

2021

iCollege

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iCollege Limited
and controlled entities

ABN 75 105 012 066



**Interim Financial Report for the
Half-Year Ended 31 December 2020**

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CORPORATE DIRECTORY

Directors

Simon Tolhurst – Non-executive Chairman

Ashish Katta – CEO & Managing Director

Badri Gosavi – CFO & Executive Director

Company Secretary

Stuart Usher

Registered Office

205 North Quay

Brisbane City

QLD 4000

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Email: investors@icollege.edu.au

Website: www.icollege.edu.au

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd

Level 3, 216 St Georges Terrace

Perth WA 6000

Telephone: +61 (0)8 9226 4500

Share Registry

Advanced Share Registry Pty Ltd

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WA 6009

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Securities Exchange

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APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

1 REPORTING PERIOD

Report for the period ended: 31 December 2020
 Previous corresponding period is half-year ended: 31 December 2019

2 RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-year ended 31 Dec 2020	Half-year ended 31 Dec 2019	Change %
	\$	\$	
2.1 Revenues from ordinary activities	8,822,964	7,022,644	26% increase
2.2 Profit / (loss) from ordinary activities after tax attributable to members (Item 2.2)	1,222,808	(107,805)	1,222% increase
2.3 Profit from ordinary activities (Item 2.3)	1,222,808	(107,805)	1,222% increase

	Amount per security	Franked amount per security
	¢	%
2.4 Dividends		
Interim dividend	Nil	n/a
Final dividend	Nil	n/a
2.5 Record date for determining entitlements to the dividend	n/a	
2.6 Revenue represents interest earned, service revenue, JobKeeper and ATO Cash Flow Boost revenue		

3 Net tangible assets per security

	Current Period	Previous corresponding period
	\$	\$
Earnings / (losses) for the period attributable to owners of the parent	1,222,808	(107,805)
Net assets / (liabilities)	2,902,025	(1,118,101)
Less: Intangible assets	(2,547,718)	(3,150,854)
Less: Right of Use assets	(1,816,073)	(2,955,805)
Add: Deferred tax liabilities	697,872	866,484
Net tangible assets / (liabilities)	(763,894)	(6,358,276)
Fully paid ordinary shares	No. 581,564,649	No. 526,564,649
Net tangible assets / (liabilities) backing per share	¢ (0.001)	¢ (0.012)

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APPENDIX 4D (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

4. Details of entities over which control has been gained or lost during the period

4.1	Name of entities	Nil
4.2	Date of gain or loss or control	N/A
4.3	Contribution to consolidated profit / (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained or lost	N/A

5 Dividends

Interim dividend
Final dividend

Date Payable	Amount per security ¢	Franked amount per security %
N/A	Nil	N/A
N/A	Nil	N/A

6. Dividends and returns to shareholders including distributions and buy backs

Nil

- a. Details of dividend or distribution reinvestment plans in operation are described below:
Not applicable

7. Details of associates and joint venture entities

Name of entities	Nil
Percentage holding in each of these entities	N/A

8. The financial information provided in the Appendix 4D is based on the interim final report (attached), which has been prepared in accordance with Australian Accounting Standards.

9. The report is based on accounts which have been reviewed by the Company's independent auditor.

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Your directors present their financial report on the consolidated entity consisting of iCollege Limited (**iCollege or the Company**) and its controlled entities (**Group**) for the half-year ended 31 December 2020.

Directors

The names of Directors during the half-year and up to the date of this report are:

Simon Tolhurst	Non-executive Chairman
Ashish Katta	CEO & Managing Director
Badri Gosavi	CFO & Executive Director

Principal activities

The principal activity of the Company during the financial half-year was the provision of education services to domestic and international students.

Operating and financial review

iCollege is a vocational training provider comprised of six businesses which deliver accredited and non-accredited vocational education and training solutions throughout Australia and internationally. iCollege currently has four registered training organisations (RTO) based in Australia, an English language testing business partnered with Cambridge Assessment English and an India-based specialist IT Training business focussed on the delivery of intensive Boot Camp style training in coding.

- Record revenue of \$8,822,964, a 26% increase on PCP (H1 FY2020: \$7,022,644)
- Net profit after tax of \$1,222,808 versus a loss of \$107,805 on the previous corresponding period
- Strong EBITDA increase to \$2,006,980 highlights a major improvement on the PCP (H1 FY2020: \$673,711)
- Balance sheet strengthened through oversubscribed capital raise – cash at bank at half year end of \$5,528,227
- Solid half-year growth underpinned by strong domestic recruitment, onshore international student enrolment, and multiple new training programs

The Board and management of iCollege Limited ('iCollege') is pleased to update shareholders on the Company's operational and financial performance for the half-year ended 31 December 2020 ('H1 FY2021'). By almost every measure, iCollege has excelled and delivered a record financial performance.

iCollege generated record revenues of \$8,822,964 during the half, a 26% increase on the previous corresponding period ('PCP') (H1 FY2020: \$7,022,644). This includes \$936,100 (30 December 2019: \$Nil) in income relating to the COVID-19 Government Stimulus. The group generated a net profit after tax of ('NPAT') \$1,222,808 compared to a loss of \$107,805 during H1 FY2020. Earnings before interest, tax, depreciation, and amortisation ('EBITDA') were \$2,006,980, a major improvement on the PCP (H1 FY2020: EBITDA of \$673,711).

DIRECTORS' REPORT (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

The Company also strengthened its balance sheet during the half through a successful placement which raised \$5,500,000 through the issue of 55,000,000 fully paid ordinary shares at \$0.10 per share before costs. This has delivered the necessary financial flexibility to pursue several organic growth initiatives and pursue strategic and complementary acquisitions. The Company has also continued to pay down debt through stringent cost management.

The net asset surplus of the Group has increased from 30 June 2020 by \$6,552,558 to \$2,902,025 at 31 December 2020 (30 June 2020: \$3,650,333 deficiency).

As at 31 December 2020, the Group's cash and cash equivalents increased from 30 June 2020 by \$4,683,337 to \$5,528,227 (30 June 2020: \$844,890) and had a working capital surplus (excluding unearned revenue) of \$2,884,979 (30 June 2020: \$3,301,197 working capital deficit).

The steady and continuing growth in revenue and earnings has been driven by the strengthening performance of the Company's domestic training operations and a steady contribution from iCollege's international student business.

During the half, iCollege provided ongoing training packages to industries experiencing considerable skills shortages and the Company is set to be a key beneficiary of the State and Federal Government's \$1 billion Job Trainer fund which was set up as a response to the COVID-19 pandemic. iCollege is very well positioned to take advantage of Job Trainer due to its unrivalled geographical footprint of established campuses and participation in a significant number of state government contracts.

Financial performance was also slightly enhanced due to the Company's participation in three infection control programs initiated during the half. These included the ongoing roll out of a training program with the Pharmacy Guild of Australia to train staff at the Guild's 5,800 member pharmacies across the country, a contract secured with WA's largest aged care provider, Aegis Aged Care Group Pty Ltd to train 3,300 staff and an agreement with Canberra's largest taxi company to provide mandatory infection control training to over 400 drivers.

In addition, ongoing domestic enrolments in existing course offerings in aged care, hospitality, building and construction, community services and healthcare added to the Company's growing earnings profile.

International recruitment during the half was focused on international students who have remained in Australia due to border closures and travel restrictions. iCollege recruited offshore international students that could commence courses whilst living abroad, with a view to completing the remainder of the course once border restrictions are lifted. This initiative highlighted the Company's ability to quickly adapt to the changing regulatory environment and to maintain steady international recruitment levels despite the uncertainty of international border closures. International enrolments accounted for 46% of revenue for the half year ended 31 December 2020.

iCollege expects further growth in the current half and beyond. The development of the Company's new Perth training facility will be completed in the coming months which delivers another catalyst to build the revenue base. The campus is located in Bayswater, a short distance from the Perth CBD and across from the Bayswater train station, which is undergoing a \$100m upgrade. Ongoing domestic and international enrolments are also expected to underpin its growth.

DIRECTORS' REPORT (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

The Company is actively pursuing a number of organic growth opportunities and strategic acquisition opportunities, primarily in Australia but also internationally, all of which will make a positive contribution to earnings. The sector is ripe for further consolidation and iCollege is poised to achieve much greater critical mass.

Auditor's independence declaration

The lead auditor's independence under section 307c of the Corporations Act 2001 (Cth) for the half-year ended 31 December 2020 has been received and can be found on Page 7 of the interim financial report.

Signed in accordance with a resolution of directors, pursuant to section 306(3) of the *Corporations Act 2001 (Cth)*.

Handwritten signature of Ashish Katta in black ink, consisting of the initials 'K.A.' followed by a stylized 'L' and 'K'.

ASHISH KATTA

CEO & Managing Director

Dated this Wednesday 10 February 2021

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the review of the financial statements of iCollege Limited for the half year ended 31 December 2020, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 10th day of February 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	31 December 2019 \$
Revenue from continuing operations	2a	7,885,968	7,021,177
Cost of Sales		(3,623,281)	(3,368,966)
Gross profit		4,262,687	3,652,211
Other income	2b	936,996	1,467
Audit and tax expenses		(58,621)	(27,121)
Compliance		(53,762)	(50,103)
Consultant fees		(659,976)	(274,514)
Depreciation and amortisation		(694,824)	(634,088)
Director fees		(30,000)	(50,000)
Doubtful debts		(168,067)	(225,096)
Employment expenses		(1,554,354)	(1,379,059)
Interest expense		(174,001)	(232,778)
Legal fees		(23,991)	(70,363)
Marketing expenses		(119,372)	(108,332)
Occupancy expenses		(57,251)	(324,997)
Travel expenses		(54,598)	(115,993)
Other expenses		(412,712)	(354,389)
Profit / (Loss) before tax		1,138,154	(193,155)
Income tax benefit		84,654	85,350
Net profit / (loss) for the half-year		1,222,808	(107,805)
Other comprehensive income for the half-year net of tax		-	-
Total comprehensive income attributable to members of the parent entity		1,222,808	(107,805)
<i>Earnings per share:</i>			
Basic and diluted loss per share (cents per share)	3c	0.226	(0.067)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
Current Assets			
Cash and cash equivalents	4	5,528,227	844,890
Trade and other receivables	5	901,846	523,239
Inventories	6	197,364	216,275
Other assets	7	621,670	257,182
Total current assets		7,249,107	1,841,586
Non-current assets			
Plant and equipment		201,330	151,990
Right of use asset	9	1,816,073	1,425,159
Intangible assets	8	2,547,718	2,855,550
Total non-current assets		4,565,121	4,432,699
Total assets		11,814,228	6,274,285
Current liabilities			
Trade and other payables	10	2,540,211	3,238,467
Unearned revenues		2,056,406	2,694,588
Borrowings	11(a)	965,404	1,145,640
Leases	9	534,282	529,651
Short-term provisions	13	324,231	229,025
Total current liabilities		6,420,534	7,837,371
Non-current liabilities			
Borrowings	11(b)	223,960	223,960
Deferred tax liabilities		697,872	782,526
Leases	9	1,569,837	1,080,961
Total non-current liabilities		2,491,669	2,087,447
Total Liabilities		8,912,203	9,924,818
Net Assets / (Liabilities)		2,902,025	(3,650,533)
Equity			
Issued capital	14	34,469,202	29,986,452
Reserves		2,804,234	1,957,234
Accumulated losses		(34,371,411)	(35,594,219)
Total equity		2,902,025	(3,650,533)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Contributed Equity	Accumulated Losses	Share-based Payments Reserve	Total Equity
		\$	\$	\$	\$
Balance at 1 July 2020		29,986,452	(35,594,219)	1,957,234	(3,650,533)
Profit for the half-year			1,222,808		1,387,808
Other comprehensive income for the half-year					
Total comprehensive income for the half-year			1,222,808		1,387,808
Transactions with owners					
Shares issued at net cost		4,482,750			4,317,750
Options issued at fair value				847,000	847,000
Balance as at 31 December 2020		34,469,202	(34,371,411)	2,804,234	2,902,025

	Note	Contributed Equity	Accumulated Losses	Share-based Payments Reserve	Total Equity
		\$	\$	\$	\$
Balance at 1 July 2019		29,951,452	(32,953,982)	1,957,234	(1,045,296)
Loss for the half-year		-	(107,805)	-	(107,805)
Other comprehensive income for the half-year		-	-	-	-
Total comprehensive income for the half-year		-	(107,805)	-	(107,805)
Transactions with owners					
Shares issued at net cost		35,000	-	-	35,000
Options issued at fair value		-	-	-	-
Balance as at 31 December 2019		29,986,452	(33,061,787)	(1,957,234)	(1,118,101)

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities			
Receipts from customers		6,366,290	6,320,311
Interest received		896	1,467
Interest paid		(39,790)	(232,778)
Payment to suppliers and employees		(6,708,063)	(6,287,037)
Job Keeper & ATO Cash Flow Boost		778,728	-
Bank Guarantees Paid		(176,453)	-
Net cash used in operating activities		221,608	(198,037)
Cash flows from investing activities			
Purchase of plant and equipment		(67,589)	(18,886)
Net cash used in investing activities		(67,589)	(18,886)
Cash flows from financing activities			
Repayment of loans		(585,000)	(289,541)
Proceeds from issue of shares		5,500,000	-
Payment of share issue costs		(385,682)	-
Proceeds from issue of convertible notes		-	500,000
Net cash provided by financing activities		4,529,318	210,459
Net increase / (decrease) in cash and cash equivalents		4,683,337	(6,464)
Cash and cash equivalents at the beginning of the half-year		844,890	134,989
Cash and cash equivalents at the end of the half-year		5,528,227	128,525

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Half-Year Report covers iCollege Ltd (**iCollege** or **the Company**) and its controlled entities. iCollege is a public listed company, incorporated and domiciled in Australia. Its registered office is 205 North Quay, Brisbane City, QLD 4000. iCollege is a for-profit company for the purpose of preparing this Half-Year Report.

The financial statements were authorised for issue on 29 January 2021 by the directors of the Company.

a. Basis of preparation

The Half-Year Report has been prepared on the historical cost and accruals basis except where stated otherwise.

The Half-Year Report is intended to provide users with an update on the latest half-year for iCollege Ltd and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the half-year.

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial period.

b. Statement of compliance

The Half-Year Report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*. The Half-Year Report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

c. Going concern

The half year financial report has been prepared on the 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 the business.

The Group recorded a profit after tax for the half year ended 31 December 2020 of \$1,222,808 (31 December 2019: \$107,805 loss) and as at balance sheet date, had a working capital surplus (excluding unearned revenue) of \$2,884,979 (30 June 2020: \$3,301,197 deficiency). Included in current liabilities is unearned revenue of \$2,056,406 (30 June 2020: \$2,694,588) which is not expected to be repaid and convertible notes of \$650,000 which may be converted to equity.

During the year the Company successfully raised \$5,500,000 (before costs) and based on cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

d. Use of estimates and judgements

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The judgements, estimates and assumptions are applied in the consolidated financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2020.

2. REVENUE AND OTHER INCOME

	31 December 2020 \$	31 December 2019 \$
a. Revenue		
Course Income	7,885,968	7,021,177
	<u>7,885,968</u>	<u>7,021,177</u>
b. Other Income		
JobKeeper & ATO Cash Flow Boost	936,100	-
Interest income	896	1,467
	<u>936,996</u>	<u>1,467</u>

3. EARNINGS PER SHARE (EPS)

	31 December 2020 \$	31 December 2019 \$
a. Reconciliation of earnings to profit or loss		
Profit / (Loss) for the half-year	1,222,808	(107,805)
Profit / (Loss) used in the calculation of basic and diluted EPS	<u>1,222,808</u>	<u>(107,805)</u>
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		
	542,193,066	525,687,456

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

3. EARNINGS PER SHARE (EPS) (continued)

	31 December 2020 \$	31 December 2019 \$
c. Earnings per share		
Basic EPS (cents per share)	0.226	(0.021)

d. As at 31 December 2020, the Group has 22,000,000 unissued shares under options (31 December 2019: \$27,500,000). During the half-year ended 31 December 2020, the Group's unissued shares under option and partly paid shares were anti-dilutive.

4. CASH AND CASH EQUIVALENTS

	31 December 2020 \$	30 June 2020 \$
a. Current		
Cash at bank	5,528,227	844,890
	5,528,227	844,890

5. TRADE AND OTHER RECEIVABLES

	31 December 2020 \$	30 June 2020 \$
a. Current		
Trade receivables	704,177	545,756
Less: Doubtful debts	(269,342)	(234,000)
	434,835	311,756
GST receivable	122,961	69,982
Accrued income	300,000	95,279
Other receivables	44,051	46,222
	901,846	523,239

6. INVENTORIES

	31 December 2020 \$	30 June 2020 \$
a. Current		
Linguaskills bundles	197,364	216,275
	197,364	216,275

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

7. OTHER ASSETS

	31 December 2020 \$	30 June 2020 \$
a. Current		
Bank guarantees and bonds	359,289	158,794
Prepayments	259,960	97,525
Other	2,421	863
	<u>621,670</u>	<u>257,182</u>

8. INTANGIBLE ASSETS

	31 December 2020 \$	30 June 2020 \$
a. Non-current		
Licenced operations	2,855,550	3,471,216
Accumulated amortisation	(307,832)	(615,666)
	<u>2,547,718</u>	<u>2,855,550</u>

9. LEASES

	31 December 2020 \$	30 June 2020 \$
a. Right of use assets		
Properties	1,816,073	1,425,159
	<u>1,816,073</u>	<u>1,425,159</u>
b. Lease liabilities		
Current	534,282	529,651
Non-current	1,569,837	1,080,961
	<u>2,104,119</u>	<u>1,610,612</u>

10. TRADE AND OTHER PAYABLES

	31 December 2020 \$	30 June 2020 \$
a. Current		
Trade payables	924,032	1,481,988
Sundry payables and accrued expenses	1,556,978	1,755,246
Accrued interest on convertible notes	59,201	1,233
	<u>2,540,211</u>	<u>3,238,467</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

11. BORROWINGS

	Note	31 December 2020 \$	30 June 2020 \$
a. Current			
Convertible notes (i) & (ii)		650,000	650,000
Loans (iii)		46,093	87,492
Short term loans (iv)		60,113	81,833
Related Party Loan (v)	12	209,198	326,315
		965,404	1,145,640
b. Non-current			
Long-term loan (vi)		223,960	223,960
		223,960	223,960

(i) Convertible Note (Unsecured)

Face value:	\$150,000
Coupon:	10% - accrues and is payable on a monthly basis
Maturity:	A variation to the terms was agreed on 28 September 2020 to vary the terms to mature on 28 September 2021. All other terms remaining in place.
Conversion:	The loan-holder shall have the option of requesting repayment in full from the borrower either in cash or in the issue of ordinary shares at the conversion price of \$0.05 per share, subject to a conversion notice by the redemption date being 12 months from date of issue and ending on the final conversion date subject to arrangement by the Company and Shareholder approval and in full compliance with ASX Listing Rules.

(ii) Convertible Note (Unsecured)

Face value:	\$500,000
Coupon:	10% - accrues and is payable on a monthly basis
Maturity:	A variation to the terms was agreed on 14 November 2020 to vary the terms to mature on 31 March 2021. All other terms remaining in place.
Conversion:	The loan-holder shall have the option of requesting repayment in full from the borrower either in cash or in the issue of ordinary shares at the conversion price of \$0.05 per share, subject to a conversion notice by the redemption date being 12 months from date of issue and ending on the final conversion date subject to arrangement by the Company and Shareholder approval and in full compliance with ASX Listing Rules.

(iii) Loans

The unsecured loans are interest bearing.

(iv) Short term loan

Loan is repayable within 12 months and is unsecured and interest bearing.

(v) Related party loan

Loan is repayable within 12 months and is unsecured and non-interest bearing.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

11. BORROWINGS (continued)**(vi) Long term loan (Secured)**

Facility limit:	\$223,960
Commencement date:	19 May 2020
Interest rate:	0.00% for the first 12 months from the commencement date. Then 2.50% for the remainder of the loan term
Interest period:	Monthly
Term:	10 years from the commencement date
Repayment terms:	No repayments for the first 12 months, followed by 24 months of interest only repayments then 84 months of principal and interest repayments

12. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Balance 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.

There is a loan outstanding payable to Mr Ashish Katta of \$470,000 at half-year end (30 June 2020: \$484,724) being an amount payable as a result of an equity sell-down completed pre-acquisition. No interest is accrued on the loan and will be repaid to him as and when he provides notice to the company subject to available cash and sufficient working capital remaining in the company.

There is a loan outstanding receivable from Sero Learning Pty Ltd, of which Mr Ashish Katta is a Director, of \$260,802 (30 June 2020: \$172,169). There is a right of set-off in place on which the amount is net off against the amount owing to Ashish Katta. This results in a net payable of \$209,198 (30 June 2020: \$312,555).

13. PROVISIONS

	31 December 2020 \$	30 June 2020 \$
a. Current		
Provision for annual leave	319,569	224,801
Provision for long service leave	4,662	4,224
	324,231	229,025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

14. ISSUED CAPITAL

	6 months to 31 December 2020 No.	12 months to 30 June 2020 No.	6 months to 31 December 2020 \$	12 months to 30 June 2020 \$
Fully paid ordinary shares at no par value	526,564,649	526,564,649	29,986,452	29,986,452
a. Ordinary shares				
Shares issued during the period/year:				
Placement shares issued at \$0.10 per share	55,000,000	-	5,500,000	-
Transaction costs relating to share issues	-	-	(1,017,250)	-
At reporting date	581,564,649		34,469,202	

	6 months to 31 December 2020 No.	12 months to 30 June 2020 No.	6 months to 31 December 2020 \$	12 months to 30 June 2020 \$
a. Options				
Options				
At the beginning of the period	7,500,000	27,500,000	1,957,234	1,957,234
Options issued/(lapsed) during the year:				
Expired 03/07/2020	(7,500,000)			
Expired: 12/02/2020		(20,000,000)		
Issued to broker: (i)				
Expiry Date: 10/07/20				
Exercise Price: \$0.05	10,000,000		165,000	
Expiry Date: 10/07/2023				
Issued to broker: (ii)				
Expiry Date: 09/11/2023				
Exercise Price: \$0.15	12,000,000		682,000	
At reporting date	22,000,000	7,500,000	2,804,234	1,957,234

(i) 10 million options issued on 10 July 2020 to key strategic advisors to the business, particularly around Linguaskill. Options were issued in lieu of cash fees paid for services performed.

(ii) 12 million options to be issued to various participating brokers involved in the \$5.5m capital raise in November 2020.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

15. OPERATING SEGMENTS
6 months ended 31 December 2020
Segment Income

	Financing \$	Education Services \$	Consolidated \$
Revenue from customers	-	7,885,968	7,885,968
Other income	181,000	755,100	936,100
Finance income	92	804	896
Total income	181,092	8,641,872	8,822,964

Segment Expenses

Cost of goods sold	-	(3,623,281)	(3,623,281)
Finance costs	(38,100)	(135,901)	(174,001)
Depreciation and amortisation	(310,329)	(384,495)	(694,824)
Net other costs	(1,280,029)	(1,912,675)	(3,192,704)
Total expenses	(1,628,458)	(6,056,352)	(7,684,810)
Segmented profit before income tax	(1,447,366)	2,858,520	1,138,154

31 December 2020
Segment Assets and Liabilities

Reportable segment assets	5,809,032	6,005,196	11,814,228
Reportable segment liabilities	(2,692,861)	(6,219,342)	(8,912,203)
Net assets / (deficiency)	3,116,170	(214,145)	2,902,025

6 months ended 31 December 2019
Segment Income

	Financing \$	Education Services \$	Consolidated \$
Revenue from customers	-	7,021,177	7,021,177
Other income	-	-	-
Finance income	2	1,465	1,467
Total income	2	7,022,642	7,022,644

Segment Expenses

Cost of goods sold	-	(2,139,483)	(2,139,483)
Finance costs	(26,736)	(206,042)	(232,778)
Depreciation and amortisation	(311,272)	(322,816)	(634,088)
Net other costs	(894,357)	(3,315,093)	(4,209,450)
Total expenses	(1,232,365)	(5,983,434)	(7,215,799)
Segmented loss before income tax	(1,232,365)	1,039,208	(193,155)

31 December 2019
Segment Assets and Liabilities

Reportable segment assets	336,407	7,336,597	7,673,004
Reportable segment liabilities	(2,381,530)	(6,409,575)	(8,791,105)
Net assets / (deficiency)	(2,045,123)	927,022	(1,118,101)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

16. EVENTS SUBSEQUENT TO REPORTING DATE

There has been no additional matter or circumstance that has arisen after balance sheet date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future reporting periods.

17. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last reporting period.

18. COMMITMENTS

There has been no change in commitments since the last reporting period.

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DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

The Directors of the Company declare that:

1. The consolidated financial statements and notes, are in accordance with the *Corporations Act 2001 (Cth)* and:

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

(b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the half-year ended on that date of the Company.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the *Corporations Act 2001 (Cth)* and is signed for and on behalf of the directors by:



ASHISH KATTA

CEO & Managing Director

Dated this Wednesday 10 February 2021

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Independent Auditor's Review Report

To the Members of iCollege Limited

Conclusion

We have reviewed the accompanying half-year financial report of iCollege Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of iCollege Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the iCollege Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Independent Auditor's Review Report

To the Members of iCollege Limited (Continued)



Responsibility of the Directors for the Financial Report

The directors of the iCollege Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 10th day of February 2021

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