

ASX Announcement

20 March 2015

Australian Securities Exchange Limited

Via e-lodgement – ASX Code ICT

COMPLETION OF ACQUISITION: MANAGEMENT INSTITUTE OF AUSTRALIA

HIGHLIGHTS

- iCollege has signed a binding Share Sale Agreement (“SSA”) to acquire Management Institute of Australia Pty Ltd (“MIA”)
- MIA is a Vocational Education and Training (VET) accredited Registered Training Organisation (“RTO”) with FY14 revenue of \$8.1m and EBIT of \$2.2m
- Cash consideration reduced by \$1m upfront replaced by scrip at Vendors request at \$0.15 cents per share
- Renegotiated acquisition terms for MIA are \$1m cash upon completion plus \$1m in shares, representing less than 1x MIA’s FY14 EBIT of \$2.2m. The balance of the deferred consideration is \$8m and will be staged in cash and scrip payments upon MIA meeting specific EBIT targets over the next 3 financial years
- Acquisition will be funded by current cash reserves and a Convertible Loan facility financed by significant shareholder, The Copulos Group

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iCollege (ASX: ICT) is pleased to announce that it has entered into binding Share Sale Agreement to acquire 100% of the shares in Management Institute of Australia Pty Ltd.

This immediate EPS accretive acquisition is particularly significant for iCollege, as it provides a significantly expanded course offering, solid earnings and scalable growth opportunities. The financial performance of MIA is expected to further improve as iCollege successfully integrates the businesses and applies its proprietary technology to fully maximise the potential of online learning.

Alongside the previously announced and successfully completed acquisitions of The Bookkeeping School Pty Ltd and Mathisi Pty Ltd, the acquisition of MIA positions iCollege as a significant online education business.

About the Management Institute of Australia

The Management Institute of Australia established its RTO operations in 2005 and in 2011 the company established a unique model in the Australian VET sector. The model involved not only establishing one or more teaching organisations; but rather developing a sophisticated, 'systems-driven' RTO model which has been adopted by a range of private education businesses. The model is predicated by having a flexible training delivery utilising online platforms.

The vision has been to be recognised within Australia and globally as a private provider of post-secondary education of the highest quality that produces graduates with relevant and contemporary skills and capabilities for professional practice. The Management Institute of Australia is committed to the continuous development and transfer of knowledge to enhance professional performance for its students, corporate partners and stakeholders. This vision is shared by iCollege and significant synergies exist.

With a combined scope of 70 Accredited and nationally recognised courses and many more non-accredited courses; MIA has been well positioned for national and international expansion, making it an ideal fit for the iCollege business model. Courses are offered across 22 industries, including Business, Logistics, Beauty and Massage, Fitness, Automotive, Rural, Childcare, Aged Care and Workplace Health and Safety.

The main portal for the MIA business can be found at www.mia.edu.au.

iCollege Executive Director, Mr Ross Cotton commented:

"We are extremely excited by the prospect of working with the founder of MIA, Mr Michael Walker, who has built MIA into the impressive and profitable business it is today. Now, as part of the iCollege team, we look forward to assisting MIA further expand into a formidable force in online education globally."

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);
- (ii) Deferred consideration of \$8M to be paid over three performance hurdles:
 - (a) MIA reaching an EBIT of \$2,000,000 for the financial year ending 30 June 2015, a payment of \$500k in cash, and payment of \$1.5m cash on 23 December 2015;
 - (b) 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);
 - (c) 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);
 - (d) 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.

Acquisition Funding

iCollege has placed a Convertible Loan with the Copulos Group and other associated high net worth investors for a minimum of \$500,000. The term of the loan is 12 months with interest payable of 12% per annum paid quarterly in arrears. The loan may be converted to shares at an exercise price at \$0.15 per share or paid back in full at the Loan holder's election.

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For further information, please contact:

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About iCollege Limited:

iCollege Limited (ASX: ICT) is a 100% online training platform that provides practical and comprehensive specialist education. The platform's proprietary technology is optimised for mobile devices operating on iOS and Android applications. Launched in 2014 to help students and employees stay relevant in an ever-changing employment environment, the online education provider creates more engaging content and training experiences for the student and working community who are seeking to get ahead and advance their knowledge and current skill sets.

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