

19 August 2015

Australian Securities Exchange Limited

Via e-lodgement – ASX Code ICT

## **BINDING TERM SHEET EXECUTED FOR THE ACQUISITION OF CELTIC TRAINING & CONSULTANCY PTY LTD**

### **HIGHLIGHTS:**

- Celtic Training & Consultancy Pty Ltd ('Celtic') is 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
- Celtic has been operating since 2005 under the leadership of Mr. David Leigh-Ewers who, together with his experienced team, has achieved consistent year on year growth
- Total Sales for FY15 was \$1,623,000, which generated an operating profit of \$687,000 (unaudited management prepared figures)
- Total acquisition price is \$2,250,000. This includes an upfront payment of \$750,000, consisting of 50% scrip and 50% cash, and a balance of \$1,500,000 subject to specific performance hurdles. The cash portion of the initial payment will be deferred for three months after the Change of Ownership (a date to be issued and confirmed by the South Australian Department of State Development)
- The Celtic acquisition is highly synergistic to the iCollege Group and its existing RTO framework; complementing and expanding course offerings, whilst providing the geographical and funding diversity integral to reduce business risk

## About Celtic Training & Consultancy Pty Ltd

Celtic was incorporated in 2005 in response to a need for consistent, quality training in the aged care sector. The company now offers more than 30 qualifications, covering foundation skills through to advanced diplomas in personal care, administration, training & assessment, nursing, health & safety and injury management.

Celtic's core client base is residential and community aged care groups, disability agencies, hospitals and government departments. A key driver of growth will be through the Company's Workplace Health & Safety and Injury Management training, allowing Celtic to leverage it's existing training and education offerings to a broader range of industry sectors.

Furthermore, the recent utilisation of an e-learning platform has allowed Celtic to provide a blended learning experience (rather than the historical face-to-face training conducted in South Australia), and expand its business nationally.

## 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).

## **About Mr David Leigh-Ewers**

Mr Leigh-Ewers was born in Devon, England 1953 and spent a number of successful years in Engineering & Financial Management for large corporations including Centrax Engineering, ITT (UK), British Van Heusen (UK), EMC (Saudi Arabia) and Gulf Oil (Saudi, UAE & Austria).

After migrating to Australia in 2002 and becoming a citizen, Mr Leigh-Ewers founded both Celtic Care and Celtic Training & Consultancy ('Celtic').

Celtic was founded in 2005 with a focus on Health and Community Services training packages. Mr Leigh-Ewers is actively involved in representing Celtic in the community and the aged care sector on workforce development issues.

## **Mr Leigh-Ewers commented on the iCollege and Celtic acquisition:**

"iCollege and I have been in discussions for the better part of a year, our joint aim was to ensure that both entities would gain maximum benefit from the acquisition of Celtic Training & Consultancy. Both companies now feel that the time is right to seal the deal. I am personally excited about what the future holds, and the increased opportunities that becoming a part of the iCollege team will bring."

"I look forward to working with CEO Mr Ross Cotton and the high caliber executive leadership of iCollege to not only mutually grow our businesses, but to deliver strong, robust and sustainable educational outcomes for our students well into the future."

## **iCollege CEO, Mr Ross Cotton, commented:**

"We are extremely excited to finally invite Mr Leigh-Ewers to the iCollege team. An individual of David's caliber is both motivational and inspiring to our executive team and staff, and he brings a significant amount of experience to our team, that will be invaluable as we enter the next phase of growth for our company."

"Further, the leverage that Celtic brings to the expanding aged care market is of particular importance as it diversifies our course offering which will open doors into both the community sector and the lucrative services markets. The various funding sources available to Celtic further

de-risk iCollege's reliance on geographical and Government funding and provides a strong base for future growth."

-ENDS-

**For further information, please contact:**

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**About iCollege Limited:**

iCollege (ASX: ICT) is a training organisation positioned to become one of Australia's leading educators. iCollege has grown substantially since its inception in 2014 through targeted acquisitions and growth among its current portfolio companies. iCollege charges itself with the vision to assist students and workers to remain relevant in an ever-changing employment environment, through the provision of training solutions delivered via a state of the art e-learning platform – an innovative and unique technology solution designed to make the learning experience more flexible, dynamic and mobile.