



# ICOLLEGE LIMITED

ABN 75 105 012 066

and its controlled entities

## **APPENDIX 4E**

**Preliminary Final Report**

**30 June 2020**

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## ICOLLEGE LIMITED

AND CONTROLLED ENTITIES

ABN 75 105 012 066

## APPENDIX 4E

Preliminary final report

30 June 2020

### Corporate directory

#### Current Directors

Simon Tolhurst	<i>Non-executive Chairman</i>
Ashish Katta	<i>Managing Director</i>
Badri Gosavi	<i>CFO &amp; Executive Director</i>

#### Company Secretary

Stuart Usher

#### Registered Office

Street + Postal: 205 North Quay

Brisbane City

QLD 4000

Telephone: +61 (0)7 3229 6000

Email: [investors@icollege.edu.au](mailto:investors@icollege.edu.au)

Website: <http://www.icollege.net>

#### Auditors

Bentleys Audit & Corporate (WA) Pty Ltd

Level 3, 216 St Georges Terrace

PERTH WA 6000

Telephone: +61 (0)8 9226 4500

#### Solicitors

Andrew Lindfoot

Suite 5, 531 Hay Street, Subiaco,

Western Australia

#### Share Registry

Link Market Services Limited

Street + Postal: Level 12, QV1 Building

250 St Georges Terrace,

PERTH WA 6000

Telephone: 1300 554 474 (within Australia)

+61 (0)8 9211 6670 (International)

Facsimile: +61 (0)8 9287 0303

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

Website: <https://www.linkmarketservices.com.au>

#### Securities Exchange

Australian Securities Exchange

Level 40, Central Park, 152-158 St Georges Terrace

Perth WA 6000

Telephone: 131 ASX (131 279) (within Australia)

Telephone: +61 (0)2 9338 0000

Facsimile: +61 (0)2 9227 0885

Website: [www.asx.com.au](http://www.asx.com.au)

ASX Code ICT

#### Bankers

Commonwealth Bank Limited

Ground Floor, 50 St Georges Terrace

PERTH WA 6000

## APPENDIX 4E








Preliminary final report  
30 June 2020

**ICOLLEGE LIMITED**

AND CONTROLLED ENTITIES

ABN 75 105 012 066

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## Company Update

### 1. Operating and financial review

#### 1.1. Nature of Operations and Principal Activities

iCollege Limited is a leading vocational training provider that comprises 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 (RTOs) based in Australia, an India-based specialist IT Training business focussed on the delivery of intensive Boot Camp style training in coding and an English language testing business partnered with Cambridge Assessment English.

The iCollege training scope assists people looking to develop essential skills and knowledge required to gain employment or advance their careers across a range of industry sectors including construction, aged care, disability, hospitality, business, information technology, English language and health & fitness.

iCollege is approved to train both domestic and international students throughout Australia. iCollege currently provides training to a range of existing workers, job seekers and school leavers throughout our seven campuses in Sydney, Brisbane, Gold Coast, Perth, Adelaide and Canberra.

#### 1.2. Financial Review

The financial statements have 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 Group incurred a loss for the year of \$2,640,237 (2019: \$13,495,185 loss).

The Group's revenue for the year ended 30 June 2020 was recorded at \$10,806,163 as compared with the previous year ended 30 June 2019 which recorded \$8,542,536.

The net liabilities of the Group have increased from 30 June 2019 by \$2,605,237 to \$(3,650,533) at 30 June 2020 (2019: \$(1,045,296)).

As at 30 June 2020, the Group's cash and cash equivalents increased from 30 June 2019 by \$709,901 to \$844,890 at 30 June 2020 (2019: \$134,989) and had a working capital deficit of \$5,995,785 (2019: \$(3,726,185) working capital deficit). Please refer to the Operations Review below for additional business segment performance.

#### FY 2020 Financial Results

	FY2020	FY2019
Revenue from operations	\$ 10,806,163	\$ 8,542,536
EBITDA (Loss)	-\$ 1,044,180	-\$ 2,749,082
Net Loss After Tax	-\$ 2,640,237	-\$ 13,495,184
<b>Positive/Negative cash flows from operations</b>	<b>\$ 191,982</b>	<b>-\$ 1,539,547</b>

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## Company Update

### 1.3. Operations Review

iCollege's financial performance for the first nine months of the year was strong, however the performance for Q4 was affected by the COVID-19 Pandemic. The business recorded earnings before interest, tax, depreciation and amortization (EBITDA) of \$673,712 for the half year and until March 2020 was on track to report a full year profit.

Disruptions in operations caused by COVID-19 Pandemic during Q4 resulted in the temporary closure of campuses and the rapid implementation of course delivery online. This necessitated a rescheduling of course delivery with all theory based coursework being moved to the front end of the curriculum and compulsory face to face training and assessments being rescheduled for later in the curriculum pending a relaxation of government requirements. Student payments have historically been based on individual contracts agreed by the student. Given that course progression has been affected by the unavailability of physical classroom and practical facilities, the directors of the company made the decision not to recognise close to \$1,500,000 of the total recorded \$2,609,268 of unearned revenues during FY2020 and to defer revenue recognition into the new financial year subject to the students' course progression. In July 2020, all campuses and training facilities were re- opened and remain fully operational. Students have returned to face-to-face learning including the completion of compulsory face to face training and assessments. This has resulted in unaudited revenues being recognised for July 2020 of \$1.01m.

Despite the impact of COVID-19 Pandemic, the company's cash collections for the FYE20 was a record \$11,629,362 including job keeper and ATO cash flow boost (compared to \$9,172,093 in FY19). The company recorded maiden positive cash flows of \$191,982 for FY20 (compared to -\$1,539,547 in FY19).

#### Covid-19 impact

- ❖ The impact from COVID-19 is reflected in Q4 results with all training facilities temporarily closed in the interest of health and safety of all students and staff. All training was moved to on-line classes and practical training classes were suspended to later in the year.
- ❖ In July 2020 all campuses were re- opened and are now fully operational.
- ❖ The company provides bespoke training to inmates inside correctional facilities in Queensland. During the month of April, the company was forced to suspend all training due to a COVID-19 outbreak at one of the correctional facilities. In the month immediately preceding the forced suspension, the company had recorded its highest ever earnings from this training of \$224,000 for the month of March 2020. The company recommenced training inside the correctional facilities during the second half of June 2020. This has resulted in unaudited revenues being recognised for July 2020 of \$117,000 and August of \$127,000 from the delivery of this training.
- ❖ iCollege's revenues are generally split 50/50 between domestic and international student enrolments. Of its international student enrolments, over 95% are sourced from onshore, meaning that the students enrolling in iCollege courses are already in Australia. There are currently over 229,000 international students enrolled in the VET sector and over 81,000 international students enrolled in English language courses (ELICOS currently resident in Australia). \* This has resulted in a significantly lesser impact on iCollege's international student enrolments due to international border closures than those of its competitors, who have structured their business model on recruiting its international students from off-shore sources.

While iCollege's international student enrolments were down in April and May 2020, enrolment numbers have since slowly returned to pre-COVID-19 levels. iCollege remains cautiously optimistic regarding its international student enrolments but is mindful of the fact that if the border restrictions remain in place for longer than 12 months, the pipeline of on-shore international student numbers from which iCollege draws its enrolments, will be materially impacted. iCollege has planned to address this risk by directing significant resources to its domestic student enrolments as outlined below.

\*(source:<https://internationaleducation.gov.au/research/International-Student-Data/Documents/MONTHLY%20SUMMARIES/2020/Jun%202020%20MonthlyInfographic.pdf>)

#### Covid 19 response

In response to the COVID-19 Pandemic, iCollege's directors implemented measures to protect the health and safety of all staff and students as well as diligently manage the financial position of the company. These measures included:

- ❖ Temporary closure of campuses and moving to 100% online delivery until it was safe to re-open;
- ❖ Reducing non-academic staff count and reduced working hours for non-essential staff;

## Company Update

- Applying for rental relief from landlords and suspending all temporary venue hire arrangements;
- Participating in government initiatives such as job keeper, and successful application for subsidized QRIDA loan for \$223,960 (2.5% interest rate and 10-year loan term);
- Renegotiation of agreements with service providers at reduced rates; and
- Deferring any offshore projects until further notice.

The Company recognizes that there may be lasting effects from the COVID-19 Pandemic beyond 2020 and has made some strategic decisions to ensure business continuity and growth. Below are some of the strategic priorities being implemented by the Company:

- To counter any stagnation or reduction of international student enrolments in the future, the Company has directed the focus of its resources towards domestic student enrolments and expansion of domestic course offerings.
- Through its four registered training organizations, iCollege has **State Government Funding Contracts** in Queensland, South Australia, New South Wales, Australian Capital Territory and Western Australia.
- These State Government Funding Contracts allow iCollege to deliver state funded training to students across a broad range of subjects including Aged Care, Business, Hospitality, Disability Care, Corrections and Information Technology.
- iCollege is currently the only ASX listed company that holds State Government Funding Contracts in all the above states. The contracts place iCollege in a unique position to take advantage of the newly announced **\$1 Billion Job Trainer Initiative** announced by the Prime Minister earlier in the year.
- iCollege has already commenced enrolments in, and delivery of courses as part of this initiative in the area of Infection Control Skill set, and as announced on 25 August 2020, has partnered with the Pharmacy Guild of Australia to deliver this skill set training to the Guild's members' front line staff. The Infection Control Skill Set, as announced by Minister Cash, is designed to ensure that staff on the front line are fully equipped to perform their duties as essential workers during the pandemic. Funding of \$80 million has been allocated for this training with \$40 million being provided by the Federal government and an additional \$40 million being provided by the various state government.
- iCollege is well advanced in its preparations for delivery of both full qualifications and short courses in other areas of focus of the Federal and state governments as and when the detail of the scheme is rolled out later this financial year. The funding for courses will be administered by each individual state.
- Extending the lifetime value of the student. Currently, iCollege delivers training from certificate I to Advanced diploma levels in various disciplines. As part of its planning, iCollege intends to deliver Bachelor and Master level programs in partnership with universities/ higher education providers and is in early stage discussions with several potential partners in this regard.
- Generating revenue growth from the newly acquired coding bootcamp business. The Hacking School has recently launched The Coding Factory. This part of the business is focussed on providing coding training to younger students 7-17 years on coding and is facilitated on a custom platform and delivered by live teachers. First revenues commenced in August 2020.









With recent growth initiatives put in place, a greater focus on domestic operation in the near-term, and by working with federal and state governments to deliver courses that assist Australia manage its way through this pandemic, the board and executive are confident that iCollege is well positioned for the remainder of fiscal 2021 and is poised to fully capitalise on all opportunities when conditions return to normal.

### 1.4. Future Developments, Prospects and Business Strategies

Likely developments in the operations of the Group have been disclosed in the Operating and Financial Review section of this report.

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

**Results for announcement to the Market  
for the year ended 30 June 2020**

<b>1 REPORTING PERIOD (item 1)</b>			
<ul style="list-style-type: none"> <li> Report for the financial year ended: 30 June 2020</li> <li> Previous corresponding period is the year months ended: 30 June 2019</li> </ul>			
<b>2 RESULTS FOR ANNOUNCEMENT TO THE MARKET</b>			
	Movement	Percentage %	Amount \$
 Increase in revenues from ordinary activities (item 2.1)	↑	26.50 to	10,806,163
 Decrease in loss from ordinary activities after tax attributable to members (item 2.2)	↓	(80.44) to	(2,640,237)
 Decrease in loss from after tax attributable to members (item 2.3)	↓	(80.44) to	(2,640,237)
a. Dividends (item 2.4)			Amount per Security ¢
 Interim dividend			Franked amount per security %
 Final dividend			nil n/a
 Record date for determining entitlements to the dividend (item 2.5)	n/a		nil n/a
b. Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6): Refer to Operations Review on page 2 of this report.			
<b>3 PRELIMINARY FINAL REPORT</b>			
a. Statement of comprehensive income (item 3): Refer to Consolidated statement of profit or loss and other comprehensive income on page 7			
b. Statement of financial position (item 4): Refer to Consolidated statement of financial position on page 8			
c. Statement of cash flows (item 5): Refer to Consolidated statement of cash flows on page 10			
d. Statement of changes in equity (item 6): Refer to Consolidated statement of changes in equity on page 9			
<b>4 DIVIDENDS (item 7) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS (item 14.2)</b>			
Nil.			
a. Details of dividend or distribution reinvestment plans in operation are described below (item 8): Not applicable			

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**Results for announcement to the Market  
for the year ended 30 June 2020**

5 RATIOS	Current period	Previous corresponding period
a. Financial Information relating to 5b and 5c:	\$	\$
Earnings for the period attributable to owners of the parent	(2,640,237)	(13,495,185)
Net assets	(3,650,533)	(1,045,296)
Less: Intangible assets (including net deferred tax balances)	(2,855,550)	(3,461,216)
Net tangible assets	(6,506,083)	(4,506,512)
	No.	No.
Fully paid ordinary shares	526,564,649	525,687,456
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	526,201,755	508,382,584
	¢	¢
b. Net tangible assets backing per share (cents) (item 9):	(1.236)	(0.857)
c. Earnings per share attributable to owners of the parent (cents) (item 14.1):	(0.502)	(2.655)
The Group does not report diluted earnings per share, as dilution is not applied to annual losses generated by the Group. During the 2020 financial year the Group had 27,500,000 unissued shares under option which are anti-dilutive.		

6 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 10)	
a. Control gained over entities	
<input type="checkbox"/> Name of entities (item 10.1)	Nil
<input type="checkbox"/> Date(s) of gain of control (item 10.2)	
b. Loss of control of entities	
<input type="checkbox"/> Name of entities (item 10.1)	Nil
<input type="checkbox"/> Date(s) of loss of control (item 10.2)	N/A
c. 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 / lost (item 10.3).	Nil
d. Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 10.3)	Nil

7 DETAILS OF ASSOCIATES AND JOINT VENTURE: (item 11)		Current period	Previous corresponding period
		\$	\$
<input type="checkbox"/> Name of entities (item 11.1)	Nil		
<input type="checkbox"/> Percentage holding in each of these entities (item 11.2)	n/a		
<input type="checkbox"/> Aggregate share of profits (losses) of these entities (item 11.3)		N/A	N/A

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## APPENDIX 4E

Preliminary final report  
30 June 2020

**ICOLLEGE LIMITED**

AND CONTROLLED ENTITIES

ABN 75 105 012 066

### Results for announcement to the Market for the year ended 30 June 2020

<b>8</b>	Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position. (item 12):  Refer to commentary update accompanying this 4E
<b>9</b>	The financial information provided in the Appendix 4E is based on the preliminary final report (attached), which has been prepared in accordance with Australian Accounting Standards (item 13)
<b>10</b>	<b>A COMMENTARY ON THE RESULTS FOR THE PERIOD</b> (item 14)  Refer to Company Update on page 1 . The Group had revenue of \$10,806,163 (2019: \$8,542,536) for the period.
<b>11</b>	The preliminary final report has been prepared based on the 30 June 2020 accounts which are in the process of being audited by an independent Audit Firm in accordance with the requirements of s.302 of the <i>Corporations Act 2001</i> (Cth). (item 15)

**Consolidated statement of profit or loss and other comprehensive income**

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
<i>Continuing operations</i>			
Revenue	1.1	10,806,163	8,542,536
Cost of sales		(3,828,159)	(2,539,817)
<b>Gross profit</b>		<b>6,978,004</b>	<b>6,002,719</b>
Other income	1.2	632,683	2,729
Gain on disposal of subsidiary		-	100,671
Audit and tax expenses		(81,575)	(75,706)
Compliance		(100,878)	(133,563)
Consultant fees		(727,992)	(585,942)
Depreciation and amortisation		(770,047)	(61,294)
Amortisation of Intangible assets		(615,666)	(615,665)
Directors fees		(47,500)	(75,918)
Doubtful Debts		(677,404)	(48,680)
Employment expenses		(5,227,237)	(4,514,764)
Interest expense		(379,652)	(130,860)
Gain on settlement of liability	2.1	-	1,500,000
Impairment of Intangible Assets - Goodwill	2.2	-	(11,607,592)
Legal fees		(88,994)	(402,687)
Marketing expenses		(224,550)	(259,528)
Occupancy expenses		(587,515)	(1,589,848)
Travel expenses		(169,831)	(292,391)
Other expenses		(721,391)	(876,174)
Loss before tax		(2,809,545)	(13,664,493)
Income tax benefit		169,308	169,308
<b>Net loss for the year</b>		<b>(2,640,237)</b>	<b>(13,495,185)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to members of the parent entity</b>		<b>(2,640,237)</b>	<b>(13,495,185)</b>
<i>Profit/(loss) for the period attributable to:</i>			
■ Non-controlling interest		-	-
■ Owners of the parent		(2,640,237)	(13,495,185)
<i>Earnings per share:</i>			
Basic and diluted loss per share (cents per share)		(0.502)	(2.655)

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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**APPENDIX 4E**

Preliminary final report

30 June 2020

**ICOLLEGE LIMITED**

AND CONTROLLED ENTITIES

ABN 75 105 012 066

**Consolidated statement of financial position**

as at 30 June 2020

	Note	2020 \$	2019 \$
<i>Current assets</i>			
Cash and cash equivalents	3.1	844,890	134,989
Trade and other receivables	3.2	523,239	515,003
Inventories	4.1	216,275	-
Other current assets	3.3	257,182	162,057
<b>Total current assets</b>		<b>1,841,586</b>	<b>812,049</b>
<i>Non-current assets</i>			
Property, plant, and equipment		151,990	171,507
Right of use asset	4.2	1,425,159	-
Intangible assets	4.3	2,855,550	3,461,216
<b>Total non-current assets</b>		<b>4,432,699</b>	<b>3,632,723</b>
<b>Total assets</b>		<b>6,274,285</b>	<b>4,444,772</b>
<i>Current liabilities</i>			
Trade and other payables	3.4	3,238,467	2,730,129
Unearned revenues	3.5	2,694,588	922,604
Borrowings	3.6	1,145,640	712,485
Leases	4.2	529,651	-
Short-term provisions	4.4	229,025	173,016
<b>Total current liabilities</b>		<b>7,837,371</b>	<b>4,538,234</b>
<i>Non-current liabilities</i>			
Borrowings	3.6	223,960	-
Deferred tax liabilities		782,526	951,834
Leases	4.2	1,080,961	-
<b>Total non-current liabilities</b>		<b>2,087,447</b>	<b>951,834</b>
<b>Total liabilities</b>		<b>9,924,818</b>	<b>5,490,068</b>
<b>Net deficiency</b>		<b>(3,650,533)</b>	<b>(1,045,296)</b>
<i>Equity</i>			
Issued capital	5.1	29,986,452	29,951,452
Reserves	5.3	1,957,234	1,957,234
Accumulated losses		(35,594,219)	(32,953,982)
<b>Total equity</b>		<b>(3,650,533)</b>	<b>(1,045,296)</b>

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

**Consolidated statement of changes in equity**

for the year ended 30 June 2020

	Note	Contributed equity \$	Accumulated Losses \$	Share-based Payments Reserve \$	Total equity \$
Balance at 1 July 2018		27,278,641	(19,458,797)	1,747,029	9,566,873
Loss for the year attributable owners of the parent		-	(13,495,185)	-	(13,495,185)
Other comprehensive income for the year attributable owners of the parent		-	-	-	-
Total comprehensive income for the year attributable owners of the parent		-	(13,495,185)	-	(13,495,185)
<i>Transaction with owners, directly in equity</i>					
Shares issued during the year (net of costs)	5.1.1	2,672,811	-	-	2,672,811
Options granted during the year		-	-	210,205	210,205
Balance at 30 June 2019		29,951,452	(32,953,982)	1,957,234	(1,045,296)
Balance at 1 July 2019		29,951,452	(32,953,982)	1,957,234	(1,045,296)
Loss for the year attributable owners of the parent		-	(2,640,237)	-	(2,640,237)
Other comprehensive income for the year attributable owners of the parent		-	-	-	-
Total comprehensive income for the year attributable owners of the parent		-	(2,640,237)	-	(2,640,237)
<i>Transaction with owners, directly in equity</i>					
Shares issued during the year (net of costs)	5.1.1	35,000	-	-	35,000
Balance at 30 June 2020		29,986,452	(35,594,219)	1,957,234	(3,650,533)

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

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**Consolidated statement of cash flows**

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		11,233,208	9,172,093
Interest received		1,495	5,611
Interest paid		(108,454)	(207,361)
Payments to suppliers and employees		(11,330,421)	(10,509,890)
Job Keeper & ATO Cashflow Boost		396,154	-
<b>Net cash provided by / (used in) operating activities</b>	3.1.2a	<b>191,982</b>	<b>(1,539,547)</b>
<i>Cash flows from investing activities</i>			
Payments for subsidiary, net of cash acquired		(50,000)	-
Purchase of plant, and equipment		(16,763)	(71,566)
<b>Net cash used in investing activities</b>		<b>(66,763)</b>	<b>(71,566)</b>
<i>Cash flows from financing activities</i>			
Proceeds from loans		434,090	269,195
Repayment of loans		(334,408)	(630,307)
Proceeds from issue of shares		-	1,900,000
Payment of share issue costs		(15,000)	(132,000)
Proceeds from issue of convertible notes		500,000	-
<b>Net cash provided by financing activities</b>		<b>584,682</b>	<b>1,406,888</b>
<b>Net increase in cash and cash equivalents held</b>		<b>709,901</b>	<b>(204,225)</b>
Cash and cash equivalents at the beginning of the year		134,989	339,214
<b>Cash and cash equivalents at the end of the year</b>	3.1	<b>844,890</b>	<b>134,989</b>

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

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**Notes to the Appendix 4E preliminary final report**  
for the year ended 30 June 2020

<b>Note</b>	<b>1</b>	<b>Revenue and other income</b>	<b>2020</b>	<b>2019</b>
			\$	\$
<b>1.1</b>		<b>Revenue</b>		
		Course income	10,806,163	8,542,536
			10,806,163	8,542,536
<b>1.2</b>		<b>Other Income</b>		
		Interest income	1,495	2,729
		ATO cash boost	135,886	-
		Job keeper subsidy	309,000	-
		DIS Grant	186,302	-
			632,683	2,729

<b>Note</b>	<b>2</b>	<b>Loss before income tax</b>	<b>2020</b>	<b>2019</b>
			\$	\$

The following significant revenue and expense items are relevant in explaining the financial performance:

<b>2.1</b>	<b>Gain on settlement of liability</b>			
	Gain on settlement of liability	2.1.1	-	1,500,000
2.1.1	On 11 October 2018, the Company announced to ASX that the Supreme Court litigation with Walker Enterprises (Australia) Pty Ltd and Walker had been settled. The terms of settlement included the sale of Walker's 6,666,667 shares to buyers nominated by iCollege through off-market transfers, with the proceeds of \$385,000 (being the settlement sum) paid to Walker. On settlement of the case there was a gain on settlement of the liability of \$1,500,000.			
<b>2.2</b>	<b>Impairment of Intangible Assets - Goodwill</b>			
	Impairment of Intangible Assets - Goodwill	2.2.1	-	11,607,592
2.2.1	During the 2019-year, management tested the Group's assets for impairment resulting in an impairment loss of 11,607,592 being the entirety of the goodwill recognised on acquisition of the business. The Company determined the recoverable amount using the value-in use method being a discounted cash flow forecast for a period of 7 years with a pre-tax discount rate of 13.79%.			

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Notes to the Appendix 4E preliminary final report

for the year ended 30 June 2020

Note 3 Financial assets and financial liabilities

3.1 Cash and cash equivalents

Cash at bank

2020  
\$

844,890

2019  
\$

134,989

844,890

134,989

3.1.1

3.1.2 Cash Flow Information

a. Reconciliation of cash flow from operations to loss after income tax

Loss after income tax

(2,640,237)

(13,495,185)

Cash flows excluded from loss attributable to operating activities

Non-cash flows in (loss)/profit from ordinary activities:

Depreciation and amortisation

1,384,854

676,959

Doubtful debts

-

48,680

Net share-based payments expensed

35,000

475,358

Impairment of assets

-

11,607,592

Gain on settlement of liability

-

(1,500,000)

Profit from sale of subsidiary

-

(100,671)

Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:

Increase in receivables

(274,096)

(23,712)

Increase in payables

2,016,035

1,018,935

Decrease in accrued interest

-

(76,501)

Decrease in accrued interest

(216,275)

-

Increase in employee provision

56,009

5,160

Decrease in income tax provision

-

(6,854)

Decrease in deferred tax liabilities

(169,308)

(169,308)

Cash flow from / (used in) operations

191,982

(1,539,547)

3.2 Trade and other receivables

2020  
\$

545,756

531,562

(234,000)

(157,623)

311,756

373,939

GST receivable

69,982

26,555

Accrued income

95,279

-

Other receivables

46,222

114,509

523,239

515,003

3.2.1 Current

Trade receivables

Less: Doubtful debts

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**APPENDIX 4E**

Preliminary final report  
30 June 2020

**ICOLLEGE LIMITED**

AND CONTROLLED ENTITIES

ABN 75 105 012 066

**Notes to the Appendix 4E preliminary final report**  
for the year ended 30 June 2020

**Note 3 Financial assets and financial liabilities (cont.)**

3.3 Other assets	2020	2019
	\$	\$
3.3.1 <i>Current</i>		
Bank guarantees and bonds	158,794	136,375
Prepayments	97,525	19,263
Other	863	6,419
	<b>257,182</b>	<b>162,057</b>
3.4 Trade and other payables	2020	2019
	\$	\$
3.4.1 <i>Current</i>		
<i>Unsecured</i>		
Trade payables	1,481,988	1,485,065
Sundry payables and accrued expenses	1,755,246	1,241,324
Accrued interest on convertible notes	1,233	3,740
	<b>3,238,467</b>	<b>2,730,129</b>
3.5 Unearned revenue	2020	2019
	\$	\$
3.5.1 <i>Current</i>		
<i>Unsecured</i>		
Unearned revenue	2,694,588	922,604
	<b>2,694,588</b>	<b>922,604</b>
3.6 Borrowings	2020	2019
	\$	\$
3.6.1 <i>Current</i>		
Convertible notes	650,000	150,000
Loan	81,833	62,426
Short term loans	87,492	356,798
Related Party Loan	326,315	143,261
	<b>1,145,640</b>	<b>712,485</b>
3.6.2 <i>Non-current</i>		
Loan	223,960	-
	<b>223,960</b>	<b>-</b>

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**Notes to the Appendix 4E preliminary final report**

for the year ended 30 June 2020

**Note 4 Non-financial assets and financial liabilities**

4.1 Inventories	2020	2019
	\$	\$
Linguaskill bundles	216,275	-
	216,275	-
<b>4.2 Leases</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>4.2.1 Right of use assets</b>		
Properties	1,425,159	-
	1,425,159	-
<b>4.2.2 Lease liabilities</b>		
Current	529,651	-
Non-current	1,080,961	-
	1,610,612	-
<b>4.3 Intangible assets</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Licensed operations	5,295,344	4,309,653
Accumulated amortisation	(2,439,794)	(848,437)
	2,855,550	3,461,216
<b>4.4 Provisions</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>4.4.1 Current</b>		
Provision for annual leave	224,801	145,516
Provision for long service leave	4,224	27,500
	229,025	173,016

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**Notes to the Appendix 4E preliminary final report**  
for the year ended 30 June 2020

<b>Note 5 Equity</b>					
<b>5.1 Issued capital</b>		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>No.</b>	<b>No.</b>	<b>\$</b>	<b>\$</b>
Fully paid ordinary shares at no par value		526,564,649	525,687,456	29,986,452	29,951,452
<b>5.1.1 Ordinary shares</b>					
At the beginning of the year		525,687,456	458,822,084	29,951,452	27,278,641
Shares issued during the year:					
• Shares placement @\$0.05		-	44,000,000	-	2,200,000
• To Chairman for services as director @\$0.069		-	1,624,637	-	112,100
• On conversion of convertible note @\$0.03		-	18,328,767	-	549,863
• In lieu of services @ \$0.05		-	1,421,060	-	71,053
• In lieu of services @ \$0.055		-	1,490,908	-	82,000
• In lieu of cash payment for director fees @\$0.057		877,193	-	50,000	-
Transaction costs relating to share issues		-	-	(15,000)	(342,205)
At reporting date		526,564,649	525,687,456	29,986,452	29,951,452
<b>5.2 Options</b>		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
		<b>No.</b>	<b>No.</b>	<b>\$</b>	<b>\$</b>
<b>5.2.1 Options</b>		27,500,000	27,500,000	1,957,234	1,957,234
At the beginning of the period		27,500,000	20,000,000	1,957,234	1,747,029
Options issued/(lapsed) during the year:					
• Issued to broker – Ex. Date 03.07.2020, Ex. Price: \$0.08		-	7,500,000	-	210,205
At reporting date		27,500,000	27,500,000	1,957,234	1,957,234
<b>5.3 Reserves</b>				<b>2020</b>	<b>2019</b>
				<b>\$</b>	<b>\$</b>
Share-based payment reserve				1,957,234	1,957,234
				1,957,234	1,957,234
<b>Note 6 Share-based payments</b>				<b>2020</b>	<b>2019</b>
				<b>\$</b>	<b>\$</b>
<b>6.1 Share-based payments:</b>					
• Recognised in Consultancy and professional services				-	210,205
Gross share-based payments				-	210,205

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