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## ASX Announcement

12 March 2015

Australian Securities Exchange Limited

Via e-lodgement – ASX Code ICT

### ACQUISITION UPDATE

- iCollege has signed a binding Share Sale Agreement (“SSA”) to acquire Mathisi Pty Ltd (“**Mathisi**”)
- Mathisi is a Vocational Education and Training (VET) accredited Registered Training Organisation (“**RTO’s**”) with FY14 revenue of \$1.3m and EBIT of \$585k (unaudited)
- Acquisition terms for Mathisi are \$550k cash upon completion (and settlement due within the month of March 2015), representing less than 1x FY14 EBIT of \$585k (unaudited)
- Renegotiated second and final payment of \$200k (previously \$350k) cash will be payable on Mathisi achieving EBIT of \$850k for FY15
- Termination of Acquisition of Dynamic Leaning Services Pty Ltd (“**DLS**”)
- Share Sale Agreement for the purchase of Management Institute of Australia Pty Ltd based on previously announced signed Heads of Agreement (“HOA”) expected to be finalised shortly

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

The acquisition is in line with iCollege's previously stated strategy of acquiring education providers whereby the Company is able to leverage its cutting edge technology to improve the online learning experience for students and to offer a more flexible learning environment via an increased online course offering.

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 Mathisi is expected to further improve as iCollege successfully integrates the businesses and applies its proprietary technology to fully maximise the potential of online learning.

#### **About Mathisi Pty Ltd**

Mathisi is a well established Brisbane based RTO specialising in Business and Retail qualifications, delivering Nationally Recognised Training. The fully accredited business has been operating for 5 years and has established a strong position in the market via the delivery of high quality training using proven course materials. This has resulted in a 99% completion rate and excellent student feedback.

With excellent processes, systems and procedures, knowledgeable staff, long-term management, and a solid compliance regime in place, Mathisi operates to a standard that iCollege expects across all its business units. With multiple income streams and low operating costs, Mathisi is already a highly profitable enterprise that has an exciting growth profile. Mathisi is particularly experienced in dealing with retail and hospitality food chains; industries whereby iCollege expects to demonstrate significant growth over the next 12 months.

Mathisi is an approved Pre-Qualified Supplier for the Department of Education, Training and Employment and has an exceptional completion rate in the delivery of traineeships. All training courses currently provided by Mathisi are tailor made for the employer to their specific needs. These specialised training programs are flexible, and firmly place the focus on measurable outcomes for employers.

Mathisi's current website can be found at [www.mathisi.com.au](http://www.mathisi.com.au).

**iCollege Executive Director, Mr Ross Cotton commented:**

“The completion of our second acquisition, Mathisi, signifies a significant step towards iCollege becoming a major business in the provision of online education in Australia. The business is currently profitable and highly scalable and we look forward in working with current management to continue to grow and integrate the business onto our proprietary platform.”

**The terms of the acquisition of Mathisi are:**

Total purchase price of AUD \$750,000 to be paid as follows:

- (i) \$550,000 cash at settlement; and
- (ii) Deferred consideration of \$200,000 to be paid as follows:
  - (a) Mathisi reaching a minimum EBIT of \$850,000 during the financial year ending 30 June 2015;
  - (b) where the Company's EBIT during the financial year ending 30 June 2015 is less than \$850,000 the deferred consideration will be reduced proportionally.

**Termination of Acquisition of DLS**

On 3 December 2014 iCollege announced that we had completed Due Diligence and executed a fully binding Share Sale Agreement to acquire DLS.

Prior to settlement, the Company has been in numerous discussions with the Vendor who has requested that our binding agreement be terminated for personal/family reasons. In the best interest of both parties, iCollege has agreed to terminate the agreement and revisit the acquisition in 12 months.

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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.