney campus of Capital Training Institute has provided a significant annual saving.

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

- iCollege expended \$292,000 on travel and accommodation during the FY. This travel has been required for the movement of staff progressing both China and India opportunities as well as ongoing requirements for Australian travel for specialist staff. Additionally, the company has worked with its agent network internationally to expand offshore applications which have to date proven successful. The company plans to lodge an Export Market Development Grant Scheme application prior to the end of Q2 FYE2020.

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

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

**ICOLLEGE LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

|                                                                                      |      | 30 June 2019           | 30 June 2018           |
|--------------------------------------------------------------------------------------|------|------------------------|------------------------|
|                                                                                      | Note | \$                     | \$                     |
| <b>Revenues</b>                                                                      |      |                        |                        |
| Revenue from customers                                                               |      | 8,239,481              | 2,739,522              |
| Cost of sales                                                                        |      | (2,539,818)            | (803,633)              |
| Gross Profit                                                                         |      | 5,699,663              | 1,935,889              |
| Interest Revenue                                                                     |      | 2,729                  | 9,996                  |
| Profit from sale of subsidiary                                                       |      | 100,671                | -                      |
| <b>Expenses</b>                                                                      |      |                        |                        |
| Audit and tax expenses                                                               |      | (75,706)               | (30,000)               |
| Acquisition cost                                                                     |      | -                      | (338,750)              |
| Compliance                                                                           |      | (133,563)              | (94,257)               |
| Consultant fees                                                                      |      | (585,942)              | (833,317)              |
| Depreciation and amortisation                                                        |      | (65,664)               | (94,927)               |
| Directors fees                                                                       |      | (75,918)               | (207,400)              |
| Doubtful debts                                                                       |      | (948)                  | (149,957)              |
| Employee expenses                                                                    |      | (4,607,038)            | (2,143,905)            |
| Finance costs                                                                        |      | (130,860)              | (853,569)              |
| Gain on settlement of liability                                                      |      | 1,500,000              | -                      |
| Legal expenses                                                                       |      | (402,687)              | (307,807)              |
| Marketing/Sponsorships expenses                                                      |      | (259,528)              | (31,007)               |
| Occupancy expenses                                                                   |      | (1,589,848)            | (639,657)              |
| Travel and accommodation                                                             |      | (292,391)              | (142,086)              |
| Other expenses                                                                       |      | (956,896)              | (495,121)              |
| Total expenses                                                                       |      | (7,676,989)            | (6,361,760)            |
| Profit/(loss) before Income Tax                                                      |      | (1,873,926)            | (4,415,875)            |
| Income tax benefit                                                                   |      | -                      | -                      |
| <b>Profit/(loss) after income tax attributable to members of iCollege Limited</b>    |      | <b>(1,873,926)</b>     | <b>(4,415,875)</b>     |
| <b>Other comprehensive income</b>                                                    |      | -                      | -                      |
| <b>Total comprehensive profit/(loss) attributable to members of iCollege Limited</b> |      | <b>(1,873,926)</b>     | <b>(4,415,875)</b>     |
| <b>Earnings/(loss) per share</b>                                                     |      | <b>Cents per Share</b> | <b>Cents per Share</b> |
| Basic Earnings/(loss) per share                                                      |      | (0.37)                 | (1.50)                 |

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

ICOLLEGE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

|                                      | Note | 30 June 2019<br>\$ | 30 June 2018<br>\$ |
|--------------------------------------|------|--------------------|--------------------|
| <b>ASSETS</b>                        |      |                    |                    |
| <b>Current Assets</b>                |      |                    |                    |
| Cash and cash equivalents            |      | 134,989            | 339,214            |
| Trade and other receivables          |      | 669,028            | 642,998            |
| Other assets                         |      | 39,027             | 10,350             |
| <b>Total Current Assets</b>          |      | <b>843,044</b>     | <b>992,562</b>     |
| <b>Non-Current Assets</b>            |      |                    |                    |
| Property, plant & equipment          |      | 123,602            | 161,235            |
| Intangible assets                    |      | 18,695,789         | 18,695,789         |
| <b>Total Non-Current Assets</b>      |      | <b>18,819,391</b>  | <b>18,857,024</b>  |
| <b>Total Assets</b>                  |      | <b>19,662,435</b>  | <b>19,849,586</b>  |
| <b>LIABILITIES</b>                   |      |                    |                    |
| <b>Current Liabilities</b>           |      |                    |                    |
| Trade and other payables             |      | 4,455,394          | 4,682,009          |
| Borrowings                           |      | 325,605            | 1,293,537          |
| Current tax liabilities              |      | -                  | 6,854              |
| Short-term provisions                |      | 173,015            | 167,855            |
| <b>Total Current Liabilities</b>     |      | <b>4,954,014</b>   | <b>6,150,255</b>   |
| <b>Non-Current Liabilities</b>       |      |                    |                    |
| Deferred tax liabilities             |      | 3,963,698          | 3,963,698          |
| <b>Total Non-Current Liabilities</b> |      | <b>3,963,698</b>   | <b>3,963,698</b>   |
| <b>Total Liabilities</b>             |      | <b>8,917,712</b>   | <b>10,113,953</b>  |
| <b>Net Assets/(Deficiency)</b>       |      | <b>10,744,723</b>  | <b>9,735,633</b>   |
| <b>Equity</b>                        |      |                    |                    |
| Issued capital                       |      | 29,951,452         | 27,278,641         |
| Reserves                             |      | 1,957,234          | 1,747,029          |
| Accumulated losses                   |      | (21,163,963)       | (19,290,037)       |
| <b>Total Equity</b>                  |      | <b>10,744,723</b>  | <b>9,735,633</b>   |

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

**ICOLLEGE LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2019

| Note                                                             | Year ended<br>30 June 2019<br>\$ | Year ended<br>30 June 2018<br>\$ |
|------------------------------------------------------------------|----------------------------------|----------------------------------|
| <b>Cash flows from operating activities</b>                      |                                  |                                  |
| Receipts from customers                                          | 8,999,430                        | 2,847,385                        |
| Interest received                                                | 5,611                            | 9,996                            |
| Finance costs                                                    | (96,107)                         | (146,871)                        |
| Payments to suppliers and employees                              | (10,208,779)                     | (3,344,502)                      |
| <b>Net cash flows used in operating activities</b>               | <u>(1,299,845)</u>               | <u>(633,992)</u>                 |
| <b>Cash flows from investing activities</b>                      |                                  |                                  |
| Net cashflow from acquisition of subsidiaries                    | -                                | 722,800                          |
| Deferred consideration from acquisition of a subsidiary          | -                                | (250,000)                        |
| Payments for plant and equipment                                 | (202,819)                        | (8,968)                          |
| <b>Net cash flows (used in) and from investing activities</b>    | <u>(202,819)</u>                 | <u>463,832</u>                   |
| <b>Cash flows from financing activities</b>                      |                                  |                                  |
| Proceeds from borrowings                                         | 267,019                          | 1,925,566                        |
| Repayment of borrowings                                          | (736,580)                        | (1,723,192)                      |
| Proceeds from share issues                                       | 1,900,000                        | 300,000                          |
| Payment of share issue costs                                     | (132,000)                        | (5,000)                          |
| <b>Net cash flows provided by financing activities</b>           | <u>1,298,439</u>                 | <u>497,374</u>                   |
| <b>Net increase/(decrease) in cash and cash equivalents held</b> | (204,225)                        | 327,214                          |
| Add opening cash and cash equivalents brought forward            | 339,214                          | 12,000                           |
| <b>Closing cash and cash equivalents carried forward</b>         | <u><u>134,989</u></u>            | <u><u>339,214</u></u>            |

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

**ICOLLEGE LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2019

|                                                              | Issued<br>Capital | Accumulated<br>Losses | Share based<br>payments<br>Reserve | Total<br>Equity   |
|--------------------------------------------------------------|-------------------|-----------------------|------------------------------------|-------------------|
|                                                              | \$                | \$                    | \$                                 | \$                |
| <b>At 1 July 2018</b>                                        | <b>27,278,641</b> | <b>(19,290,037)</b>   | <b>1,747,029</b>                   | <b>9,735,633</b>  |
| Total comprehensive loss for the period                      | -                 | (1,873,926)           | -                                  | (1,873,926)       |
| <b>Transactions with owners in their capacity as owners:</b> |                   |                       |                                    |                   |
| Issue of share capital                                       | 2,200,000         | -                     | -                                  | 2,200,000         |
| Options                                                      | -                 | -                     | 210,205                            | 210,205           |
| Shares issued on conversion of convertible note              | 549,863           | -                     | -                                  | 549,863           |
| Shares issued in lieu of services                            | 265,153           | -                     | -                                  | 265,153           |
| Costs of capital raising                                     | (342,205)         | -                     | -                                  | (342,205)         |
| <b>At 30 June 2019</b>                                       | <b>29,951,452</b> | <b>(21,163,963)</b>   | <b>1,957,234</b>                   | <b>10,744,723</b> |

|                                                              |                   |                     |                  |                    |
|--------------------------------------------------------------|-------------------|---------------------|------------------|--------------------|
| <b>At 1 July 2017</b>                                        | <b>11,066,741</b> | <b>(14,874,162)</b> | <b>1,040,330</b> | <b>(2,767,091)</b> |
| Total comprehensive loss for the period                      |                   | (4,415,875)         | -                | (4,415,875)        |
| <b>Transactions with owners in their capacity as owners:</b> |                   |                     |                  |                    |
| Issue of share capital                                       | 15,701,500        | -                   | -                | 15,701,500         |
| Share based payment                                          | 515,400           | -                   | -                | 515,400            |
| Options                                                      | -                 | -                   | 706,699          | 706,699            |
| Shares issued in lieu of services                            | -                 | -                   | -                | -                  |
| Costs of capital raising                                     | (5,000)           | -                   | -                | (5,000)            |
| <b>At 30 June 2018</b>                                       | <b>27,278,641</b> | <b>(19,290,037)</b> | <b>1,747,029</b> | <b>9,735,633</b>   |

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

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**

30 JUNE 2019

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**1. BASIS OF PREPARATION**

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

**2. INTANGIBLE ASSETS**

The Company has engaged a valuation firm to perform a valuation of tangible and intangible assets and liabilities acquired in the acquisition of Manthano Limited on 12 February 2018, in order to complete an allocation of the purchase price. This valuation is currently in process and the valuation may result in changes as at 30 June 2019 to the carrying values of the tangible and intangible assets and liabilities acquired.

**3. EVENTS OCCURING AFTER REPORTING DATE**

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial year.

**4. AUDIT STATUS**

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