

29 July 2019

Australian Securities Exchange Limited Via e-lodgement
ASX Code ICT

June Quarter Update

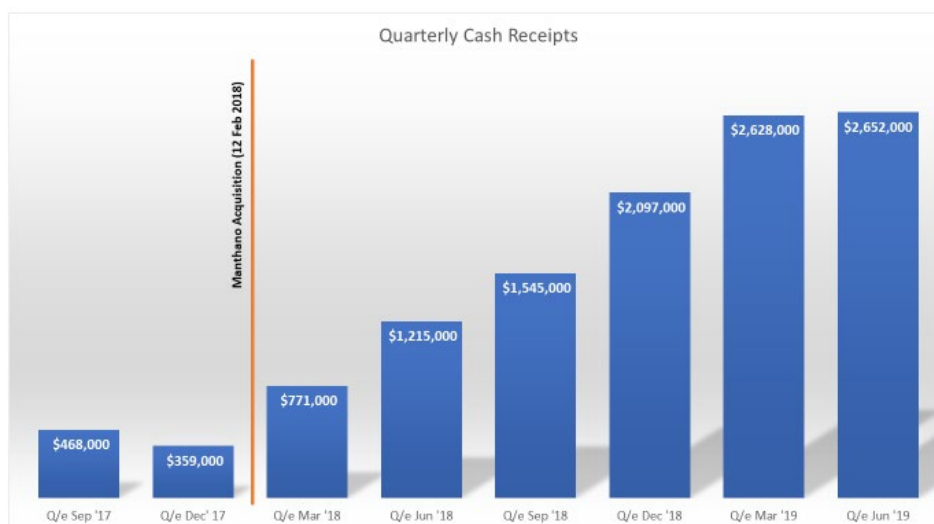
Key Highlights:

- **Strong organic cash receipts growth of 315% for FYE2019**
- **6th consecutive quarter of growth.**
- **Highest recorded quarterly cash receipts - \$2.6M**
- **Revenue growth of 45% in the second half of FY19.**
- **Conversion of \$0.5M convertible notes to shares**
- **Extension of director escrow period**
- **Payment of abnormal expenses of \$0.2M**

Quarterly Cash-flow Commentary:

The board of iCollege is pleased to announce consolidated unaudited cash receipts of \$2,652,000 for the June quarter.

Cash receipts growth accelerated during Q4 FY19 to finish the quarter with a strong 118% overall growth on the prior corresponding Q4 FY18 and 315% growth for the full year.



Cashflow Commentary

As can be seen from the graph above, growth for the fourth quarter was not as strong as previous quarters in the 2019 FY. This can be explained as cash receipts are linked directly to student enrolments and through May and June annually, we see many students exploring University options creating a downturn in vocational training enrolments. Enrolment numbers have begun strongly in quarter 1, 2020 FY and should remain strong until the next expected seasonal downturn in December and the first half of January which has been factored into the company's future cash-flow forecasts.

The Group's reported cash balance as at 30 June 2019 was \$140,000. Operating cash flow for the June 2019 quarter was positive \$23,000 which included the payment of \$190,000 in abnormal expenses. These expenses while significant, have now largely been addressed and are not expected to materially influence future cash-flows. An explanation of the more significant abnormal expenses is set out below including the positive effect that some of them are expected to have on the business moving forward:

- Substantial payments made for legal costs incurred in the Supreme Court dispute with Walker Enterprises (Australia) Pty Ltd, which was settled and announced on 11 October 2018. Payments totalling \$46,441 were made for the quarter and \$387,000 for the full year. This current quarter sees the finalisation of legal fees attributable to the Walker dispute.
- The company continued to focus on cost management and restructuring of the Group's operations. This has resulted in additional abnormal expenses for the quarter, with the resultant benefits to the bottom line being visible in future quarters. The more material items include the following:
 - The company incurred end of lease expenses linked to the closure of 2 campuses and relocation of 1 campus. The make good costs and fit out requirements for the relocated Adelaide facility exceeded \$50,000. The closure of the Kedron facility has seen the relocation of Capital Training Institute to the existing Mt. Gravatt campus, greatly increasing the utilisation rate of this facility. The end of lease of the Sydney campus of Capital Training Institute provides a significant annual saving. The rationalisation of campuses is expected to deliver a reduction in the group's occupancy costs by over \$300,000 per annum with no impact on the current student intake or the international student (CRICOS) capacity of 1,800 students.
 - During the quarter the company made a number of decisions regarding redundancies and staff restructuring. Seven (7) staff exited the business with pay-out costs of \$68,500. These roles represented an annual cost of \$552,500. Three (3) new roles focussed on streamlining business and client processes were appointed as replacements at an annual cost of \$189,000 providing annual savings moving forward of \$363,000.

As announced to the market on 11 April 2019 a convertible note held by Silver River Investment Holdings Pty Ltd ATF The Fenwick Family Trust was converted to shares together with a voluntary escrow to 31 August 2020.

The Board announced a voluntary extension of their escrow period from 31 August 2019 to 31 August 2020. Total escrow shares now represent 29.5% of the total issued share capital of the Company.

The detailed Appendix 4C – Quarterly Cash Flow Report is set out below.

Ends –

For further information:

Mr. Ashish Katta –

Managing Director
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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

iCollege Limited

ABN

75 105 012 066

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,652	9,000
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(96)	(245)
(d) leased assets	(6)	(89)
(e) staff costs	(1,175)	(4,343)
(f) administration and corporate costs	(589)	(3,497)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(14)	(96)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Costs of course delivery)	(750)	(2,029)
1.9 Net cash from / (used in) operating activities	23	(1,294)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(136)	(203)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
(d) intellectual property	-	-
(e) other non-current assets (Final deferred consideration (Celtic Training & Consultancy))	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other –	-	-
2.6 Net cash from / (used in) investing activities	(136)	(203)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	1,900
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(132)
3.5 Proceeds from borrowings	-	267
3.6 Repayment of borrowings	(147)	(737)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	-	
3.10 Net cash from / (used in) financing activities	(147)	1,298

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	400	339
4.2 Net cash from / (used in) operating activities (item 1.9 above)	23	(1,294)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(136)	(203)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(147)	1,298

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	140	140

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	140	400
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	140	400

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

52

-

Exec Dir Salaries - \$52k

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	150	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

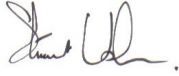
Secured by director guarantee

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	1,050
9.6 Administration and corporate costs	500
9.7 Other (Costs of course delivery)	900
9.8 Total estimated cash outflows	2,450

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Nil	Nil
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company Secretary

Date: 29 July 2019

Print name: Stuart Usher

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.