ICOLLEGE LIMITED

ABN 75 105 012 066

2015 ANNUAL REPORT

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CORPORATE DIRECTORY

Directors

Mr Johannes de Back - Non-Executive Chairman
Mr Ross Cotton- Executive Director
Mr Victor Hawkins – Managing Director
Mr Philip Re - Non-Executive Director

Stock Exchange Listing

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

Company Secretary

Mr Christopher Watts

Auditor

Bentleys Audit and Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005

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 Martin's Tower
44 St George's Terrace
Perth, WA 6000

Share Registry

Link Market Services Limited
Level 4, 152 St George's Terrace
Perth WA 6000

The Directors of iCollege Limited present their report on iCollege Limited and its Controlled Entities ("the Company" or "iCollege" or "Consolidated Entity") for the year ended 30 June 2015.

DIRECTORS

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

Current Directors
Mr Johannes de Back - Non-Executive Chairman
Mr Victor Hawkins - Managing Director
Mr Ross Cotton- Executive Director (appointed 20 October 2014)
Mr Philip Re - Non-Executive Director

Company Secretary
Mr Christopher Watts

INFORMATION ON DIRECTORS

Johannes de Back
Chairman and Non-Executive Director
Qualifications: Masters Degree in Corporate Law and International Tax Law (University of Amsterdam)

Johannes de Back is the managing partner of IncubAsia, an early stage technology investment firm. Mr de Back previously worked as a lawyer for several international firms, specialising in mergers and acquisitions with a focus on telecom, media & entertainment. In 1999 he co-founded Telitas Benelux, one of the first and most successful mobile content providers in Europe which in 2002 was sold to Index for €50 million.

Mr De Back is a non executive director and substantial shareholder of Moko Social Media Limited.

Other Current Directorships of Listed Companies:
Moko Social Media Limited

Former Directorships of Listed Companies in the last three years:
None

Victor Hawkins
Managing Director
Qualifications: Nil

Victor Hawkins was a management consultant for 10 years working with close to 500 companies with 25 different industries. In 2009, Mr Hawkins acquired the education business, National Education Academy. He successfully restructured the company from a manual management business model to a cloud based digital management business model. He is considered one of Australia's foremost thinkers in the Online Education market.

Other Current Directorships of Listed Companies:
Nil

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

Ross Cotton
Executive Director
Qualifications: Nil

Mr Cotton has extensive experience in both equity capital markets and corporate finance. As a corporate advisor, he has been advising both public and private companies on strategy, financing, acquisitions and corporate re-structuring across the technology, industrial and resource sectors for over 10 years.

As Executive Director of the Company Mr Cotton will focus on acquisitions, financing and promotional activities for the Company.

Mr Cotton has raised significant capital (via both equity and debt arrangements) for a wide range of companies in the small to mid-cap market and has a strong network of contacts in the investment industry throughout Australia, Asia and the US.

Other Current Directorships of Listed Companies:
Nil

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

Philip Re
Non-Executive Director
Qualifications: B.Bus, CA

Philip Re is a Chartered Accountant and has his own successful Corporate Advisory business, Regency Corporate, based in Western Australia. He has significant depth of experience in the capital markets, having held positions such as Managing Director and Non-Executive Director of various ASX-listed companies. He has successfully raised capital, restructured business and undertaken IPO's during his career.

Other Current Directorships of Listed Companies:
Nil

Former Directorships of Listed Companies in the last three years:
South American Ferro Metals Limited

COMPANY SECRETARY

Christopher Watts
Qualifications: BBus, ACA, RCA

Chris is the Director of Regency Audit Pty Ltd, a corporate audit and advisory service, in Western Australia. With close to 20 years professional and commercial experience in auditing, financial accounting, assurance and due diligence – he previously held the position as Director of Audit and Corporate Services at a national chartered accounting firm. The industries Chris has been involved in are wide and varied including: aged care, aquaculture, biotechnology, building and construction, charities, education, engineering, food manufacturing, government, healthcare, hospitality, mining exploration and services, retail and viticulture. Mr Watts holds a Bachelor of Business degree from Curtin University, is a Member of the Australian Institute of Chartered Accountants, and a

Registered Company Auditor (RCA). He is currently Company Secretary for ASX listed Consolidated Zinc Limited and Potash Minerals Limited.

MEETINGS OF THE COMPANY'S DIRECTORS

There were four meetings of the Company's Directors held during the year ended 30 June 2015. The number of meetings attended by each Director were:

	Number Eligible to Attend	Number Attended
Johannes de Back	7	6
Victor Hawkins	7	7
Ross Cotton	7	7
Philip Re	7	7

Fourteen resolutions during the year were passed by a circulating resolution.

DIRECTORS' SHAREHOLDING INTERESTS

The interest of each Director in the share capital of the Company at the date of this report is as follows:

	Fully Paid Ordinary Shares		Options		
	Direct Interest	Indirect Interest	Direct Interest	Indirect Interest	Details of Options
Johannes de Back	-	654,819	-	-	
Victor Hawkins	-	7,530,000	-	3,750,000	exercisable at 30c on or before 31 March 2019
			-	2,500,000	exercisable at 20c on or before 24 July 2017
Ross Cotton	92,918	709,773	41,064	268,048	exercisable at 30c on or before 31 March 2019
Philip Re	-	2,946,667	-	1,458,333	exercisable at 30c on or before 31 March 2019.
			-	972,223	exercisable at 20c on or before 24 July 2017

In addition to the above, Victor Hawkins and Phil Re indirectly hold 4,500,000 and 1,750,002 Performance Shares respectively issued on acquisition of iCollege Holdings Pty Ltd. The Performance Shares will convert into ordinary shares when the following performance hurdles are achieved:

(i) Gross revenue reaches $1M for any continuous period of 12 months within a period of 2 years from 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares;
(ii) EBITDA reaches $500,000 for any continuous period of 12 months within a period of 2 years from 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares;

(iii) EBITDA reaches $2.5M for any continuous period of 12 months within a period of 3 years 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares.

EARNINGS PER SHARE

Basic Earnings Per Share was a loss of 3.81 cents (2014: loss of 2.53 cents).

PRINCIPAL ACTIVITIES

iCollege Limited is an Australian company listed on the Australian Securities Exchange (ASX code: ICT).

iCollege is a training organisation that has positioned itself to become one of Australia's leading educators through growth spurred by acquisitions and current portfolio companies. Launched in 2014 to help students and workers stay relevant in an ever-changing employment environment, their development is fuelled via the use of a learning management platform – an innovative technology designed to make the e-learning experience more flexible, dynamic and mobile.

REVIEW OF OPERATIONS

The Company recorded a loss after tax for the year ended 30 June 2015 of $2,257,894 (2014: $747,917).

The loss is mainly due to the following factors:

1. Development of the iCollege platform
2. Acquisition and due diligence costs of subsidiaries
3. Integration costs associated post acquisitions
4. Continued corporate overheads including marketing, sales and promotion
5. The process and change of ownership and allocation of contracts for funding from State Education Departments caused delays in revenue.

   The Company is in the process of receiving confirmation of the change of ownership and allocation of contracts for funding from State Education Departments. This confirmation will enable the payment of the revenue due from sales of delivered training to iCollege.

   Moving forward, it is common practice that all training delivered by the Group and subject to State Government funding will be paid in the month following successful and compliant completion.

During the financial year, iCollege Limited completed the 100% acquisitions of the following companies:

1. The Bookkeeping School Pty Ltd (acquired 9 December 2014)
2. Mathisi Pty Ltd (acquired 1 April 2015)
3. Management Institute of Australia Pty Ltd (acquired 1 April 2015)

In addition, iCollege currently has entered into agreements to acquire the following companies subject to due diligence:

1. Apollo Healthcare Solutions Pty Ltd
2. Celtic Training & Consultancy Pty Ltd

Appointment of Chief Operating Officer

On 9 July 2015, iCollege Limited announced the appointment of Stuart Manifold as our new Chief Operating Officer. His role will be to grow the company through strategic partnerships through his contacts developed over 20 years in the VET sector. Stuart will be directly responsible for the development of the strategic direction for iCollege in close collaboration with the Board.

Integration Overview

iCollege has appointed a Head of Technology to assist with the harmonisation of all digital assets within the group, which includes advances in the following areas:

- Continued development and review of the iCollege E-Learning and reporting platform
- Development of strategy and research into the latest technology around online registration of students and connectivity with iCollege reporting functions
- Centralisation and consistency of messaging across all iCollege company websites and Social Media platforms
- Gradual and prioritised migration of all sales and client information to a central Client Relationship Management system (CRM)

iCollege has begun the process of establishing a shared services division within the business allowing the Company to develop economies of scale in the following areas:

- Sales and Marketing
- Educational Instructors and Human Resources
- Governance and Compliance
- Customer Service and Satisfaction
- Streamlined accounting functions, which will allow a greater depth of reporting across the group and within each individual asset

The integration process has been developed in line with the overall goals and objectives for iCollege Limited. These have been shared with the entire team providing a solid direction moving into the FY16. This division is headed by suitably qualified individuals who are tasked with expanding their teams to cope with the overall scaling of the Company.

iCollege has instigated significant discussions with a number of corporate and community based organisations in relation to the provision of long term training to assist those organisations in achieving their workforce development goals.

Loyalty Option

On 18 June 2014, iCollege announced to undertake a fully underwritten non-renounceable rights issue of one option to acquire a fully paid ordinary share in the capital of the Company (exercisable at 20 cents on or before the date which is 3 three years from the date of issue) for every 3 shares held by shareholders at the record date to raise up to A$186,736 before costs, which was finalised on 25 July 2014.

Placement Completion

On 3 December 2014, 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 Completion of Sale of Small Holdings of Shares
On 23 December 2014, 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.

Acquisition Funding
On 20 March 2015, iCollege placed a Convertible Loan with the Copulos Group and other associated high net worth investors for a minimum of $500,000.

Further to the announcement released to the ASX on 20 March 2015, iCollege Limited (ASX: ICT) ("iCollege" and "the Company") announced on 29 April 2015 that it has closed the convertible loan facility, successfully raising $1.3m. No further capital will be accepted under this facility.

As previously announced, major shareholder, The Copulos Group provided $500k under the facility and has now been joined by a consortium of highly strategic investors.

Most notably, Mr Peter Arvanitis, has provided $500k under the facility. Mr Arvanitis is the founder of Estia Health (EHE.ASX). Under Peter's leadership, Estia expanded successfully from its first aged care home to its current 45 facilities. As CEO, Peter led the acquisition and successful integration of 17 individual facilities.

Mr Arvanitis understanding of successful integration practices via improved documentation and compliance standards and through the introduction of technology, systems and procedures, will be a great asset to iCollege, as it moves forward with its strategy of acquiring and integrating Registered Training Organisations.

LIKELY 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.

FINANCIAL POSITION
The Consolidated Entity recorded a loss after tax for the year of $2,257,894 (2014: Loss of $747,917).

The net assets of the Consolidated Entity were $4,943,071 in 2015 (2014: $5,266,188).

The Consolidated Entity's working capital deficiency, being current assets less current liabilities was $3,076,285 in 2015 (2014: $2,410,316 surplus).

DIVIDENDS PAID OR RECOMMENDED
No amounts have been paid or declared by way of dividends by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2015.

MATTERS SUBSEQUENT TO THE END OF THE YEAR

On 9 July 2015, iCollege Limited announced the appointment of Stuart Manifold as Chief Operating Officer and together with that will acquire Apollo Healthcare Solutions Pty Ltd ("Apollo"). Apollo currently provides Nursing, Return to Work Co-ordination and Injury Management for one of the world's largest mining companies at a significant Queensland mine site.

The acquisition terms are as follows:

- iCollege will acquire 100% of the shares in Apollo via the issue of shares in ICT to the value of $125,000 at an issue price of $0.15 per share.
- The acquisition is subject to further due diligence and completion of formal contractual agreements.

On 19 August 2015, iCollege announced the execution of a Binding Term Sheet to acquire Celtic Training & Consultancy Pty Ltd ('Celtic'), a Registered Training Organisation providing over 30 courses in the rapidly expanding aged care, nursing, health and safety and community services sectors.

<u>Acquisition Terms</u>

1. Total Purchase Price is $2,250,000 to be paid as follows:
   a) An up-front payment of $750,000 consisting of 50 per cent scrip and 50 per cent cash. The scrip portion is payable on the date of Change of Ownership, as issued and agreed by South Australian Department of State Development. The cash portion ($375,000) will be deferred by three months from date of Change of Ownership issued and agreed by South Australian Department of State Development. The aforementioned up-front payment is subject to certain conditions precedent being met by Celtic. These conditions are:
      i. Reaching EBIT in-excess of $600,000 in FY15
      ii. Confirmation of the same, similar or equivalent funding to be in place for 2015-2016 financial year
      iii. integration with the iCOLLEGE e-learning platform and processes
      iv. Consideration will be released on the completion the audit of FY15 financials
   b) A payment of $775,000, consisting of $600,000 cash and $175,000 scrip on achieving an audited EBIT of $700,000 in FY16.
   c) A further $725,000 consisting of $550,000 cash and $175,000 scrip on the basis of the following performance hurdles being achieved:
      i. Achieving EBIT of $500,000 at the end of CY17 (Half Financial Year)
      ii. This payment will be agreed and settled as per accounting standards accepted by the ASX and reported in iCollege's half year financial statements.
2. These terms will be documented in a binding Heads of Agreement (HOA) expected to be complete in the next fourteen (14) days
3. 30 day Due Diligence period
4. Mr. David Leigh-Ewers is to continue employment with the business for a period of 18 months on the following terms on a salary package of $150,000 (including superannuation) plus additional performance incentives
5. For a period of three (3) months from date of change of ownership, the Vendor will retain sufficient working capital in Celtic. This will protect iCollege's cash position and allow for further capital investment and growth initiatives.
6. iCollege obtaining shareholder approval for the issue of shares under ASX listing rules and the Corporations Act (if required).

No other matters or circumstances has arisen since 30 June 2015 that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial years.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of iCollege Holdings Limited. The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company and all key management personnel.

Details of Key Management Personnel

Mr Johannes de Back	-	Non-Executive Chairman
Mr Victor Hawkins	-	Managing Director
Mr Ross Cotton	-	Executive Director (appointed 20 October 2014)
Mr Philip Re	-	Non-Executive Director

Remuneration Governance

Due to the present size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. The Board has adopted the following policies for Directors' and executives' remuneration.

To assist the Board to fulfil its function as the Remuneration Committee, the Board has adopted a Remuneration Committee Charter. The Remuneration Committee Charter is available on the Company's website at www.icollege.net.

Remuneration of Directors and senior management is determined with regard to the performance of the Company, the performance and skills and experience of the particular person and prevailing remuneration expectations in the market. Details of remuneration of Directors and Key Management Personnel are disclosed in the Remuneration Report. The performance and remuneration of the senior management team will be reviewed in the future at least annually.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-executive Director and executive compensation is separate and distinct.

Non-executive Directors' Remuneration
Non-executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. This limit is currently set at $260,000. Any newly appointed Non-executive Directors will serve in

accordance with a standard service contract, drafted by the Company's lawyers, which sets out remuneration arrangements. There are no termination or retirement benefits for non-executive Directors (other than for superannuation). Non-executive Directors may be offered options as part of their remuneration, subject to shareholder approval.

Executive Remuneration

Senior executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any directors' fees in addition to their remuneration arrangements. Base salary/consulting fees are set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary/consulting fees are regularly compared with the external market and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Details of the nature and amount of each element of each Director, including any related company and each of the officers of the Company receiving the highest emoluments are set out below.

Service Agreements

Remuneration and other terms of employment for the Chairman, Managing Director and Executive Director is formalised in a service agreement which includes details of remuneration.

The Company has entered into a consultancy agreement with Performa Capital Pty Ltd (as trustee for the Performa Trust) and Mr Victor Hawkins which was effective from the date of completion of the Acquisition for a period of one year, with terms for extension. Under the CA, Mr Hawkins is engaged by the Company to provide services to the Company in the capacity of Managing Director.

Mr Hawkins will be paid a fee of $250,000 per annum exclusive of GST. Mr Hawkins will be reimbursed for reasonable expenses incurred in carrying out his duties.

The consultancy agreement contains standard termination provisions under which the Company must give 3 month's written notice of termination and the Consultant must give 6 month's written notice of termination (or shorter period in the event of serious misconduct or a material breach).

The Company has entered into a consultancy agreement with Dutchman Capital Pte Ltd and Mr Hans de Back which was effective from 1 June 2014 for a period of one year, with terms for extension. Under the agreement, Mr de Back is engaged by the Company to provide services to the Company in the capacity of Non-Executive Chairman.

Mr de Back will be paid a fee of $60,000 per annum. Mr de Back will be reimbursed for reasonable expenses incurred in carrying out his duties.

The Company has entered into a consultancy agreement with Richmond Food Systems Pty Ltd (as trustee for the Montery Trust) and Mr Ross Cotton which was effective from the date of completion of his appointment. Under the agreement, Mr Cotton is engaged by the Company to provide services to the Company in the capacity of Executive Director.

Mr Cotton will be paid a fee of $150,000 per annum. Mr Cotton will be reimbursed for reasonable expenses incurred in carrying out his duties.

The consultancy agreement contains standard termination provisions under which the Company must give 3 month's written notice of termination and the Consultant must give one month's written notice of termination (or shorter period in the event of serious misconduct or a material breach).

Consolidated entity performance and link to remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Remuneration has not been linked to performance. The historical details in relation to the consolidated entity's performance has also not been disclosed on this basis.

Details of remuneration

2015

Key Management Personnel	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & fees	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	$	$	$	%	%
Johannes de Back	60,000*	-	-	-	-	-	-	-	60,000	-	-
Victor Hawkins	250,000**	-	-	-	-	-	-	-	250,000	-	-
Ross Cotton	116,625***								116,625		
Philip Re	60,000	-	-	-	-	-	-	-	60,000	-	-
	486,625	-	-	-	-	-	-	-	486,625	-	-

*Payment was made to Dutchman Cpaital Pte Ltd., where Mr de Beck is a director. Refer to Service Agreements.

**Payment was made to Performa Capital Pty Ltd (as trustee for the Performa Trust) where Mr Victor Hawkins is a beneficiary. Refer to Service Agreements.

***Payment was made to Richmond Food Systems Pty Ltd (as trustee for the Montery Trust) where Mr Ross Cotton is a beneficiary. Refer to Service Agreements.

2014

Key Management Personnel	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & fees	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options			
	$	$	$	$	$	$	$	$	$	%	%
Johannes de Back	5,000	-	-	-	-	-	-	-	5,000	-	-
Victor Hawkins	83,331*	-	-	-	-	-	-	-	83,331	-	-
Philip Re	20,000	-	-	-	-	-	-	-	20,000	-	-
Roger Steinepreis	-	-	-	-	-	-	-	-	-	-	-
George Ventouras	-	-	-	-	-	-	-	-	-	-	-
Nick Castleden	-	-	-	-	-	-	-	-	-	-	-
	108,331	-	-	-	-	-	-	-	108,331	-	-

*Payment was made to Performa Capital Pty Ltd (as trustee for the Performa Trust) where Mr Victor Hawkins is a beneficiary. Refer to Service Agreements.

Share based compensation

2015
No shares or options were issued as remuneration to the directors during the year.

2014
No shares or options were issued as remuneration to the directors during the year.

Equity Instruments held by Key Management Personnel

(i) *Share holdings*
The number of ordinary shares in the Company held during the financial year by each Director of iCollege Limited and any other key management personnel of the Company, including their personally related parties, are as follows.

There were no shares granted during the year as compensation (2014: nil). There were no shares issued upon exercise of options (2014: nil).

2015
Shares (held directly and indirectly)

Name	Balance at 1 July 2014	Net change during the year	Change due to appointment/ (resignation)	Balance at 30 June 2015
Johannes de Back	-	654,819	-	654,819
Victor Hawkins	7,500,000	30,000	-	7,530,000
Ross Cotton	-	681,884	120,807	802,691
Philip Re	2,916,667	30,000	-	2,946,667
Total Shares	10,416,667	1,396,703	120,807	11,934,177

Performance Shares
In addition to the above, Victor Hawkins and Phil Re indirectly hold 4,500,000 and 1,750,002 Performance Shares respectively issued on acquisition of iCollege Holdings Pty Ltd. The Performance Shares will convert into ordinary shares when the following performance hurdles are achieved:

(i) gross revenue reaches $1M for any continuous period of 12 months within a period of 2 years from 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares;
(ii) EBITDA reaches $500,000 for any continuous period of 12 months within a period of 2 years from 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares; and
(iii) EBITDA reaches $2.5M for any continuous period of 12 months within a period of 3 years 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares.

(ii) *Option holdings*

The number of options over ordinary shares in the Company held during the financial year by each Director of iCollege Limited and any other key management personnel of the Consolidated Entity, including their personally related parties, are as follows:

2015

Options (held directly and indirectly)

Name	Balance at 1 July 2014	Granted as remuneration during the year	Other granted/purchased during the year	Change due to appointment/ (resignation)	Balance at 30 June 2015	Number vested and exercisable
Johannes de Back	-	-	-	-	-	-
Victor Hawkins	3,750,000	-	2,500,000	-	6,250,000	2,500,000
Ross Cotton	-	-	14,446	294,666	309,112	309,112
Philip Re	1,458,333	-	972,223	-	2,430,556	972,223
Total Options	5,208,333	-	3,486,669	294,666	8,989,668	3,781,335

Other Transactions with Key Management Personnel

2015

Mr Victor Hawkins, Director, is a beneficiary of the Performa Trust. The Company has entered into an exclusive Licence Agreement with Performa Capital Pty Ltd (as trustee of the Performa Trust) to exploit the Cloud Infrastructure, Cloud Platform and associated Intellectual Property for the purpose of providing online education and professional development courses to end users. During the year an amount of $110,000 (net of GST) was paid under the Licence Agreement. Furthermore, Performa Capital Pty Ltd obtained reimbursements of costs totalling $13,363 (2014: Nil) which included rent, photocopier, staff, phone, internet, motor vehicle and other costs.

Mr Philip Re, Director, is a Director of Regency Partners. During the year an amount of $52,895 (net of GST) was paid to this business for accounting, bookkeeping, administration and secretarial services at normal commercial rates.

Mr Ross Cotton, Director, is a Director of Richmond Food Systems Pty Ltd. Before his appointment as Director on 20 October 2014, fees of $53,500 (net of GST) were paid to this Company for consulting services at normal commercial rates.

2014

Mr Victor Hawkins, Director, is a beneficiary of the Performa Trust. The Company has entered into an exclusive Licence Agreement with Performa Capital Pty Ltd (as trustee of the Performa Trust) to exploit the Cloud Infrastructure, Cloud Platform and associated Intellectual Property for the purpose of providing online education and professional development courses to end users. During the year an amount of $50,000 (net of GST) was paid under the Licence Agreement.

Mr Philip Re, Director, is a Director of Regency Partners. During the year an amount of $94,500 (net of GST) was paid to this business for accounting, bookkeeping, administration and secretarial services at normal commercial rates.

Mr Roger Steinepreis, Director, is a partner of Steinepreis Paganin. During the year an amount of $129,183 (net of GST) was paid to this business for legal advice at normal commercial rates.

Mr George Ventouras, Director, is a director and shareholder of Ventouras Consulting Pty Ltd. During the year an amount of $18,000 (net of GST) was paid to this business for work undertaken for maintenance of intellectual property at normal commercial rates.

Mr George Ventouras, Director, was a consultant to Paragon Pearling Pty Ltd. During the year an amount of $9,000 (net of GST) was paid to this business for work undertaken at normal commercial rates.

Mr Nick Castleden, Director, was a consultant to Cratonix Pty Ltd. During the year an amount of $24,000 (net of GST) was paid to this business for work undertaken at normal commercial rates.

Use of Remuneration Consultants

During the financial year ended 30 June 2015, the Company did not engage any external remuneration consultants to review its existing remuneration policies.

Voting and comments made at the Company's 2014 Annual General Meeting (AGM)

The Company did not receive any votes against its remuneration report for the 2014 financial year and no specific feedback at the AGM or throughout the year on its remuneration policies.

This is the end of the audited remuneration report.

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	Number	Exercise Price	Expiry Date
Listed Options	23,756,507	$0.20	24 July 2017
Unlisted Options	2,989,994	$0.20	31 December 2015
Unlisted Options	3,334	$30.00	1 May 2017
Unlisted Options	11,666,674	$0.30	31 March 2019

Refer to the Directors Report for details of options held by the Directors.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During or since the end of the financial year the Consolidated Entity has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Consolidated Entity has paid premiums to insure each of the following current and former Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Consolidated Entity, other than conduct involving a wilful breach of duty in relation to the Consolidated Entity. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings. The Consolidated Entity was not a party to any such proceedings during the year.

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declarations as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2015 has been received and can be found on page 16.

AUDITOR

Bentleys Audit and Corporate (WA) Pty Ltd continues in office in accordance with Section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

During the year non-audit services totalling nil in relation to non-audt services were provided by associated entities of Bentleys Audit and Corporate (WA) Pty Ltd (2014: Paid $15,797 to BDO Audit (WA) Pty Ltd for taxation services).

The Directors may engage auditors for non-audit services.

The Directors are satisfied that the provision of future non-audit services, by the auditor (or by CA300(11 B)(b).(c) another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and will not, in the opinion of the Directors, compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services will be reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services will undermine the general principles relating to auditor independence as set out in APES CA300(11B)(c) 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Refer to Note 22 to the financial statements for details of fees paid / payable to the auditor of the Company.

Signed in accordance with a resolution of the Directors.

Victor Hawkins
Managing Director

Perth, Western Australia
29 September 2015

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
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 director for the audit of the financial statements of iCollege Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Bentleys | Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 29th day of September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 $	30 June 2014 $
Revenues			
Revenue from customers	3	627,146	3,000
Cost of sales		(294,457)	-
Gross Profit		332,689	3,000
Interest Revenue		46,379	22,535
Research & Development Tax Incentive		156,284	-
Expenses			
Accounting and audit expenses		(43,248)	(30,238)
Commissions paid		(132,500)	-
Compliance		(93,568)	(48,643)
Consultant fees		(811,328)	(206,570)
Depreciation and amortisation	8,9	(3,769)	(23,347)
Directors fees		(237,715)	(25,000)
Employee expenses		(593,723)	(76,768)
Finance costs		(25,500)	-
Impairment of assets	4	(1,511)	(63,508)
Interest expenses		(27,871)	-
Legal expenses		(49,898)	(107,910)
Marketing expenses		(141,597)	(52,927)
Occupancy expenses		(99,707)	(27,272)
Share based payments	17	(163,333)	-
Travel and accommodation		(197,567)	(9,371)
Other expenses		(170,411)	(101,898)
Total expenses		(2,793,246)	(773,452)
Profit/(loss) before Income Tax		(2,257,894)	(747,917)
Income tax expense	2	-	-
Profit/(loss) after income tax attributable to members of iCollege Limited		**(2,257,894)**	**(747,917)**
Other comprehensive income		-	-
Total comprehensive profit/(loss) attributable to members of iCollege Limited		**(2,257,894)**	**(747,917)**
Earnings/(loss) per share		Cents per Share	Cents per Share
Basic Earnings/(loss) per share	6	(3.81)	(2.53)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	30 June 2015 $	30 June 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	18(a)	271,847	2,515,334
Trade and other receivables	7	382,073	84,931
Other assets		3,680	-
Total Current Assets		657,600	2,600,265
Non-Current Assets			
Property, plant & equipment	8	85,257	74,407
Intangible assets	9	9,253,532	2,781,465
Total Non-Current Assets		9,338,789	2,855,872
Total Assets		9,996,389	5,456,137
LIABILITIES			
Current Liabilities			
Trade and other payables	11	1,900,615	189,949
Convertible notes	12	1,300,000	-
Current tax liabilities	13	515,968	-
Short-term provisions	14	17,302	-
Total Current Liabilities		3,733,885	189,949
Non-Current Liabilities			
Deferred tax liabilities	15	1,319,433	-
Total Non-Current Liabilities		1,319,433	-
Total Liabilities		5,053,318	189,949
Net Assets		**4,943,071**	**5,266,188**
Equity			
Issued capital	16	32,045,047	30,449,137
Reserves	17	1,017,497	678,630
Accumulated losses		(28,119,473)	(25,861,579)
Total Equity		**4,943,071**	**5,266,188**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Cash flows from operating activities			
Receipts from customers		409,042	3,300
Research & Development Tax Incentive		156,284	-
Interest received		46,379	22,535
Payments to suppliers and employees		(2,468,451)	(836,031)
Net cash flows used in operating activities	18b	(1,856,746)	(810,196)
Cash flows from investing activities			
Net cashflow from acquisition of subsidiaries	5	(1,598,596)	416
Payments for intellectual property		(709,524)	(233,751)
Payments for plant and equipment		(39,564)	(24,818)
Net cash flows used in investing activities		(2,347,684)	(258,153)
Cash flows from financing activities			
Proceeds from borrowings		1,300,000	-
Proceeds from issue of shares and options		687,546	3,080,807
Payment of share issue costs		(26,603)	(401,050)
Net cash flows provided by financing activities		1,960,943	2,679,757
Net increase in cash and cash equivalents held		(2,243,487)	1,611,408
Add opening cash and cash equivalents brought forward		2,515,334	903,926
Closing cash and cash equivalents carried forward	18a	**271,847**	**2,515,334**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital $	Accumulated Losses $	Option Reserve $	Total Equity $
At 1 July 2013	**25,943,274**	**(25,113,662)**	**116,130**	**945,742**
Profit/(loss) for the year	-	(747,917)	-	(747,917)
Total comprehensive income/(loss) for the year	-	(747,917)	-	(747,917)
Transactions with owners in their capacity as owners:				
Shares & options issued on acquisition of subsidiary	1,750,000	-	562,500	2,312,500
Issue of share capital, net of transaction costs	2,755,863	-	-	2,755,863
At 30 June 2014	**30,449,137**	**(25,861,579)**	**678,630**	**5,266,188**
At 1 July 2014	**30,449,137**	**(25,861,579)**	**678,630**	**5,266,188**
Profit/(loss) for the year	-	(2,257,894)	-	(2,257,894)
Total comprehensive income/(loss) for the year	-	(2,257,894)	-	(2,257,894)
Transactions with owners in their capacity as owners:				
Shares & options issued on acquisition of subsidiary	1,000,000	-	-	1,000,000
Issue of share capital, net of transaction costs	595,910	-	-	595,910
Issue of fully paid listed options, net of transaction costs	-	-	175,533	175,533
Share based payments		-	163,334	163,334
At 30 June 2015	**32,045,047**	**(28,119,473)**	**1,017,497**	**4,943,071**

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

1. ACCOUNTING POLICIES

The financial report covers iCollege Limited as a consolidated entity consisting of iCollege Limited and the entities it controlled during the year. iCollege Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business are disclosed in the Corporate Directory of the annual report. The consolidated entity is a for profit entity.

(i) Basis of Accounting

This general purpose financial report for the year ended 30 June 2015 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board.

This financial report has been prepared in accordance with the historical costs convention. The functional currency and presentation currency of iCollege Limited is Australian dollars.

(ii) Statement of Compliance

This financial report complies with International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board (AASB).

(iii) Going Concern

The financial report has been prepared on 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 Consolidated Entity recorded a loss after tax for the year of $2,257,894 (2014: Loss of $747,917). The net assets of the Consolidated Entity were $4,943,071 in 2015 (2014: $5,266,188). The Consolidated Entity's working capital deficiency, being current assets less current liabilities was $3,076,285 in 2015 (2014: $2,410,316 surplus). Included in this working capital deficiency is deferred consideration payable of $1,500,000 due on the 23rd of December 2015 (refer Note 5).

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

- forecasted profitability of the companies within the Consolidated Entity;
- the ability of the Consolidated Entity to secure funds by raising capital from equity markets before the repayment date of the deferred consideration;
- expected conversion of convertible notes of $1,300,000 (refer Note 12) into equity before the repayment date; and
- managing cashflows in line with available funds.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments (including those at Note 20) 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 Consolidated Entity's history of raising capital to date, the directors are confident of the Consolidated Entity's ability to raise additional funds as and when they are required.

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

(iv) Adoption of New and Revised Standards

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Consolidated Entity has applied a number of amendments to AASBs and a new interpretation issued by the Australian Accounting Standards Board (AASB) that is mandatorily effective from an accounting period on or after 1 July 2014.

The application of these amendments and interpretation does not have any material impact on the Consolidated Entity's consolidated financial statements.

Standards and Interpretations in issue not yet adopted

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

The Consolidated Entity does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-6 'Amendments to Australian Accounting Standards – Agriculture: Bearer Plants'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the	1 July 2015	30 June 2016

Withdrawal of AASB 1031 Materiality'		
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

Note that the following new Standards and Interpretations are not applicable for the Group but are relevant for the period:

AASB 14 'Regulatory Deferral Accounts' and AASB 2014-1 'Amendments to Australian Accounting Standards – Part D: 'Consequential Amendments arising from AASB 14' is not applicable to the Group as the Group is not a first-time adopter of Australian Accounting Standards.

AASB 1056 'Superannuation Entities' is not applicable to the Group as the Group is not a superannuation entity.

AASB 2015-6 'Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities' is not applicable to the Group as the Group is a for-profit entity.

(v) Significant Accounting Estimates and Judgments

Significant accounting judgments
In the process of applying the Consolidated Entity's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Significant accounting estimates and assumptions
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Impairment of assets
In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Useful life of intangible assets
Intangible assets are amortised in profit or loss on a straight line basis over their estimated useful lives from the date they are available for use.

Recoverability of trade and other receivables
The Consolidated Entity assesses the likelihood of any impairment of the Consolidated Entity's receivables at each reporting date by evaluating those payments that are in arrears and making a judgement as to the likelihood of that receivable not being paid passed on all knowledge available of the debtor.

Deferred tax assets
Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

(vi) Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by iCollege Limited at the end of the reporting period. A controlled entity is any entity over which iCollege Limited has the power to direct the relevant activities of the entity and has exposure to variable returns. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to direct the relevant activities, the existence and effect of holdings of actual and potential voting rights are also considered. Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 10 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity. Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie: parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree. The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer. Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of Profit or Loss and other Comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the Statement of Profit or Loss and other Comprehensive income unless the change in value can be identified as existing at acquisition date. All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

(vi) Summary of Significant Accounting Policies - continued

Cash and cash equivalents
Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables
Receivables are initially recognised at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. They are recognised initially at fair value and subsequently at amortised cost.

Share-based payment transactions
The Consolidated Entity may provide benefits to employees (including directors) and consultants of the Consolidated Entity in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares (‘equity-settled transactions’).

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

(vi) Summary of Significant Accounting Policies - continued

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Property, plant and equipment
Plant and equipment are stated at historical cost less accumulated depreciation and any impairment.

Depreciation is calculated on a reducing balance basis to write off the net cost of each item of plant and equipment over its expected useful life, being 2.5 to 5 years.

Impairment of assets
At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Intangible Assets
Internally-generated intangible assets – research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(vi) Summary of Significant Accounting Policies - continued

Initial costs of acquisition of intellectual property are capitalised in the Statement of Financial Position where there is evidence it will generate economic benefits.

Expenditures in relation to the development of identifiable and unique products, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets and amortised over their estimated useful lives. Any expenditure related to research is expensed as incurred.

Amortisation of intellectual property is charged to operating expenses and/or cost of services on a straight-line basis over their estimated useful lives, from the date they are available for use. The residual values and useful lives are reviewed at each reporting date and adjusted, if appropriate.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Borrowing Costs
Borrowing costs attributable to qualifying assets are capitalised as part of the asset. All other borrowing costs are expensed in the period in which they are incurred, including:
- interest on the bank overdraft;
- interest on short-term and long-term borrowings;
- interest on finance leases; and
- unwinding of the discount on provisions.

Convertible notes
The component parts of convertible notes issued by the Consolidated Entity are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguishment upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in the profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Trade and other payables
Trade payables and other payables are recognised initially at fair value and subsequently at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.**(vi) Summary of Significant Accounting Policies - continued**

Provisions
Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Consolidated Entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee entitlements
Liabilities for wages and salaries, including non-monetary benefits, annual leave, and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

Employee entitlements expenses and revenues arising in respect of wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other entitlements are charged against profits on a net basis.

Contributions are made to employee superannuation plans and are charged as expenses when incurred.

Issued capital
Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Revenue Recognition
Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Revenue from education and training services is recognised by reference to the stage of completion method, based on actual service provided as a proportion of total services to be provided. This is measured with reference to the number of units completed as a proportion of the total numbers units to complete the course.

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

Income tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences in the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognised for all taxable temporary differences, except where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

(vi) Summary of Significant Accounting Policies - continued

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in Statements of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Earnings per share
Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to the Consolidated Entity, adjusted for:
- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(vi) Summary of Significant Accounting Policies - continued

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.
An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value, on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.
To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statement

Valuation techniques
In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

(vi) Summary of Significant Accounting Policies - continued

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- *Level 1*
  Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
  Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 2*
  Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*
  Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:
(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Rounding of amounts

The Consolidated entity has not applied Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off to the nearest dollar.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

2. INCOME TAX

The reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:

(a) Income tax expense/(benefit)

	30 June 2015	30 June 2014
	$	$
Current tax	-	-
Deferred tax	-	-
	-	-

	30 June 2015	30 June 2014
(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable		
Loss from ordinary activities before income tax	(2,257,894)	(747,917)
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating profit at 30%	(677,368)	(224,375)
Add / (Less)		
Tax effect of:		
Share based payments	49,000	-
Entertainment	-	-
Other non-deductible expenses	2,295	-
Non assessable income	(46,885)	
Deferred tax assets relating to tax losses not recognised	699,672	366,885
Other temporary differences not recognised	(26,714)	(142,510)
Income tax attributable to operating profit	-	-
The applicable weighted average effective tax rates are as follows:	nil%	nil%
Balance of franking account at year end	nil	nil

	30 June 2015	30 June 2014
(c) Deferred tax assets		
Tax Losses	843,812	144,139
Provisions & accruals	17,508	12,052
Capital raising costs	85,808	115,074
Other	-	-
	947,128	271,266
Set-off deferred tax liabilities	-	-
Net deferred tax assets	947,128	271,266
Less deferred tax assets not recognised	(947,128)	(271,266)
Net tax assets	-	-

2. INCOME TAX - continued

	30 June 2015	30 June 2014
(d) Deferred tax liabilities	$	$
Arising on recognition of separately identifiable intangible assets as part of the business combination (Note 5)	1,319,433	-
	1,319,433	-
Set-off deferred tax assets	-	-
Net deferred tax liabilities	1,319,433	-
(e) **Tax losses**		
Unused tax losses for which no deferred tax asset has been recognised	2,812,707	5,472,663

Tax losses of $3,858,639 were derecognised during the current year, as a result of an assessment of the availability of prior period tax losses. From the assessment performed, tax losses prior to the acquisition of iCollege Pty Ltd were deemed to no longer be available and were derecognised

Potential deferred tax assets attributable to tax losses and temporary differences carried forward have not been brought to account at 30 June 2015 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. As the company is not a tax consolidated entity, deferred tax assets can not be offset against the deferred tax liabilities that have arisen on the acquisition of entities during the 2015 financial year. Future tax benefits will only be obtained if:

i. the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and temporary differences to be realised;

ii. the company continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

3. REVENUE

	30 June 2015	30 June 2014
	$	$
Course income	508,952	-
Franchise income	114,684	-
Other revenue	3,510	3,000
	627,146	3,000

4. IMPAIRMENT OF ASSETS

	30 June 2015	30 June 2014
	$	$
Plant and equipment	1,511	20,150
Intangible assets	-	43,358
	1,511	63,508

5. BUSINESS COMBINATIONS

Effective 9 December 2014, the Company acquired 100% of the issued shares of the Bookkeeping School Pty Ltd. The total cost of the acquisition was $115,000 and comprised of a cash payment of $115,000.

The initial accounting for the acquisition of Bookkeeping School 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.

5. BUSINESS COMBINATIONS - continued

The fair value of the identifiable assets and liabilities of the Bookkeeping School Pty Ltd as at the date of acquisition was:

	9 December 2014
	$
Cash payment	115,000
Value of assets acquired	
Cash	86
Intangible Assets	150,215
Trade creditors	(416)
Other creditors	(220)
Deferred tax liability	(34,665)
Fair value of net assets acquired	**115,000**

The contribution of the Bookkeeping School Pty Ltd to the consolidated entity's loss was a loss of $42,741.

Effective 1 April 2015, the Company acquired 100% of the issued shares of Mathisi Pty Ltd. The total cost of the acquisition was $550,000.

The initial accounting for the acquisition of Mathisi 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 Mathisi Pty Ltd as at the date of acquisition was:

	1 April 2015
	$
Cash payment	550,000
Less: Loan extinguished	(66,300)
Total Consideration	**483,700**
Value of assets acquired	
Cash	18
GST Receivable	81,879
Other	241
Intangible Assets	714,687
Income tax payable	(148,197)
Deferred tax liability	(164,928)
Fair value of net assets acquired	**483,700**

The contribution of Mathisi Pty Ltd to the consolidated entity's loss was a loss of $12,575.

5. BUSINESS COMBINATIONS - continued

Effective 1 April 2015, the Company acquired 100% of the issued shares of Management Institute of Australia Pty Ltd and its associated entities (refer Note 10 for further details). The upfront acquisition payment was $2,000,000 of which 50% was paid in cash and 50% paid in fully paid shares. A further $1,500,000 is payable in cash on 23 December 2015.

The initial accounting for the acquisition of Management Institute of Australia 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 Management Institute of Australia Pty Ltd and its associated entities as at the date of acquisition was:

	1 April 2015
	$
Cash payment	1,000,000
Fair value of shares issued	1,000,000
Cash payment on 23 December 2015	1,500,000
Total Consideration	**3,500,000**
Value of assets acquired	
Receivables	139,568
GST Receivable	15,898
Other	2,821
Office equipment	7,958
Intangible Assets	4,852,641
Trade creditors	(9,479)
Sundry creditors	(650)
Income tax payable	(388,917)
Deferred tax liability	(1,119,840)
Fair value of net assets acquired	**3,500,000**

The contribution of Management Institute of Australia Pty Ltd and its associated entities to the consolidated entity's loss was a loss of $126,932.

Net cash outflow on acquisition of subsidiaries

	1 April 2015
	$
Consideration paid in cash	(1,598,700)
Less: cash and cash equivalent balances acquired	104
	(1,598,596)

6. EARNINGS PER SHARE

	30 June 2015	30 June 2014
	Cents	Cents
Basic profit/(loss) per share	(3.81)	(2.53)

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

a) Earnings used in calculating earnings per share

	30 June 2015	30 June 2015
Basic Earnings per share:	$	$
Total comprehensive profit/(loss) after income tax attributable to members of iCollege Limited	2,257,894	747,917

b) Weighted average number of shares

	30 June 2015	30 June 2014
Weighted average number of ordinary shares for basic earnings per share	59,335,608	29,514,489

7. TRADE AND OTHER RECEIVABLES

	30 June 2015	30 June 2014
	$	$
Current		
Trade receivables	243,918	-
GST receivable	138,154	84,931
Total current receivables	382,072	84,931

Fair Value and Risk Exposures:

(i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
(ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
(iii) Details regarding interest rate risk exposure are disclosed in Note 19.
(iv) Other receivables generally have repayments within 30 days.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered receivable.

	30 June 2015	30 June 2014
	$	$
Age of receivables that are past due but not impaired		
60-90 days	28,153	-
90-180 days	50,591	-
180+ days	31,923	
Total	110,667	-
Average age (days)	113	-

8. PROPERTY, PLANT & EQUIPMENT

	30 June 2015	30 June 2014
	$	$
Office equipment		
Opening balance	17,900	-
Additions	10,109	18,910
Depreciation	(1,343)	(1,010)
Assets Acquired	8,554	-
Total office equipment	35,221	17,900
Computer equipment		
Opening balance	56,507	-
Additions	29,263	74,606
Disposals	(33,307)	-
Depreciation	(2,426)	(18,099)
Total computer software	50,037	56,507
Total Property, Plant & Equipment	85,257	74,407

9. INTANGIBLE ASSETS

	30 June 2015	30 June 2014
	$	$
Intangible Assets – Provisionally Accounted for (i)		
Opening balance	-	-
Additions	-	-
Acquired on acquisition of subsidiary (refer to note 5)	5,717,543	-
Accumulated amortisation	-	-
Impairment charges	-	-
Net carrying amount	5,717,543	-
iCollege Platform Development Expenditure (ii)		
Opening balance	2,781,465	32,947
Additions	754,525	292,615
Acquired on acquisition of subsidiary (refer to note 5)	-	2,504,579
Accumulated amortisation	-	(5,318)
Impairment charges	-	(43,358)
Net carrying amount	3,535,990	2,781,465
Total Intangibles	9,253,533	2,781,465

(i) Intangible assets provisionally accounted for relate to business combinations which have taken place in the year, refer note 5 for further details. At this point in time due to the proximity of the date of acquisition to the reporting date, the Directors believe the value attributed to these intangible assets is appropriate due to the arm's length nature of the business combination transaction.

(ii) The iCollege Platform Development Expenditure relates to the online learning platform being developed and is expected to be commercially operational during the 2016 financial year. The asset is expected to have a finite life of between 5-10 years.

At this point in time the online learning platform is still in the development stage and has been assessed by the directors to have no indication of impairment, based on the current progress of the development of the online learning platform being in line with the directors expectations, ability of the company to continue to provide funding to finalise the development and expected future economic benefits to be generated.

10. CONTROLLED ENTITIES

Name of subsidiary	Principal Activity	Place of incorporation and operation	Proportion of ownership interest held by the Group	
			30 June 2015	**30 June 2014**
iCollege Holdings Pty Ltd	Education	Western Australia	100%	100%
Bookkeeping School Pty Ltd	Educational Services	Queensland	100%	-
Mathisi Pty Ltd	Educational Services	Queensland	100%	-
Management Institute of Australia Pty Ltd	Educational Services	New South Wales	100%	-
Management Institute of Australia No.1 Pty Ltd*	Educational Services	New South Wales	100%	-
Management Institute of Australia No. 2 Pty Ltd*	Educational Services	New South Wales	100%	-
MIA Franchise Operations Pty Ltd*	Educational Services	New South Wales	100%	-
Easy RPL No.1 Pty Ltd*	Educational Services	New South Wales	100%	-

*these company's were all acquired at the same time when Management Institute of Australia Pty Ltd was acquired.

11. TRADE AND OTHER PAYABLES

Current

	30 June 2015	30 June 2014
	$	**$**
Trade payables	276,189	134,153
Sundry payables and accrued expenses	96,555	55,796
Accrued interest on convertible notes	27,871	-
Consideration payable (Note 5)	1,500,000	-
Total current payables	1,900,615	189,949

Fair Value and Risk Exposures

(i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
(ii) Trade and other payables are unsecured and usually paid within 30 days of recognition.
(iii) All amounts are expected to be settled within 12 months.

12. CONVERTIBLE NOTES

Current

	30 June 2015	30 June 2014
	$	$
Convertible notes	1,300,000	-
	1,300,000	-

Terms and conditions of the convertible notes
- Maturity 1 years post issue date
- Coupon: 12% pa, payable quarterly in arrears
- Conversion: The loanholder 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 Loanholder within 30 days of maturity
- Conversion Reference Price: 15 cents

13. CURRENT TAX LIABILITIES

Current

	30 June 2015	30 June 2014
	$	$
Provision for income tax (refer to note 5)	515,968	-
	515,968	-

14. SHORT-TERM PROVISIONS

Current

	30 June 2015	30 June 2014
	$	$
Provision for annual leave	17,302	-
	17,302	-

15. DEFERRED TAX LIABILITIES

Non-Current

	30 June 2015	30 June 2014
	$	$
Deferred tax liability (Note 5)	1,319,433	-
	1,319,433	-

16. ISSUED CAPITAL

(a) Issued Capital

	30 June 2015	30 June 2014
	$	$
Ordinary shares fully paid	32,045,047	30,449,137

(b) Movements in Ordinary Share Capital

Number of Shares	Summary of Movements:	Issue Price	$
56,020,846	Opening balance 1 July 2014		30,449,137
445	Exercise of options on 20 August 2014	$0.20	89
2,666,668	Share placement on 24 December 2014	$0.15	400,000
200,000	Shares issued in lieu of services 11 February 2015	$0.15	30,000
333,333	Shares issued in lieu of services 1 April 2015	$0.15	50,000
6,666,667	Shares issued to acquire subsidiary (refer Note 2)	$0.15	1,000,000
170,000	Placement fee for convertible notes	$0.15	25,500
666,667	Share placement on 13 May 2015	$0.15	100,000
-	Costs of capital raising	-	(9,679)
66,724,626	Closing balance at 30 June 2015		32,045,047

Capital risk management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. There are no plans to distribute dividends in the next year.

The Consolidated Entity's capital includes ordinary shares capital and financial liabilities, supported by financial assets. The Consolidated Entity's working capital deficiency as at 30 June 2015, being current assets less current liabilities is $3,076,285 (2014: $2,410,316 asset). There are no externally imposed capital requirements.

17. RESERVES

	30 June 2015	30 June 2014
	$	$
Options Reserve	1,017,497	678,630
	1,017,497	678,630

17. RESERVES - continued

The options reserve is used to recognise the grant date fair value of options issued but not exercised.

The following securities were issued as share based payments during the year:

	Value per Share/Option	Number	Value
			$
Listed options exercisable at $0.20 each on or before 24 July 2017 issued as placement fee for on sale of small holdings of shares on 24 December 2014	0.05	1,000,000	50,000
Listed options exercisable at $0.20 each on or before 24 July 2017 issued as placement fee for issue to sophisticated investors on 24 December 2014	0.05	1,666,667	83,333
Listed options exercisable at $0.20 each on or before 24 July 2017 issued as placement fee for issue of convertible notes on 13 May 2015	0.04	750,000	30,000
			163,333

The options were valued at the market price on the ASX on the date of issue.

18. STATEMENT OF CASH FLOW INFORMATION

	30 June 2015	30 June 2014
	$	$
(a) Cash and cash equivalents		
Cash at bank and in hand	271,847	2,515,334
	271,847	2,515,334

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

	30 June 2015	30 June 2014
Profit/(loss) after income tax	(2,257,894)	(747,917)
Non-Cash Items:		
Depreciation	3,769	21,690
Amortisation	-	1,657
Impairment of assets	1,511	63,508
Share based payments - shares	105,500	-
Share based payments - options	163,333	-
Change in assets and liabilities:		
(Increase)/decrease in receivables	(70,656)	(25,099)
Increase/(decrease) in payables	158,664	(124,035)
Increase/(decrease) in accrued interest	27,871	-
Increase/(decrease) in employee provision	17,302	-
Increase/(decrease) in income tax provision	(6,146)	-
Net cash flows (used in)/provided by operating activities	(1,856,746)	(810,196)

18. STATEMENT OF CASH FLOW INFORMATION - continued

Non-cash investing and financing activity

On 1 April 2015 the Consolidated Entity completed the acquisition of Management Institute of Australia Pty Ltd and its associated entities. The total cost of the acquisition was $2,000,000 of which 50% was paid in cash and 50% paid in fully paid shares. The issue of shares is not reflected in the Statement of Cash Flows. Refer to note 5 for details of acquisition.

19. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.
The Group is managed primarily on the basis of business category and geographical areas. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated proportionately to the applicable segments based on its use. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.
Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated.
Segment liabilities include trade and other payables.

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Description of Operating Segments

<u>Financing</u>

iCollege Limited is the head office of the Group and conducts all corporate activities in relation to the Group. This includes capital raisings which is used to provide funding for acquisitions and working capital.

<u>Research and Development</u>

iCollege Holdings Pty Ltd conducts all activities in relation to development of the iCollege education platform.

<u>Education Services</u>

This is the operational segment of the Group which contains the education services businesses as listed in Note 10.

19. SEGMENT INFORMATION - continued

Information about Reportable Segments

2015	Financing $	Research & Development $	Education Services $	Consolidated $
Segment Income				
Revenue from customers	-	-	627,146	627,146
Finance income	46,379	-	-	46,379
Other income	-	156,284	-	156,284
Total income	46,379	156,284	627,146	829,809
Segment Expenses				
Cost of goods sold	-	-	(294,457)	(294,457)
Finance costs	(53,371)	-	-	(53,371)
Depreciation and amortisation	(976)	(2,793)	(8,763)	(12,532)
Net other costs	(1,439,393)	(779,604)	(508,346)	(2,727,343)
Total Expenses	(1,493,740)	(782,397)	(811,566)	(3,087,703)
Segment Loss before income tax	(1,447,361)	(626,113)	(184,420)	(2,257,894)
Segment Assets and Liabilities				
Reportable segment assets	182,658	1,264,461	8,549,270	9,996,389
Reportable segment liabilities	(2,994,455)	(73,082)	(1,985,781)	(5,053,318)
Net assets	(2,811,797)	1,191,379	6,563,489	4,943,071

Geographical Segments

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

2014

Management determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Consolidated Entity does not have any operating segments with discrete financial information. The Consolidated Entity does not have any customers at this stage, and all the Consolidated Entity's assets and liabilities are located within Australia. The Board of Directors review internal management reports that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

20. COMMITMENTS AND CONTINGENT LIABILITIES

Mr Victor Hawkins, Director, is a beneficiary of the Performa Trust. The Company has entered into an exclusive Licence Agreement with Performa Capital Pty Ltd (as trustee of the Performa Trust) to exploit the Cloud Infrastructure, Cloud Platform and associated Intellectual Property for the purpose of providing online education and professional development courses to end users. An annual fee of $10,000 plus GST per month is payable up to a total of $250,000 plus GST. At year end 30 June, $80,000 plus GST is payable within one year.

20. COMMITMENTS AND CONTINGENT LIABILITIES - continued

The Company has issued 10,000,002 Performance Shares in accordance with the acquisition of iCollege Holdings Pty Ltd which were issued to Victor Hawkins and Philip Re indirectly who hold 7,500,000 and 2,916,667 Performance Shares respectively. The Performance Shares will convert into ordinary shares when the following performance hurdles are achieved:

(i) gross revenue reaches $1M for any continuous period of 12 months within a period of 2 years from 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares;
(ii) EBITDA reaches $500,000 for any continuous period of 12 months within a period of 2 years from 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares;
(iii) EBITDA reaches $2.5M for any continuous period of 12 months within a period of 3 years 17 April 2014 being the date of issue then 1/3 will convert into ordinary shares.

During the year, the company acquired Management Institute of Australia and its associated entities. The terms of the acquisition of MIA are:

Total purchase price of AUD $10m to be paid as follows:

- (i) $1m cash upon completion plus $1m in shares (at an issue price of $0.15). This has been paid;
- (ii) Deferred consideration of $8M to be paid as follows:
  - (a) MIA reaching an EBIT of $2,000,000 for the financial year ending 30 June 2015, a payment of $500k in cash;
  - (b) Payment of $1.5m cash on 23 December 2015;
  - (c) MIA reaching an EBIT of $4,000,000 for the financial year ending 30 June 2016, a payment of $1.25m cash and $1.25m in ICT Shares (calculated as a VWAP of ICT shares for the 21 days preceding issue);
  - (d) MIA reaching an EBIT of $6,000,000 for the financial year ending 30 June 2017, a payment of $1.75m cash and $1.75m in ICT Shares (calculated as a VWAP of ICT shares for the 21 days preceding issue);
  - (e) the CEO remaining with the company and signing an employment agreement until 2017.

The issue of the consideration shares will be subject to shareholder approval at the time these hurdles are met. If shareholder approval is not granted, settlement will occur by way of cash.

During the year, the company acquired Mathisi Pty Ltd ("Mathisi"). The terms of the acquisition of Mathisi are:

Total purchase price of AUD $750,000 to be paid as follows:

- (i) $550,000 cash at settlement. This has been paid; and
- (ii) Deferred consideration of $200,000 to be paid as follows:
  - (a) Mathisi reaching a minimum EBIT of $850,000 during the financial year ending 30 June 2015;
  - (b) where the Company's EBIT during the financial year ending 30 June 2015 is less than $850,000 the deferred consideration will be reduced proportionally.

Apart from the above there are no other commitments or contingent assets/liabilities as at 30 June 2015.

21. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel Compensation

	2015	2014
	$	$
Short-term benefits	486,625	108,331
Post employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	486,625	108,331

(b) Other Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

2015
Mr Hans de Back, Director, is a Director of Dutchman Capital Pte Ltd. During the year an amount of $60,000 (net of GST) was owing for services provided as Non-Executive Chairman as per the Consultancy Agreement.

Mr Victor Hawkins, Director, is a beneficiary of the Performa Trust. During the year an amount of $30,832 (net of GST) was owing for services provided as Managing Director as per the Consultancy Agreement between the Company and Performa Capital Pty Ltd (as trustee for the Performa Trust).

Mr Victor Hawkins, Director, is a beneficiary of the Performa Trust. The Company has entered into an exclusive Licence Agreement with Performa Capital Pty Ltd (as trustee of the Performa Trust) to exploit the Cloud Infrastructure, Cloud Platform and associated Intellectual Property for the purpose of providing online education and professional development courses to end users. During the year an amount of $110,000 (net of GST) was paid under the Licence Agreement. Furthermore, Performa Capital Pty Ltd obtained reimbursements of costs totalling $13,363 (2014: Nil) which included rent, photocopier, staff, phone, internet, motor vehicle and other costs.

Mr Ross Cotton, Director, is a beneficiary of the Montery Trust. During the year an amount of $13,750 (net of GST) was owing for services provided as Executive Director as per the Consultancy Agreement between the Company and Richmond Food Systems Pty Ltd (as trustee for the Montery Trust).

Mr Philip Re, Director, is a Director of Regency Partners. During the year an amount of $52,844 (net of GST) was paid to this business for accounting, bookkeeping, administration and secretarial services at normal commercial rates and an amount of $5,000 (net of GST) is owing for services provided.

Mr Ross Cotton, Director, is a Director of Richmond Food Systems Pty Ltd. Before his appointment as Director on 20 October 2014, fees of $53,500 (net of GST) were paid to this Company for consulting services at normal commercial rates.

There were no loans outstanding to and from Key Management Personnel at year end.

21. RELATED PARTY TRANSACTIONS - continued

2014

Mr Hans de Back, Director, is a Director of Dutchman Capital Pte Ltd. During the year an amount of $6,285 (net of GST) was owing for services provided as Non-Executive Chairman as per the Consultancy Agreement.

Mr Victor Hawkins, Director, is a beneficiary of the Performa Trust. The Company has entered into an exclusive Licence Agreement with Performa Capital Pty Ltd (as trustee of the Performa Trust) to exploit the Cloud Infrastructure, Cloud Platform and associated Intellectual Property for the purpose of providing online education and professional development courses to end users. During the year an amount of $50,000 (net of GST) was paid under the Licence Agreement.

Mr Philip Re, Director, is a Director of Regency Partners. During the year an amount of $94,500 (net of GST) was paid to this business for accounting advice at normal commercial rates.

Mr Roger Steinepreis, Director, is a partner of Steinepreis Paganin. During the year an amount of $129,183 (net of GST) was paid to this business for legal advice at normal commercial rates.

Mr George Ventouras, Director, is a director and shareholder of Ventouras Consulting Pty Ltd. During the year an amount of $18,000 (net of GST) was paid to this business for work undertaken for maintenance of intellectual property at normal commercial rates.

Mr George Ventouras, Director, was a consultant to Paragon Pearling Pty Ltd. During the year an amount of $9,000 (net of GST) was paid to this business for work undertaken at normal commercial rates.

Mr Nick Castleden, Director, was a consultant to Cratonix Pty Ltd. During the year an amount of $24,000 (net of GST) was paid to this business for work undertaken at normal commercial rates.

There were no loans outstanding to and from Key Management Personnel at year end.

22. AUDITORS' REMUNERATION	**30 June 2015** $	**30 June 2014** $
Amount received or due and receivable by the auditor or their related entities:		
Audit and review of the financial statements		
Bentleys Audit & Corporate (WA) Pty Ltd	34,000	-
BDO Audit (WA) Pty Ltd	-	28,508
Taxation Services		
BDO Corporate Tax (WA) Pty Ltd	-	15,979
	34,000	44,487

23. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND INSTRUMENTS

The Consolidated Entity's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to provide working capital for the Consolidated Entity's operations.

The Consolidated Entity has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. Furthermore, the Consolidated Entity obtained funding via convertible notes during the year.

The Consolidated Entity's financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amount of the financial assets and liabilities approximate their fair value.

It is, and has been throughout the year under review, the Consolidated Entity's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

Categories of financial instruments

	30 June 2015	30 June 2014
	$	$
Financial Assets		
Cash and cash equivalents	271,847	2,515,334
Trade and other receivables	382,073	84,931
Financial Liabilities		
Trade payables	276,189	134,153
Sundry payables and accrued expenses	96,555	55,796
Accrued interest on convertible notes	27,871	-
Consideration payable	1,500,000	-
Convertible notes	1,300,000	-

Interest Rate Risk

At reporting date the Consolidated Entity's exposure to market risk for changes in interest rates relates primarily to the Consolidated Entity's short-term cash deposits. The Consolidated Entity constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At reporting date, the Consolidated Entity had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	2015	2014
	$	$
Financial Assets:		
Cash and cash equivalents (interest-bearing accounts)	271,847	2,515,334
Net exposure	271,847	2,515,334

The weighted average rate of interest is 3.33% (2014: 1.5%)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND INSTRUMENTS - continued

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date for variable interest bearing accounts. The 0.5% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical LIBOR movements over the last 3 years.

At 30 June 2015, if interest rates had moved on variable interest bearing accounts, as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Consolidated Entity would have been affected as follows:

	2015	2014
	$	$
Judgements of reasonably possible movements:		
Post tax profit - higher / (lower)		
+ 0.5%	113	2,096
- 0.5%	(113)	(2,096)
Equity - higher / (lower)		
+ 0.5%	113	2,096
- 0.5%	(113)	(2,096)

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity measures credit risk on a fair value basis.

The Consolidated Entity has a credit risk in relation to its cash at bank, short-term deposits and receivables. However, this risk is minimised as the cash is deposited only with AA or greater (Moodys) rated financial institutions. The Consolidated Entity does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

Impairment losses are recorded against receivables unless the Consolidated Entity is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

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

Liquidity Risk

The Consolidated Entity has no significant exposure to liquidity risk as there is effectively no debt. Trade payables are all expected to be paid within 30 days and their carrying amounts are considered to equal their contractual amount. The Consolidated Entity manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND INSTRUMENTS - continued

2015	Weighted Average Effective Interest Rate %	Less than one month $	1 to 3 Months $	3 Months to one year $	1 to 5 Years $	Total $
Financial Assets						
Non-interest bearing		382,073	-	-	-	382,073
Variable interest rate	3.33%	271,847	-	-	-	271,847
		653,920	**-**	**-**	**-**	**653,920**
Financial Liabilities						
Non-interest bearing		400,615	1,500,000	-	-	1,900,615
Fixed interest rate	12%	-	-	1,300,000	-	1,300,000
		400,615	**1,500,000**	**1,300,000**	**-**	**3,200,615**
Net financial assets/(liabilities)		**253,304**	**(1,500,000)**	**(1,300,000)**	**-**	**(2,546,696)**

2014						
Financial Assets						
Non-interest bearing		84,931	-	-	-	84,931
Variable interest rate	1.56%	2,515,334	-	-	-	2,515,334
		2,600,265	**-**	**-**	**-**	**2,600,265**
Financial Liabilities						
Non-interest bearing		189,949	-	-	-	189,949
		189,949	**-**	**-**	**-**	**189,949**
Net financial assets		**2,410,316**	**-**	**-**	**-**	**2,410,316**

24. EVENTS OCCURING AFTER REPORTING DATE

On 9 July 2015, iCollege Limited announced the appointment of Stuart Manifold as Chief Operating Officer and together with that will acquire Apollo Healthcare Solutions Pty Ltd ("Apollo"). Apollo currently provides Nursing, Return to Work Co-ordination and Injury Management for one of the world's largest mining companies at a significant Queensland mine site.

The acquisition of Apollo is consistent with the iCollege strategy of acquiring businesses across a broad range of sectors that focus on delivering quality training outcomes and staffing to our clients.

The acquisition terms are as follows:

- iCollege will acquire 100% of the shares in Apollo via the issue of shares in ICT to the value of $125,000 at an issue price of $0.15 per share.
- The acquisition is subject to further due diligence and completion of formal contractual agreements.

On 19 August 2015, iCollege announced the execution of a Binding Term Sheet to acquire Celtic Training & Consultancy Pty Ltd ('Celtic'), a Registered Training Organisation (RTO Code: 40179) providing over 30 courses in the rapidly expanding aged care, nursing, health and safety and community services sectors.

24. EVENTS OCCURING AFTER REPORTING DATE - continued

Acquisition Terms

1. Total Purchase Price is $2,250,000 to be paid as follows:

    a) An up-front payment of $750,000 consisting of 50 per cent scrip and 50 per cent cash. The scrip portion is payable on the date of Change of Ownership, as issued and agreed by South Australian Department of State Development. The cash portion ($375,000) will be deferred by three months from date of Change of Ownership issued and agreed by South Australian Department of State Development. The aforementioned up-front payment is subject to certain conditions precedent being met by Celtic. These conditions are:
        i. Reaching EBIT in-excess of $600,000 in FY15
        ii. Confirmation of the same, similar or equivalent funding to be in place for 2015-2016 financial year
        iii. integration with the iCOLLEGE e-learning platform and processes
        iv. Consideration will be released on the completion the audit of FY15 financials

    b) A payment of $775,000, consisting of $600,000 cash and $175,000 scrip on achieving an audited EBIT of $700,000 in FY16.
    c) A further $725,000 consisting of $550,000 cash and $175,000 scrip on the basis of the the following performance hurdles being achieved:
        i. Achieving EBIT of $500,000 at the end of CY17 (Half Financial Year)
        ii. This payment will be agreed and settled as per accounting standards accepted by the ASX and reported in iCollege's half year financial statements.

2. These terms will be documented in a binding Heads of Agreement (HOA) expected to be complete in the next fourteen (14) days
3. 30 day Due Diligence period
4. Mr. David Leigh-Ewers is to continue employment with the business for a period of 18 months on the following terms on a salary package of $150,000 (including superannuation) plus additional performance incentives
5. For a period of three (3) months from date of change of ownership, the Vendor will retain sufficient working capital in Celtic. This will protect iCollege's cash position and allow for further capital investment and growth initiatives.
6. iCollege obtaining shareholder approval for the issue of shares under ASX listing rules and the Corporations Act (if required).

No other matters or circumstances has arisen since 30 June 2015 that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity, in subsequent financial years.

25. PARENT ENTITY INFORMATION

Statement of Profit or Loss and other comprehensive income

	30 June 2015	30 June 2014
	$	
Loss after income tax of the parent entity	(1,419,220)	455,754
Total comprehensive income of the parent entity	(1,419,220)	455,754

Statement of Financial Position

Total current assets	109,336	520,547
Total non-current assets	6,807,778	4,822,767
Total assets	6,917,114	5,343,314
Total current liabilities	2,994,454	77,126
Total liabilities	2,994,454	77,126
Issued Capital	32,045,047	30,648,422
Reserves	1,017,497	678,630
Accumulated losses	(29,139,884)	(26,060,864)
	3,922,660	5,266,188

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2015.

Commitments and Contingent liabilities
The parent entity has contingent commitments in relation to performance shares as per note 20.

Capital commitments – Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015.

DIRECTORS' DECLARATION

This declaration is made in accordance with a resolution of the Directors.

In the opinion of the Directors:

(a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Consolidated Entity's financial position at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory reporting requirements; and

(b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable; and

(c) the financial statements and notes comply with International Financial Reporting Standards as disclosed in note 1.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for financial year ended 30 June 2015.

On behalf of the Board

Victor Hawkins
Managing Director
Perth, Western Australia
29 September 2015

Independent Auditor's Report

To the Members of iCollege Limited

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
Level 1, 12 Kings Park Road
West Perth WA 6005
Australia
PO Box 44
West Perth WA 6872
Australia
ABN 33 121 222 802
T +61 8 9226 4500
F +61 8 9226 4300
bentleys.com.au

We have audited the accompanying financial report of iCollege Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

a. The financial report of iCollege Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(iii) in the financial report which indicates that the Consolidated Entity incurred a loss after tax of $2,257,894 during the year ended 30 June 2015. This condition, along with other matters as set forth in 1(iii), 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 financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of iCollege Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated at Perth this 29th day of September 2015

Additional information required by ASX Ltd and not shown elsewhere in this report is as follows. The information is current as at 23 September 2015.

Distribution of Securities Held

Size of Holding			Fully Paid Ordinary Shares No. Holders	Listed Options No. Holders
1	-	1,000	30	31
1,001	-	5,000	64	55
5,001	-	10,000	71	20
10,001	-	100,000	180	61
100,000	and over		82	36
Total holders			427	203
Number of holders holding less than a marketable parcel			0	133

Twenty Largest Holders of Fully Paid Ordinary Shares

	Name	Number of Shares	Percentage of Issued Capital
1	Performa Capital Pty Ltd <Performa A/C>	7,530,000	11.25
2	Walker Investments (Australia) Pty Ltd <Walker Unit A/C>	6,666,667	9.96
3	Frontier Capital Pte Ltd	3,166,666	4.73
4	HSBC Custody Nominees (Australia) Pty Ltd <ST A/C>	3,066,847	4.58
5	Traditional Securities Group Pty Ltd <LPR Family A/C>	2,946,667	4.40
6	Mr Peter Arvanitis & Mrs Areti Arvanitis <Arvanitis Intl Inv Fam A/C>	2,932,692	4.38
7	Eyeon Investments Pty Ltd <Eyeon Investments Family A/C>	2,377,400	3.55
8	Rivergrade Pty Ltd <Rivergrade A/C>	2,083,334	3.11
9	Ironside Pty Ltd <Ironside Super Fund A/C>	1,584,254	2.37
10	Occasio Holdings Pty Ltd <Occasio Unit A/C>	1,250,000	1.87
11	Supermax Pty Ltd <Supermax Superfund A/C>	1,194,424	1.78
12	Glamour Division Pty Ltd <The Hammer A/C>	1,050,000	1.57
13	Mr Denis Maxwell Fraser & Mrs Wendy Elena Fraser <Value Investment S/F A/C>	1,000,000	1.49
14	Richmond Food Systems Pty Ltd <Montery A/C>	968,881	1.45
15	Seefeld Investments Pty Ltd <The Seefeld A/C>	835,834	1.25
16	Garrido Investments Pty Ltd	798,281	1.19
17	Mr Peter Arvanitis & Mrs Areti Arvanitis <Arvanitis Intl Invest A/C>	700,000	1.05
18	Fairfield Capital Pty Ltd	666,667	1.00
19	HSBC Custody Nominees (Australia) Pty Ltd >	654,819	0.98
20	Mr Paul Bernard Bastion & Mrs Belinda Louise Bastion <Bastion Super Fund A/C>	580,001	0.87
		42,053,434	**62.83**

Substantial Shareholders

An extract of the Company's register of substantial shareholders is as follows:

Name	Number of Fully Paid Ordinary Shares	Number of Listed Options
Performa Capital Pty Ltd <Performa A/C>	7,530,000	2,500,000
Walker Investments (Australia) Pty Ltd <Walker Unit A/C>	6,666,667	-

Twenty Largest Holders of Listed Options

	Name	Number of Listed Options	Percentage of Issued Capital
1	Performa Capital Pty Ltd <Performa A/C>	2,500,000	10.52
2	Mr Michael Grove & Mrs Jane Grove <Gladgrove Super Fund A/C>	2,390,000	10.06
3	Fairfield Capital Pty Ltd	2,000,001	8.42
4	First Investment Partners Pty Ltd	2,000,000	8.42
5	Eyeon Investments Pty Ltd <Eyeon Investments Family A/C>	1,666,667	7.02
6	Lydian Enterprises Pty Ltd <Lydian A/C>	1,000,000	4.21
6	Mr Stephen Anthony Ray	1,000,000	4.21
7	Rivergrade Pty Ltd <Rivergrade A/C>	994,445	4.19
8	Traditional Securities Group Pty Ltd <LPR Family A/C>	972,223	4.09
9	Frontier Capital Pte Ltd	575,000	2.42
10	Ironside Pty Ltd <Ironside Super Fund A/C>	528,085	2.22
10	UBS Wealth Management Australia Nominees Pty Ltd	528,085	2.22
11	Walker Investments (Australia) Pty Ltd <Walker Unit A/C>	469,528	1.98
12	Occasio Holdings Pty Ltd <Occasio Unit A/C>	416,667	1.75
13	Wimalex Pty Ltd <Trio S/F A/C>	366,668	1.54
14	Mr David John McDougall	340,000	1.43
15	Garrido Investments Pty Ltd	300,000	1.26
15	Mr Robert Murray Raynes	300,000	1.26
15	Clapsy Pty Ltd <Baron Superfund A/C>	300,000	1.26
16	Seefeld Investments Pty Ltd <The Seefeld A/C>	278,612	1.17
17	Richmond Food Systems Pty Ltd <Montery A/C>	256,936	1.08
18	NTJ Investments Pty Ltd <NTJ Investment A/C>	250,000	1.05
19	Seventy Three Pty Ltd <King Super Fund No 3 A/C>	208,334	0.88
20	Mr Paul Bernard Bastion & Mrs Belinda Louise Bastion <Bastion Super Fund A/C>	193,334	0.81
		19,834,585	**83.49**

Unlisted Options

Number of Options	Exercise Price $	Exercise date
11,666,674	$0.30	31 March 2019
3,334	$30.00	1 May 2017
2,989,994	$0.20	31 December 2015

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

Name	Number of Options	Percentage
Options expiring 1 May 2017		
Exercise Price $2.00		
Bruce Newell	3,334	100%
Options expiring 31 March 2019		
Exercise Price $0.30		
Performa Capital Pty Ltd <Performa A/C>	3,750,000	32%

Performance Shares
A total of 10,000,002 performance shares are on issue. The holders are as follows:

Name	Number of Performance Shares
Performa Capital Pty Ltd <Performa A/C> (escrowed till 2.5.16)	4,500,000
Frontier Capital Pte Ltd	2,499,999
Traditional Securities Group Pty Ltd <LPR Family A/C> (escrowed till 2.5.16)	1,750,002
Rivergrade Pty Ltd <Rivergrade A/C>	1,250,001

Voting Rights
The voting rights attached to each class of equity security are as follows:
Ordinary Shares
- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a how of hands.

Performance Shares
- These shares have no voting rights.

Restricted securities
There are 6,666,667 fully paid ordinary shares subject to voluntary escrow on issue.

Use of Cash
During the reporting period, the use of cash has been consistent with the Company's business objectives.