2018
ANNUAL REPORT

Corporate directory

COMPANY
Janison Education Group Limited

ASX CODE:
JAN

REGISTERED OFFICE:
c/-Whittens & McKeough
Level 29, 201 Elizabeth Street
Sydney, NSW 2000

TELEPHONE:
+61 2 8072 1400

WEB SITE:
www.janison.com

SHARE REGISTRY:
Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW 2000

BOARD OF DIRECTORS:
Mr Mike Hill, Non-Executive Chairman
Mr Brett Chenoweth, Non-Executive Director
Mr David Willington, Non-Executive Director
Ms Allison Doorbar, Non-Executive Director
Mr Tom Richardson, CEO and Managing Director
Mr Wayne Houlden, Commercial Director

COMPANY SECRETARY:
Mr Andrew Whitten

AUDITOR:
Stantons International Audit & Consulting Pty Ltd
Level 2, 22 Pitt Street
Sydney NSW 2000

CORPORATE GOVERNANCE
www.janison.com/investors/

ANNUAL GENERAL MEETING
Janison will hold its 2018 Annual General Meeting at Level 29, 201 Elizabeth Street, Sydney NSW 2000 at 2pm, 14 November 2018.

CONTENTS

Our purpose is to transform how people learn

We have four key priorities to rapidly grow the business:

1. Nurture existing clients
2. Build innovative world class products
3. Target high growth segments
4. Intensify our sales and marketing spend

www.janison.com

Chairman's Letter

Janison, as an education technology pioneer, develops innovative solutions to transform the way people learn.

Mike Hill
Chairman

Dear Shareholders

Janison, as an education technology pioneer, develops innovative solutions to transform the way people learn. Our Assessment division focuses on building robust and scalable digital online assessment solutions for schools, higher education and for the workplace. Our Learning division integrates platform and tailored content to improve performance and compliance to government and corporate clients.

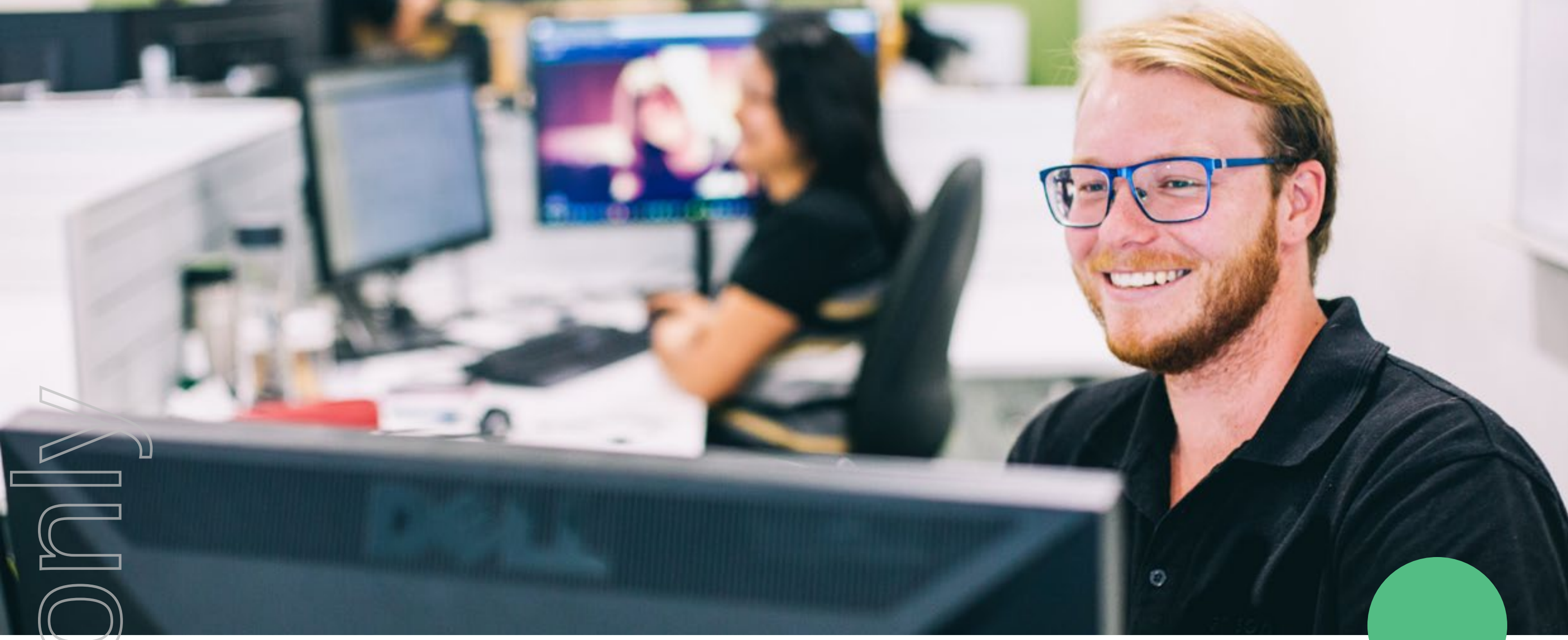
The demand for quality, reliable online assessment platforms continues to grow as institutions move from paper based to online testing. Multimodal learning technology is the way of the future and Janison is well positioned to provide solutions to new markets and emerging economies to gain global market share in the education technology sector.

For the year ended 30 June 2018, the Group delivered strong platform revenue growth of 40% to produce a Trading EBITDA of $3.2m, up 6% over the prior year corresponding period.

3.2m
EBITDA

In particular, I would like to highlight a number of significant achievements from the 2018 Financial Year:

- Janison successfully delivered the first ever NAPLAN online examination with 99.9 percent of the 668,000 tests completed successfully.
- Janison successfully launched Replay, the next generation of online testing, using cutting-edge technology to enhance the reliability of testing in remote locations with poor internet connection. With over 1.2 million tests now expected to be delivered in 2018 in 100 different countries, Replay's ability to provide reliable test delivery has driven rapid growth of the test platform in Asia, Central and South America and India. For example, in Singapore, Replay is being used by tertiary institutions to provide high stakes reliable exam delivery and government clients are using the lock-down capabilities of Replay to ensure a consistent, secure and reliable test experience.
- Janison acquired the award-winning Ascender Learning content business to complement the integrated solution for our large corporations and government clients.
- The Board of Directors have taken steps to enhance the leadership capability of the executive team by completing key recruitments. As a result, platform revenue per customer is increasing and the Group has added a number of new blue-chip organisations to its client list. Investments in new products and platform functionality enhancements are underway.
- We would also like to welcome a new Non-Executive Director on the Janison Board. Allison Doorbar, brings a wealth of marketing and strategic planning in the education sector globally to compliment the depth of financial experience on the Board. Allison is Managing Partner at EduWorld, a company providing market research and strategic consulting services in the education sector.



- Janison has been named among the top 100 on the Australian Financial Review's Most Innovative Companies list for 2018 for its Replay exam-delivery application, to unleash the power of education in remote communities and countries. Janison was named the state winner of the Public Sector & Government category at the Australian Information Industry Association (iAwards), for its work with the British Council in delivering the Council's English language proficiency test.

Our strategy over the next 12-18 months focuses on expansion into the Asia Pacific and Europe to provide increased delivery and scope of our English Language assessment services and the use of our platforms in universities and schools. Opportunities exist via new mediums such as mobile test delivery and new approaches including hybrid delivery models to provide formative learning and assessment in these markets. One of our goals is to increase our capacity to deliver language proficiency assessments on mobile devices, particularly the speaking component of such tests. This would greatly level the playing field in developing countries where many test-takers often do not have access to a computer, but do have a smartphone. We are also looking at selective core acquisitions aligned with customer strategies.

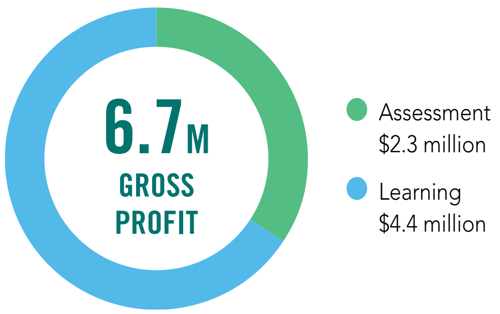
With the successful use of our test platform in Australia and Singapore in universities and schools, our plan is to activate and fund the development pipeline to increase the number of universities and school networks using our platform in Asia, the UK and Europe.

On behalf of the Board we would like to thank all our stakeholders for believing in Janison's strong future to continue to deliver above average growth rates. We are committed to our growth strategy to build strong foundations for continued success in a dynamic global environment.

Mike Hill
Chairman

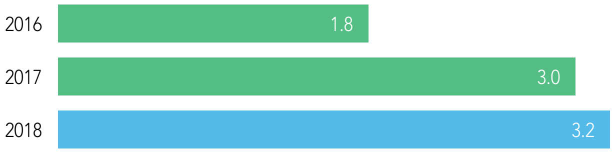
GROSS PROFIT BY SEGMENT

$millions



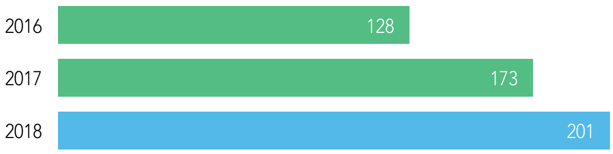
TRADING EBITDA

$millions



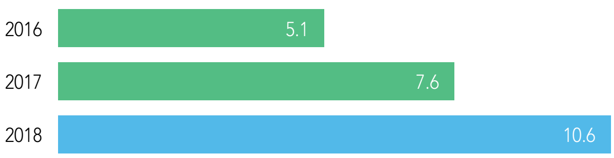
AVERAGE REVENUE PER CLIENT

$'000



PLATFORM REVENUE GROWTH

$millions



Chief Executive Officer's Letter

At Janison we are united by our purpose to transform the way people learn.

Tom Richardson
Managing Director

At Janison we are united by our purpose to transform the way people learn.

Education is being rapidly disrupted by technology and the education technology ("ed tech") industry will grow to be a $252 Billion industry by 2020. We believe we need to be swift and precise in how we not only capture share of this industry but how we can shape and influence it.

Our plan for FY18 was to set a solid foundation for growth and to position Janison to capitalise on our competitive advantages. We are proud of these achievements.

- Successfully listing on the ASX and securing funding to accelerate our investment in product and business development
- Appointing a seasoned and experienced Board to guide our decision making and provide necessary governance
- Building a talented finance and strategy team to manage the requirements of a public company
- Recruiting key leaders and business development professionals to structure the business for growth and establish offices in Sydney and London to support our international expansion plan
- Acquiring and successfully integrating a bespoke content development business
- Addressing resource constraints on our growth by offshoring non-core development and operations to Vietnam and Philippines; and
- Investing in improving our systems and processes to support our growth.

These investments in our foundation for growth increased our selling, general and administrative expenses from 19% of income in FY17 to 23% of income in FY18, and prepared us to scale the business.

With an expanding team and increasingly geographic diversity we aligned around these core values.

- Deliver on your promises
- Respect others
- Be passionate about our vision
- Strive to improve
- Help shape the industry

During FY18 we achieved some encouraging outcomes by demonstrating these values

- ✔ Achieving platform revenue growth of over 40% with $3 m of additional recurring revenue after 48% growth in the prior year
- ✔ Delivering on our key projects with 99.9% of the 668,000 NAPLAN tests completed successfully.
- ✔ Investing in improving the reliability, scalability, quality, security and accessibility of our platform which increased our cost of sales by 33%
- ✔ Being recognised for our innovation with the highly acclaimed NSW iawards and being ranked in top 100 list of Australian Financial Review's Most Innovative Companies 2018

40%
PLATFORM GROWTH
SINCE 2017

- Investing in building key relationships and partnerships with Microsoft, British Council and other industry leaders to help shape the industry

Our plan for FY19 is to be swift and precise with four key priorities on how we invest our time and resources.

- Nurture our existing highly valued clients with our "customer success" team which increased Average Revenue Per Client by 16% to over $200,000 in FY18
- Focus on highest growth segments and continue to expand international which grew 128% in FY18 to account for 23% of total income. With an established presence in Singapore we specifically plan to intensify our business development and partnering efforts in Asia to capitalise on this emerging market which accounts for 60% of the global student numbers and invest significantly in education.
- Build innovative world class products and features to serve high growth market segments. Our Assessment platform income grew 92% in FY18 to $4.5 million and to continue this momentum we plan to accelerate our investment in the Schools, University and English Language Assessment sectors and help shape these industries.

Finally we plan to intensify our sales and marketing spend with a specific focus on our core products.

In what has been a transformational year for the business we would like to thank our valued clients for their support and trust, our partners for sharing the journey, our staff and contractors and their families for choosing Janison each day. I would also like to thank the leadership team for their commitment and passion for our vision and the Board for helping steer the business in the right direction. Finally, I would like to thank the Investors for their belief and support as we continue to capture the value potential of this business in this exciting industry.

Tom Richardson
Managing Director

Learning

Janison Learning's strategy is to focus on two growth segments in the market: risk and performance. Risk entails regulatory compliance training and operational efficiency needed for the workplace, while performance is concerned with extending the learner, enabling a culture of life-long learning, critical thinking and continuous improvement. Through our scalable platforms and bespoke content, we are highly focused on forging learners' own personal or professional learning pathways to building skills, knowledge and relevant experience that anticipates the needs of workplaces of the future.

Our goal is to nurture our existing clients and expand our product offering within our current base. In doing so, we have seen 16% growth in Learning revenue and our average platform revenue per customer has increased by 21%. Janison's client areas are corporate, health, government, education and international, with a specific focus in each area to drive growth. Our target market includes organisations with more than 1,000 geographically diverse employees. Janison has 62 Learning platform clients contributing revenue throughout FY18. They included a range of blue-chip companies, high quality resellers and government agencies.

Clients enter into contracts that are typically 2-3 years in length with automatic renewal. The platform is often embedded in the client's systems. Many of Janison's Learning Platform clients have had long-term relationships with Janison.

Our growth strategy is to expand our performance and risk product offering to international clients. An example of this includes Janison winning a major contract with a Canadian gold mining company, which employs approximately 9,500 staff, and a major contract with the Australian bank Suncorp.

SECTOR	FOCUS	EXAMPLES OF EXISTING CLIENTS
Corporate	• Specific focus on financial services & retail. • Key solutions are leadership development, employee development, induction and sales excellence. • Responding to transformational change in skill requirements in the workplace. • Providing a solution for regulatory and risk requirements.	• Big 4 Banks. • ASX100 mining company. • Leading Australian retailer. • Big 4 accounting firm.
Health	• Specific focus on education of health care workers. • Key solutions are leadership development, employee development and certifications. • Addressing business requirements for NDIS compliance.	• Global hospital group. • Major not-for-profit health care group in Victoria.
Government	• Specific focus on state and federal government departments. • Key solutions are leadership development and employee development. • Focus on managing accredited and unaccredited learning.	• NZ government department. • Australian federal government department.
Education	• Specific focus on state and federal education government departments. • Key solutions are teacher development, certification and leadership development. • Primarily indirect channel via partners and resellers. • Focus on managing accredited and unaccredited learning.	• State government education departments.
International	• Specific focus on the Asia Pacific. • Key solutions are leadership development, employee development, induction and sales excellence. • Primarily indirect channel via partners and resellers. • Providing a solution for regulatory and risk requirements	• Canadian mining company. • Telecommunications. • Banking.

Assessment Platform

Janison generates service revenue for implementation and/or customisation of digital assessment platforms. This is followed by ongoing contractual based SaaS or platform fees and further service fees to cover support and maintenance of the product. Clients will generally require upgrade services or additional functionality which can be undertaken for additional fees. Under this model the bulk of the cost of the project is borne in the early years with the higher margins being generated from the ongoing platform fees.

We have an ongoing commitment to building world-class products to scale for significant growth into schools, higher education, certifications and the language testing markets globally. Adding practical applications such as Replay, which allows the platform to run offline during test taking, ensures a robust and stable platform greatly adding to the product's commercial viability and scale in international locations with poor internet connectivity.

Our focus is to expand into the Asia Pacific region to expand our client base across our four key market segments – schools, higher education, certifications and language.

We are continuing to focus on growing recurring platform fees and are targeting to increase these fees to represent 75% of total assessment revenue.

Janison Assessment Platform business model

REVENUE STREAM	SERVICES	ASSESSMENT PLATFORM	
Description	Service fees charged for implementation (set-up and training of staff)	Service fees charged for ongoing management and support of the Assessment Platform.	Platform Fees charged for hosting and use of the Assessment Platform.
Revenue model	Lump sum	Annual fee	Cost per test / annual platform fee
Targeted percentage of revenue over total life of contract	25%	15%	60%
2018 Assessment revenue	54% (FY2017: 70%)	46% (FY2017: 30%)	
Cost model	Platform customisation costs	Account management and platform support	Hosting costs and help desk support

Janison Assessment Platform

1. AUTHORING
Allows question banks to be tailored to suit business processes, allowing examiners complete control over how the test is delivered.

2. DELIVERY
Deliver exams or high-stakes testing in a safe, invigilated environment. A secure Replay test player provides a consistent test experience for each candidate on any device.

3. MARKING
Auto and manual marking with advanced quality controls provides high-quality, fair results and turnaround times that are simply incomparable to traditional methods.

4. RESULTS
Allows item types to be marked automatically, saving significant marking time and allowing users to see results immediately.

5. ANALYSIS
Powerful reports from results data that provide deep insight into how students, teachers or employees are performing.

Board of Directors

MIKE HILL

Experience and Expertise

Mike has more than 20 years' experience working on corporate and private equity transactions in Australia and the UK. Mike is a former Partner of Ernst & Young in the M&A advisory team and has also worked as a principal investor with the Ironbridge Capital from 2004 to 2014. Ironbridge is a leading domestic private equity firm with $1.5bn of funds under management. Mike is a founder of Bombora Group, an Investment and advisory group based in Sydney. His involvement at Janison is to work closely with the executive team on all strategic business development activities. He is a member of the Institute of Chartered Accountants in Australia.

BRETT CHENOWETH

Experience and Expertise

Brett brings a wealth of major international experience across media, technology, entertainment, investment and telecommunications. Brett is Chairman of Madman Entertainment, Chairman of Yellow Pages Group, Chairman of The Advisory Board of HRL Morrison & Co., a Principal of the Bombora Group, an Independent Board Director at Surfing Australia, Sellable and eftpos Payment Australia and Chairman of Canberra Data Centres. Brett has formerly served as Chief Executive Officer and Managing Director of APN News and Media and has held senior executive roles at the venture capital firm Silverfern Group, Telecom New Zealand, Publishing & Broadcasting Limited, ecorp, ninemsn and Village Roadshow.

DAVID WILLINGTON

Experience and Expertise

David has over 25 years' experience in corporate finance and investment banking and during his career has primarily advised companies in the technology, media and telecommunications industry. David is the Founder and Managing Director of the boutique advisory and investment firm Mannagum Capital. Previously, David was a Partner at Deloitte Corporate Finance and prior to that was an investment banker with NM Rothschild and Citi. David has a Bachelor of Commerce, is a member of the Institute of Chartered Accountants in Australia and is a Fellow of the Financial Services Institute of Australia.

ALISON DOORBAR

Experience and Expertise

Allison is Managing Partner at EduWorld, a company that provides market research and strategic consulting services to the education sector. She has spent most of her career working with education providers globally helping them to develop and implement their marketing strategies. This includes working with many of the World's leading universities, major global providers as well as many government departments and agencies.

TOM RICHARDSON

Experience and Expertise

Tom has successfully led the growth of Janison for the past 3 years and has over 15 years of experience in the online learning industry. He was the founder of the Deloitte Leadership Academy and the CEO of Latitude Learning Academy before joining Janison in 2015. Tom was a Partner at Deloitte for over 10 years focused specifically on digital disruption, innovation and business growth. He was a consultant for 2 years at Bain International and a manager at Arthur Andersen advising Australia's leading organisations on performance improvement. Tom also spent two years with Investment Banks in London working for Merrill Lynch, Salomon Brothers and Rothchilds. Tom has a Bachelor of Business, a Master of Business Administration (MBA) from the Australian Graduate School of Management and is a Certified Practicing Accountant.

WAYNE HOULDEN

Experience and Expertise

Wayne founded Janison in 1998. Wayne is seen as market shaper in the global world of education technology and has been involved in the development of a number of award winning and innovative online learning applications including national education portals, online learning management systems, professional development learning portals and award winning assessment systems. In the past five years the majority of Wayne's focus has been the development and delivery of the Janison Assessment Platform business. Wayne was instrumental in winning and delivering the NAPLAN and Singapore Examinations Assessment Board assignment. Wayne has a truly global vision for the Business and has strong relationships in the education technology industry around the world. Previous to Janison, Wayne worked as an IT leader in Citibank and also has a teaching background in information technology. Wayne has a Bachelor of Science Degree from University of New South Wales and a Diploma of Teaching from Sydney University of Technology.

2018
FINANCIAL REPORT

CONTENTS

Directors' Report

The following commentary should be read in conjunction with the Yearly financial statements and the related notes in this report. Some sections of this commentary include Non-GAAP* financial measures as we believe they provide useful information for readers to assist in understanding the Group's financial performance. Non-GAAP financial measures do not have standardised meaning and should not be viewed in isolation or considered as substitutes for amounts reporting in accordance with Australian Financial Reporting Standards. These measures have not been independently audited or reviewed.

REVIEW OF OPERATIONS

Year ended 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
Platform revenue	10,616	7,563	40%
Project services revenue	6,689	6,780	-1%
Total operating revenues	**17,305**	**14,343**	**21%**
Cost of sales	(10,625)	(8,005)	33%
Gross profit	**6,680**	**6,338**	**5%**
Percentage of operating revenue	39%	44%	-5 ppt**
Operating Expenses	(4,899)	(4,846)	1%
R&D Tax Incentive Credit Income	1,397	1,516	-8%
Trading EBITDA	**3,177**	**3,008**	**6%**
Percentage of operating revenue	18%	21%	-3 ppt
Non-trading expenses	(23,893)	(309)	NM
EBITDA	**(20,716)**	**2,699**	**NM**
Depreciation and amortisation	(324)	(238)	36%
Net interest expense	(42)	(152)	-72%
Profit before Income Taxes	**(21,083)**	**2,309**	**NM**
Income tax expense	(795)	(1,313)	-39%
Net results	**(21,878)**	**995**	**NM**

* GAAP means accepted accounting principles

** ppt stands for percentage point

***NM stands for not meaningful

The growth in Operating revenues during the year ended 30 June 2018 was driven by a 40% increase in platform licensing fees combined with relatively stable project services revenues (-1%). Gross profit was 39% of revenue for the current period versus 44% in the prior year reflecting primarily higher labour and hosting costs during the period in line with the Group's strategy to invest in people and technology to improve the quality of security of Janison's products and infrastructure.

Trading EBITDA (a non-GAAP measure) increased 6% when compared to the prior year corresponding period reflecting the increase in Gross Profit and the planned impact of lower product design and development expenses offset by higher selling, general and administrative expenses.

Non-trading expenses related to the December 2017 acquisition and capital raising significantly impacted the net results for the period. As a result, net loss for the year ended 30 June 2018 was $21.9 million compared to $995 thousand in profit in the prior year.

Directors' Report

PRINCIPAL ACTIVITIES

The Group's operates within the education technology sector. Principal activities include software development and the provision of Software-as-a-Service.

CAPITAL RAISING AND REVERSE TAKE-OVER ACQUISITION

On 15 December 2017, HJB Corporation Ltd. (HJB) completed a capital raising and acquisition (the Transaction) of 100% of an Australian business providing learning management systems and digital assessment platforms, Janison Solutions Pty Ltd (Janison). HJB subsequently changed its name to Janison Education Group Limited (ASX:JAN).

The capital raising via public offer under the Prospectus dated 10 November 2017, raised $10 million (before costs) through the issue of 33.3 million new shares at an issue price of 30 cents per share.

The acquisition of Janison was financed by the issuance of 81.7 million shares to the vendors, as well as the issuance of 1.1 million conversion shares to existing HJB shareholders. In addition, board members, executive management, advisors and employees and advisors received interests in the company via a combination of shares, rights and options.

This transaction has changed the scale and nature of the Company's activities.

Full details of the Transaction are presented in the Prospectus dated 10 November 2017 and the financial impacts on the year ended 30 June 2018 are highlighted throughout this Financial Report.

In accordance with AASB 3: Business Combinations, the acquisition has been recorded under reverse acquisition principles which results in the legal parent (in this case HJB) being accounted for as the subsidiary, while the legal acquiree (in this case Janison Solutions) being accounted for as the parent. In accordance with the accounting requirements, the consideration and other share-based compensation provided as part of the Transaction has been valued on the effective date and recorded as transaction costs in the Statement of Profit or Loss.

Below is a summary of the financial impacts of the Transaction on the Group's financial statements and outstanding securities balances for the year ended 30 June 2018:

Year ended 30 June 2018	Cash ($'000s)	Expense ($000s)	Accruals ($000s)	Capital / Reserves ($'000s)	No. of Shares (millions)	No. of units (millions)
Capital raising ($10 million, net of costs)	9,343	–	–	9,343	33.3	–
Repayment of loans from Janison shareholders	(2,500)	–	–	–	–	–
Consideration to Janison shareholders	(1,500)	26,000	–	24,500	81.7	–
Net assets of HJB acquired	196	(159)	(37)	–	–	–
Conversion shares to HJB shareholders	–	315	–	315	1.1	–
Share rights and options to advisors	–	38	–	38	–	0.2
Gift shares to employees	–	66	–	66	0.2	–
Deferred taxation benefit on acquired assets	–	(4,230)	–	–	–	–
Transaction costs	(1,282)	1,282	–	–	–	–
Totals	**4,257**	**23,312**	**(37)**	**34,262**	**116.3**	**0.2**

EARNINGS BEFORE, INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

EBITDA disclosures (which are non-GAAP) financial measures have been included as we believe they provide useful information for readers to assist in understanding the Group's financial performance. EBITDA is calculated by adding back depreciation, amortisation, net interest expense and tax expense to net results.

Year ended 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
Net results	**(21,878)**	**995**	**NM**
Add back: net interest expense	42	152	-72%
Add back: depreciation and amortisation	324	238	36%
Add back: income tax expense	795	1,313	-39%
EBITDA	**(20,717)**	**2,699**	**NM**
Percentage of operating revenue	NM	19%	NM

EBITDA for the year ended 30 June 2018 was negative $20.7 million reflecting the $23.3 million impact of the Transaction completed in December 2017.

Trading EBITDA excluding the impact of non-trading items (a non-GAAP financial measure) is also provided as we believe it provides readers with relevant information to analyse trends in the Group's financial results.

Year ended 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
EBITDA	**(20,717)**	**2,699**	**NM**
Add back: Transaction costs	23,312	157	NM
Add back: Non-cash share-based compensation	560	–	NM
Add back: foreign exchange fluctuations	22	152	-86%
Trading EBITDA	**3,177**	**3,008**	**6%**
Percentage of operating revenue	18%	21%	-12%

Trading EBITDA increased 6% to reach $3.2 million during the year ended 30 June 2018. The primary reasons for this improvement in trading results was operating revenue growth of 21%, offset by higher cost of sales and selling, general and administrative expenses. In addition, net product design and development expenses decreased compared to the prior year as a result of capitalising a higher proportion of product design and development costs.

Non-trading items affecting the year included the expenses related to the Transaction (a great majority of which were non-cash accounting expenses of $23.3 million. In addition, the expense recognition associated with equity instruments awarded to Directors and selected personnel in financial year 2018 is classified as non-trading above. Details of these equity instrument awards can be found in the notes to the financial statements.

OPERATING REVENUE

Platform revenue includes three components:

- License and hosting fees comprise fees paid by platform customers for the right to use the platform.
- Content license fees comprise recurring fees paid by customers for the right to use third-party content distributed via Janison's learning platform or our customers' proprietary learning platforms.

Directors' Report

- Platform maintenance fees represent recurring fees paid by clients for platform maintenance and support services over a specific period of time (usually one year).

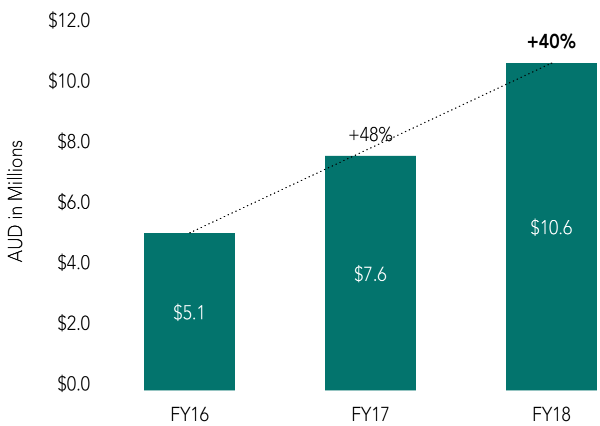
Project services revenues include revenues generated by platform customisation, implementation, configuration, and customer staff training activities.

Operating Revenue by Component

Year ended 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
License and hosting fees	7,481	5,406	38%
Content license fees	1,577	1,041	51%
Platform maintenance fees	1,558	1,116	40%
Total platform revenue	**10,616**	**7,563**	**40%**
Number of platform customers during period	71	74	-4%
Average platform revenue per customer in $000s	150	102	47%
Project services revenue	**6,689**	**6,780**	**-1%**
Total operating revenue	**17,305**	**14,343**	**21%**
Number of platform customers during period	86	83	4%
Average platform revenue per customer in $000s	201	173	16%

* The **number of customers** incudes all clients for which revenue was recognisable during the period. It does not represent the number of active clients at the end of the reporting period.

PLATFORM REVENUE GROWTH



The 40% increase in Platform revenues was driven by increases in all categories of Platform fees. While the number of customers using Janison's platform during the year has decreased slightly (-4%,) the platform revenue generated per client increased 46% as a result of upsells to existing customers and large assessment contracts moving from the project stage into the operational platform licensing stage.

Operating Revenue by Market Sector

Year ended 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
Schools (K-12)	6,487	7,099	-9%
Higher Education	2,425	406	497%
Workplace	8,393	6,838	23%
Total operating revenue	**17,305**	**14,343**	**21%**

Revenue reported by Market Sector reflects a significant increase in revenue generated from Tertiary customers in financial year 2018, reflecting the Group's focus on penetrating this market in Australia and internationally. The Schools (K-12) sector decreased in financial year 2018 reflecting lower project services revenue in this sector as a few large projects moved toward completion and into operational licensing stage.

Operating Revenue by Geography

Year ended 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
Australia and New Zealand Total	**13,348**	**12,608**	**6%**
Asia	2,484	1,219	104%
Rest of World	1,473	516	185%
International Total	3,957	1,735	128%
Total operating revenue	**17,305**	**14,343**	**21%**
International revenues as percentage of total	23%	12%	+11 ppt

International revenues as a percentage of total revenues increased from 12% in the prior year comparative period to 23% for the year ended 30 June 2018 in line with the Group's strategy to expand into larger markets. The Group has plans to expand in Asia and also to use our existing customer contacts in the United Kingdom as a base for expansion around the globe.

GROSS PROFIT

Gross Profit represents operating revenue less cost of sales. Cost of Sales consists of personnel expenses directly associated the provision of Janison's platforms and services to clients, including customer support. Costs include hosting and third-party content licensing fees, personnel and related payments including wages, benefits, bonuses and third-party contractor fees. Cost of sales excludes related depreciation and amortisation and overheads which are reported as operating expenses on the Statement of Profit or Loss.

Year ended 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
Total operating revenues	**17,305**	**14,343**	**21%**
Cost of sales	(10,625)	(8,005)	33%
Gross profit	6,680	6,338	5%
Percentage of operating revenue	39%	44%	-5 ppt

Directors' Report

Cost of sales increased 33% during the year ended 30 June 2018 reflecting the 21% increase in operating revenues. Expenditures for personnel and contractors increased 30%, reflecting the higher revenues during the period and the lower gross margin percentage achieved during the period. Hosting expenses increased 50% over the prior year reflecting the increase in platform revenues supported by our cloud-based hosting model and the costs of implementing improved functionality, security & reliability in the hosting environment. Content license fees paid to third-parties increased 32% to $918 thousand in response to and in-line with the increase in content license fee revenues.

PRODUCT DESIGN AND DEVELOPMENT

Product design and development costs consist primarily of personnel and related expenses (including wages, benefits, and bonuses) directly associated with product design and development. Overheads have not been included.

The proportion of product design and development expenses that creates a benefit in future years is capitalisable as an intangible asset and is then amortised to the Statement of Profit or Loss over the estimated life of the asset created. The amortisation relating to the Group's platform is included in depreciation and amortisation on the Statement of Profit or Loss.

Research and Development Incentive Tax Grant Income is recorded as other operating income and offset against the related Product design and development costs and related overheads in the operating expenses section of the Statement of Profit or Loss.

Year ended 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
Product design and development costs (including amounts capitalised)	**2,649**	**2,429**	**9%**
Percentage of operating revenue	15%	17%	-2 ppt
Less: capitalised development costs	(1,570)	(288)	NM
Product design and development expense, net (excluding amortisation of capitalised costs)	**1,079**	**2,141**	**-50%**
Add: amortisation of capitalised development costs	73	–	NM
Product design and development expense	**1,152**	**2,141**	**-46%**
Percentage of operating revenue	7%	15%	-9 ppt
R&D Tax Incentive Credit Income	(1,397)	(1,516)	-8%

The Group is investing in new features particularly for the Assessment Platform that focus on improving the capabilities of the software for the tertiary market in the areas of task management in relation to administering tests, test authoring, delivery and marking, as well as marking. These features are in development and will improve the attractiveness of the platform, particularly when competing in the tertiary market.

Total product design and development costs were $2.5 million in the year ended 30 June 2018, 6% higher than the prior year. Of this $1.5 million was capitalised, with the balance of $1.1 million included as an expense in the Statement of Profit or Loss. The amount capitalised represents a capitalisation rate of 58% of total product design and development costs during the year ended 30 June 2018. In the prior year, the Group's product design and development efforts were more heavily weighted to the research phase of product developments.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

General and administrative expenses consist of personnel and related expenses (including salaries, benefits and bonuses for board members and executives, finance, human resources, and administrative employees). They also include legal, accounting and other professional services fees, insurance premiums, travel, and other corporate expenses and overheads.

Business development expenses consist of personnel and related expenses (including salaries, benefits and bonuses for the sales team). Also, included are marketing and advertising costs.

Year ended 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
General and administrative expenses	3,399	2,489	37%
Business development expenses	504	215	135%
Total SG&A Expense	**3,903**	**2,703**	**44%**
Percentage of operating revenue	23%	19%	+3 ppt

Total selling general and administrative expenses increased to 23% of operating revenue for the year ended 30 June 2018 from 19% in the prior year.

General and administrative expenses increased to $3.4 million ($0.9 million higher) in the current year reflecting primarily increased personnel, travel and professional services attributable to the growth of the company and also the added administrative costs associated with being a listed company.

Business Development expenses also increased from the prior period in-line with the Group's plan to invest more resources in selling and marketing its products.

EMPLOYEES

At 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
Total full-time equivalent (FTE) employees	85	70	21%

The number of FTE employees increased in the year ended 30 June 2018 primarily as a result of the April 2018 purchase of Ascender, a content generation business (~11 staff) and the addition of additional business development personnel. The Group utilises a mix of employees and third-party contractors to meet its service obligations to customers. The data above does not include third-party contractors and non-executive directors.

CASH FLOWS

Summarised cash flow data accumulated on the same basis as the Statement of Cash Flows is presented below.

Year ended 30 June 2018	2018 ($'000s)	2017 ($'000s)	Change
Receipts from Customers	16,561	12,587	32%
Payments to Suppliers and Employees	(16,245)	(13,518)	20%
Income Taxes Refunded	468	349	34%
Other	58	(152)	-157%
Total cash flows from (used in) operating activities	**842**	**(734)**	**215%**
Investing Activities	(4,029)	(336)	NM
Financing Activites	5,448	(427)	NM
Net change in cash	**2,261**	**(1,496)**	**251%**

Receipts from customers increased 32%, considerably more than the 21% increase in operating revenues. Receipts from customers include instalment payments under multi-year development contracts whose timing varies. The increase over the prior period relates to timing of cash payments received.

Cash flows used in investing activities totalled $4.0 million for the year ended 30 June 2018, including $2.6 million of net cash outlays to complete the acquisition transaction and $99 thousand for the purchase of Ascender, a small content generation business. Investing activities related to software design and development costs increased to $1.5 million from $288 thousand in the prior year corresponding period.

Cash provided by financing activities during the year ended 30 June 2018 was $5.4 million reflecting the net proceeds from the $10 million capital raising Transaction which was completed in December 2017, offset by repayments of loan obligations in the amount of $2.9 million and the payment of $1 million dividend to Janison Solutions Pty Ltd shareholders before the effective date of the Transaction.

SEGMENT INFORMATION

From 1 July 2017, the Group's activities are organised into two (2) operating segments: Assessment and Learning.

Operating revenues are recorded to a segment depending on the platform and products sold. Cost of sales includes the same components as the consolidated financial statements (personnel costs, hosting expenses and third-party content licenses). Costs that can be directly attributed to a segment are recorded to that segment. Cost of sales and expenses that cannot be directly attributed to a segment are allocated.

Year ended 30 June 2018	Assessment ($'000s)	Learning ($'000s)	Total ($'000s)
License and hosting fees	3,318	4,163	7,481
Content license fees	–	1,577	1,577
Platform maintenance fees	1,185	373	1,558
Total platform revenue	**4,503**	**6,113**	**10,616**
Number of platform customers during period	*9*	*62*	*71*
Average platform revenue per customer	*500*	*99*	*150*
Project services revenue	**5,200**	**1,489**	**6,689**
Total segment revenue	**9,703**	**7,602**	**17,305**
Number of total customers during period	*10*	*76*	*86*
Average total revenue per customer	*970*	*100*	*201*
Segment gross profit	**2,266**	**4,413**	**6,680**
Percentage of operating revenue	*23%*	*58%*	*39%*
Segment trading EBITDA	**(202)**	**3,379**	**3,177**
Percentage of operating revenue	*-2%*	*44%*	*18%*

Year ended 30 June 2017	Assessment ($'000s)	Learning ($'000s)	Total ($'000s)
License and hosting fees	1,487	3,919	5,406
Content license fees	–	1,041	1,041
Platform maintenance fees	855	261	1,116
Total platform revenue	**2,342**	**5,221**	**7,563**
Number of platform customers during period	*8*	*64*	*72*
Average platform revenue per customer	*293*	*82*	*105*
Project services revenue	5,430	1,350	6,780
Total segment revenue	**7,772**	**6,571**	**14,343**
Number of total customers during period	*12*	*71*	*83*
Average total revenue per customer	*648*	*93*	*173*

Assessment

Segment revenue for the year ended 30 June 2018 grew by 25% off reflecting a 92% increase in platform revenues and relatively stable project services revenues (-4%), in line with the Group's strategy to focus on growing platform revenues. The significant increase in platform revenue reflects the progression of clients such as British Council, Naplan and SEAB from the build and configuration stage of these contracts to the operational licensing phase of the contracts during the year ending 30 June 2018.

Gross Margin for the year ended 30 June 2018 was $2,266 thousand (23% as a percentage of revenues), while Trading EBITDA was negative $202 thousand. Both metric are in-line with management expectations given the assessment product, Insights is in the very early stages of its commercial life cycle.

Learning

Segment revenue for the year ended 30 June 2018 grew by 16% reflecting a 17% increase in platform revenues and an increase of 11% in project services revenue. Project services revenues reflected the 23 April 2018 acquisition of Ascender, a business unit specialising in content development.

Gross Margin for the Learning Segment reported a gross margin as a percentage of revenue of 58%, reflecting the higher expectations for this segment given the maturity of the Learning platform. Trading EBITDA for the year ended 30 June 2018 was $3.4 million (44% as a percentage of revenues)

DIVIDENDS

On 12 September 2017 (prior to the Acquisition transaction), a dividend was declared and paid to former shareholders of Janison Solutions Pty Ltd in the amount of $1.0 million.

No final dividend has been declared for the financial year ended 30 June 2018.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environment regulations.

Directors' Report

DIRECTORS

The following persons were Directors of the Group during or since the end of the financial year are:

Name	Particulars
Mr Mike Hill	Non-Executive Chairman
Mr Brett Chenoweth	Non-Executive Director
Mr David Willington	Non-Executive Director (appointed 15 September 2018)
Mr Tom Richardson	Executive Director and CEO (appointed 15 December 2017)
Mr Wayne Houlden	Executive Director (appointed 15 December 2017)
Ms Allison Doorbar	Non Executive Director (appointed 20 June 2018)
Mr Michael Pollak	Non Executive Director (resigned 15 September 2017)

INFORMATION ON THE DIRECTORS

Mike Hill

Experience and Expertise

Mike has more than 20 years' experience working on corporate and private equity transactions in Australia and the UK. Mike is a former Partner of Ernst & Young in the M&A advisory team and has also worked as a principal investor with the Ironbridge Capital from 2004 to 2014. Ironbridge is a leading domestic private equity firm with $1.5bn of funds under management. Mike is a founder of Bombora Group, an Investment and advisory group based in Sydney. His involvement at Janison is to work closely with the executive team on all strategic business development activities. He is a member of the Institute of Chartered Accountants in Australia.

Other Current Directorships

Rhipe limited (ASX:RHP) (Non-executive Chairman)

AHAlife Holdings Limited (ASX:AHL) (Non-executive Chairman)

Acrow Formwork and Construction Limited (ASX:ACF) (Non-Executive Director)

Former Directorships in the Last Three Years

LiveTiles Limited (ASX:LVT) (Non-Executive Director, resigned on 5 September 2017)

JustKapital Limited (ASX:JKL) (Non-Executive Director, resigned on 27 November 2017)

Prime Media Group Limited (Non-Executive Director, resigned on 22 August 2016)

Special Responsibilities

Chairperson

Chairperson Audit and Risk Committee

Member Remuneration and Nominations Committee

Interests in Shares and Options

- 1,181,475 fully paid ordinary shares (escrowed),
- 600,000 loan-funded shares funded by way of a 5-year limited recourse, non-interest bearing loan from the Company. The vesting subject to continuous employment and when the 5-day VWAP of the Company's shares exceeds $0.60 for more than 30 days.
- 500,000 unvested performance rights to receive one fully paid shares. Vesting is subject to a performance hurdle.
- 105,000 unlisted and unvested options exercisable at $0.3333 per option, expires on 8 October 2019.

Brett Chenoweth

Experience and Expertise

Brett brings a wealth of major international experience across media, technology, entertainment, investment and telecommunications. Brett is Chairman of Madman Entertainment, Chairman of Yellow Pages Group, Chairman of The Advisory Board of HRL Morrison & Co., a Principal of the Bombora Group, an Independent Board Director at Surfing Australia, Sellable and eftpos Payment Australia and Chairman of Canberra Data Centres. Brett has formerly served as Chief Executive Officer and Managing Director of APN News and Media and has held senior executive roles at the venture capital firm Silverfern Group, Telecom New Zealand, Publishing & Broadcasting Limited, ecorp, ninemsn and Village Roadshow.

Other Current Directorships

None

Former Directorships in the Last Three Years

APN News and Media Limited (ASX: APN) (CEO and Managing Director)

Acrow Formwork and Construction Limited (ASX:ACF) (Non-Executive Director)

Special Responsibilities

Chairperson Remuneration and Nominations Committee

Interests in Shares and Options

- 934,875 fully paid ordinary shares (escrowed),
- 600,000 loan-funded shares funded by way of a 5-year limited recourse, non-interest bearing loan from the Company. The vesting subject to continuous employment and when the 5-day VWAP of the Company's shares $0.60 for more than 30 days.

For personal use only

- 500,000 unvested performance rights to receive one fully paid shares. Vesting is subject to a performance hurdle.
- 105,000 unlisted and unvested options exercisable at $0.3333 per option, expires 8 October 2019.

David Willington

Experience and Expertise

David has over 25 years' experience in corporate finance and investment banking and during his career has primarily advised companies in the technology, media and telecommunications industry.

David is the Founder and Managing Director of the boutique advisory and investment firm Mannagum Capital. Previously, David was a Partner at Deloitte Corporate Finance and prior to that was an investment banker with NM Rothschild and Citi.

David has a Bachelor of Commerce, is a member of the Institute of Chartered Accountants in Australia and is a Fellow of the Financial Services Institute of Australia.

Other Current Directorships

None.

Former Directorships in the Last Three Years

None

Special Responsibilities

Member Audit & Risk Committee

Interests in Shares and Options

- 266,667 fully paid ordinary shares,
- 600,000 loan-funded shares funded by way of a 5-year limited recourse, non-interest bearing loan from the Company. The vesting subject to continuous employment and when the 5-day VWAP of the Company's shares exceeds $0.60 for more than 30 days.
- 500,000 unvested performance rights to receive one fully paid shares. Vesting is subject to a performance hurdle.

Allison Doorbar

Experience and Expertise

Allison is Managing Partner at EduWorld, a company that provides market research and strategic consulting services to the education sector. She has spent most of her career working with education providers globally helping them to develop and implement their marketing strategies. This includes working with many of the World's leading universities, major global providers as well as many government departments and agencies.

Other Current Directorships

None.

Former Directorships in the Last Three Years

None.

Special Responsibilities

Member Remuneration and Nominations Committee

Interests in Shares and Options

None as of the date of this report.

Tom Richardson

Experience and Expertise

Tom has successfully led the growth of Janison for the past 3 years and has over 15 years of experience in the online learning industry.

He was the founder of the Deloitte Leadership Academy and the CEO of Latitude Learning Academy before joining Janison in 2015. Tom was a Partner at Deloitte for over 10 years focused specifically on digital disruption, innovation and business growth.

He was a consultant for 5 years at Bain International and a manager at Arthur Andersen advising Australia's leading organisations on performance improvement. Tom also spent two years with Investment Banks in London working for Merrill Lynch, Salomon Brothers and Rothchilds.

Tom has a Bachelor of Business, a Master of Business Administration (MBA) from the Australian Graduate School of Management and is a Certified Practicing Accountant.

Other Current Directorships

None.

Former Directorships in the Last Three Years

None.

Special Responsibilities

CEO and Managing Director

Interests in Shares and Options

- 15,599,251 fully paid ordinary shares (escrowed)
- 2,400,000 loan-funded shares funded by way of a 5-year limited recourse, non-interest bearing loan from the Company. The vesting subject to continuous employment and when the 5-day VWAP of the Company's shares exceeds $0.60 for more than 30 days.
- 2,000,000 unvested performance rights to receive one fully paid shares. Vesting is subject to a performance hurdle.

Directors' Report

Wayne Houlden

Experience and Expertise

Wayne founded Janison in 1998. Wayne is seen as market shaper in the global world of education technology and has been involved in the development of a number of award winning and innovative online learning applications including national education portals, online learning management systems, professional development learning portals and award winning assessment systems.

In the past five years the majority of Wayne's focus has been the development and delivery of the Janison Assessment Platform business. Wayne was instrumental in winning and delivering the NAPLAN and Singapore Examinations Assessment Board assignment. Wayne has a truly global vision for the Business and has strong relationships in the education technology industry around the world.

Previous to Janison, Wayne worked as an IT leader in Citibank and also has a teaching background in information technology.

Wayne has a Bachelor of Science Degree from University of New South Wales and a Diploma of Teaching from Sydney University of Technology.

Other Current Directorships

None.

Former Directorships in the Last Three Years

None.

Special Responsibilities

Member of the Audit and Risk Committee and the Remuneration and Nominations Committee.

Interests in Shares and Options

- 66,067,416 fully paid ordinary shares (escrowed)
- 1,200,000 loan-funded shares funded by way of a 5-year limited recourse, non-interest bearing loan from the Company. The vesting subject to continuous employment and when the 5-day VWAP of the Company's shares exceeds $0.60 for more than 30 days.
- 1,000,000 unvested performance rights to receive one fully paid shares. Vesting is subject to a performance hurdle.

Company Secretary

Andrew Whitten holds the position of Company Secretary.

Experience and Expertise

Andrew is an admitted solicitor and an Executive Director of Automic Group of Companies, Australia's only professional service provider that delivers a complete and integrated ecosystem of Registry, Company Secretarial, Legal, CFO and Accounting services.

Andrew is currently the company secretary for a number of publicly listed companies. He has been involved in numerous corporate and investment transactions including IPOs on the ASX and NSX, corporate reconstructions, reverse mergers and takeovers for two decades.

Andrew holds a Bachelor of Arts (Economic, UNSW); Master of Laws and Legal Practice (Corporate Finance and Securities Law, UTS); Graduate Diploma in Applied Corporate Governance from the Governance Institute and is an elected Associate of that institute.

Directors' meetings

The following table sets out the number of Directors Meetings held during the financial year and the number of meetings attended by each Director (while they were in office):

	Full Directors Meetings		Audit/Risk		Nominations		Remuneration	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Michael Hill, Chairman	7	7	–	–	1	–	2	1
Brett Chenoweth	7	6	–	–	1	1	2	2
David Willington	6	6	–	–	–	–	–	–
Tom Richardson	6	6	–	–	–	–	–	–
Wayne Houlden	6	6	–	–	1	1	2	1
Allison Doorbar	1	1	–	–	–	–	–	–

All other business was conducted via circular resolution.

Options

As at the date of signing this report, there were 11,296,676 unissued ordinary shares under option. These options were exercisable as follows:

Date of Grant	Security	Number of Options	Date of Expiry	Conversion Price $
8-Oct-14	Options	607,500	8-Oct-19	0.33
15-Dec-17	Loan Funded Shares	5,400,000	14-Dec-22	0.30
15-Dec-17	Performance Rights	4,500,000	14-Dec-19	nil
15-Dec-17	Advisor Options & Rights	240,000	14-Dec-20	0.30
15-Dec-17	Employee Options	946,676	14-Dec-18	nil
		11,296,676		

Insurance of Directors and Officers

During the financial year the Group paid insurance premiums in respect of directors and officers liability insurance so as to insure the Directors of the Group, the Company secretary, and all executive officers of the Group and of any related body corporate against a liability incurred as such as Director, secretary or executive officer to the extent permitted by the Corporation Act 2001. The amount paid during the year was $50 thousand (2017: nil).

Auditor Independence

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 71 of this annual report.

Non-audit services

Stantons International Audit and Consulting Pty Ltd (Stantons International) are the appointed auditors of the Group. The auditor has not been indemnified under any circumstance.

Non-audit services in the amount of $29,143 were provided in the current financial year with respect to an investigating accountants report (2017: None).

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence has not been compromised.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of Amounts

The Company is an entity to which ASIC Legislative instrument 2016/191 applies, and accordingly amounts in the financial statements and directors' report have been rounded to the nearest thousand dollards.

Corporate Governance Statement

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability to the corporate governance statement dated 31 August 2018 released to the ASX and posted on the Company's website: www.janison.com/investors.

Mike Hill
Chairman

Remuneration Report

1 Letter from the Chair of the Remuneration Committee

Dear Shareholder,

I am delighted to bring you this inaugural Remuneration Report following the listing of the Janison Education Group Limited business in December 2017 (previously HJB Corporation Limited). In preparing this report we have sought to assure shareholders that their Board is applying a high standard of governance to both remuneration and disclosure practices, consistent with the high standards of the Board.

During the FY18 reporting period the Remuneration Committee has focussed on the performance of executives in delivering the prospectus outcomes. We have also begun to engage external advisors to support the committee to identify those areas of remuneration policies, procedures and practices that will requirechange and improvement, following delivery of the prospectus commitments.

Brett Chenoweth

Independent Non-Executive Director
Chair of the Remuneration Committee

2 Scope of the Remuneration Report and Individuals Classed as KMP

The Remuneration Report sets out the prescribed key management personnel (KMP) remuneration information and details of Janison Education Group Limited, formerly HJB Corporation Ltd (Janison Education) in accordance with section 300A of the Corporations Act 2001 (the Act) and associated regulations, including policies, procedures, governance, and factual practices as required.

During Financial Year 2018 (FY18), HJB Corporation completed an acquisition of 100% of Janison Solutions Pty Ltd (Janison Solutions), an Australian business providing learning management and digital assessment platforms. The acquisition qualified as a reverse take-over (RTO) meaning that for accounting and reporting purposes the subsidiary, Janison Solutions is considered the parent.

Janison Solutions was not required to prepare a Remuneration report in accordance with the Act prior to the RTO. As a result, Remuneration Report disclosure in respect of Janison Solutions is only required between 15 December 2017 (Acquisition Date) and the end of the reporting period, being 30 June 2018.

In accordance with the Act, this report covers the Remuneration of KMP legally appointed in the Company (the listed entity) both before and after the RTO transaction date. It does not cover the Remuneration of KMP of Janison Solutions prior to the date of the RTO acquisition date.

In addition, Janison Education Group Limited (Janison Education Group, the Company) has decided to set out such further information as shareholders may require for them to obtain an accurate and complete understanding of the Company's approach to the remuneration of Key Management Personnel (KMP).

KMP are the non-executive directors, the executive directors and employees who have authority and responsibility for planning, directing and controlling the activities of the consolidated entity. On that basis, the following roles/individuals are addressed in this report:

Non-executive Directors (NEDs) of Janison Education as at the end of FY 2018

- Mr Michael Hill, independent non-executive director since (7 July 2014)
  - Chairman of the Board since (26 November 2014)
  - Chairman of the Audit Committee since (15 December 2017),
  - Member of the Remuneration Committee since (15 December 2017),
  - Member of the Risk Committee since (15 December 2017),
  - Member of the Nomination Committee since (15 December 2017),
- Mr Brett Chenoweth, independent non-executive director since (7 July 2014),
  - Member of the Remuneration Committee since (15 December 2017),
  - Member of the Nomination Committee since (15 December 2017),
- Mr David Willington, independent non-executive director since (15 September 2017),
  - Member of the Audit Committee since (15 December 2017),
  - Member of the Risk Committee since (15 December 2017),
- Ms Allison Doorbar, independent non-executive director since (20 June 2018),
  - Member of the (Remuneration and Nominations Committee) since (24 July 2018),

On 24 July 2018, the Board passed a meeting resolution to combine the four Board sub-committees into two committees. Starting in financial year 2019, the Board sub-committees will be the Audit and Risk Committee and the Remuneration and Nominations Committee.

During the period, the following persons ceased to be non-executive directors of the Company:

- Michael Pollak (resigned 15 September 2017)

Senior Executives of Janison Education Classified as KMP During the Reporting Period

- Mr Tom Richardson, Chief Executive Officer & Managing Director (CEO & MD) since 15 December 2017,
- Mr Wayne Houlden, Executive Director, since 15 December 2017
- Ms Diane Fuscaldo, Chief Financial Officer (CFO) since 15 December 2017,

The following individuals were classified as KMP of HJB prior to the takeover:

- Michael Pollak (resigned 15 September 2017)
- Jonathan Pager (resigned 13 December 2017)

3 Context of Remuneration for FY18 and into FY19

3.1 Relevant Context for Remuneration Governance during FY18

The KMP remuneration structures that appear in this report are required to reflect the arrangements applicable to Financial Year 2018, however, where appropriate, comments regarding future considerations or changes are made to provide additional context that may be helpful to shareholders in understanding remuneration governance and practices applicable to key management personnel remuneration within Janison Education.

The following outlines important context for the decisions that were made in relation to remuneration for/during Financial Year 2018, the outcomes of which are presented in this report. As the Company continues to develop, mature and move beyond prospectus delivery, the Board will continue to assess and adjust remuneration practices to meet emerging requirements.

- The Company, in its current form, completed successfully the acquisition of Janison Solutions on 15 December 2017,
- As at the 30 June 2018, being the end of the reporting period, the share price was $0.46, a significant premium of more than 50% to the $0.30 share price at listing, indicating that the market is recognising the value of the Company business model, and the ability of the KMP to deliver the strategy,
- The Company is focussed on delivering the prospectus commitments to increase value for those shareholders who participated in the capital raising or who have become shareholders since the RTO, and implementing the strategy as communicated including:
  - Investments in sales, marketing and business development resources to drive growth,
  - Delivering on existing high-profile customer projects critical to the Group's reputation and growth strategy,
  - Implementation of the Group's product roadmap via investments in developing new features and projects that can be marketed to new and existing customers
  - Establishing a meaningful presence internationally with the goal to increase the proportion of the Group's revenues coming from International customers,
  - Targeted acquisitions to acquire complementary businesses with a focus on securing new clients,
- As outlined in the prospectus, prior to the RTO the Company entered into arrangements with KMP, senior executives, employees and advisors suitable to the context of such a transaction being undertaken. These were one-off arrangements related to the prospectus, with future arrangements intended to reflect more normalised remuneration rrangements. The one-off prospectus-linked arrangements included:
  - 5,400,000 Loan Funded Shares granted to Board members, to incentivise the Board to grow shareholder value via improvements in the share price. These are effectively options with a 30c exercise price, though structured as a limited-recourse-loan plan whereby the Participant received the shares up-front, and is provided with a loan to fund the acquisition, by the Company, which must be repaid within 5 years (no interest payable on the loan). These are subject to a vesting condition that requires the 5 day VWAP of Shares to exceed 60c for more than 30 days during the 5 year period, with a concurrent continued service test. If the conditions are not met, the Shares are bought back and cancelled in settlement of the loan,
  - 1,040,010 Options (nil exercise price) granted to management and selected employees and contractors to ensure stability and retention of key talent through the prospectus and prospectus delivery period, subject to a continued employment test (ending 30th June 2019),
  - 219,978 Employee Gift Offer Shares granted to all eligible employees to build engagement and alignment through the prospectus delivery period, subject to a 3 year disposal restriction unless employment is terminated at which point the disposal restriction is lifted, and
  - 120,000 Advisor Performance Rights to advisors of the Company as part of the engagement of the advisors, in support of the prospectus, subject to a 30c exercise price and a vesting hurdle of the Company's 5 day VWAP exceeding 60c for more than 30 days within a 3 year period, and

Remuneration Report

For personal use only

- – 120,000 Options to advisors of the Company in support of the prospectus. The exercise price is nil, subject to performance hurdles.
- – For FY18 long term incentives (LTI), Performance Rights were granted with a vesting condition based on continuous service and the operational EBITDA of the Company exceeding the budget by 10% for the year ended 30th June 2019,
- – Outstanding fees owed to directors and other advisors of the pre-existing listed company (HJB) were converted into 1,050,000 shares at a rate of 30c per share.

- The Board is hopeful that shareholders will understand the important transition that the Company is undergoing as a result of the RTO and will express support for the Remuneration Report resolution. Financial Year 2018 has been a successful, but more importantly, transformational year for the Janison. The Company has evolved from a private Coffs Harbour based business to an ASX listed, global education technology platform business. During FY18, the Company achieved encouraging outcomes:
  - – Achieving platform revenue growth of over 40% with $3m of additional recurring revenue after 48% growth in the prior year
  - – Delivering on our key projects with 99.9% of the 668,000 NAPLAN tests completed successfully.
  - – Investing in improving the reliability, scalability, quality, security and accessibility of our platform.
  - – Being recognised for our innovation with the highly acclaimed NSW iAwards and being ranked in top 100 list of Australian Financial Review's Most Innovative Companies 2018
  - – Investing in building key relationships and partnerships with Microsoft, British Council and other industry leaders to help shape the industry.

The investments made, whilst a use of funds raised in the short-term, will contribute to the creation of a scalable business with a sound corporate structure upon which the Company can truly build a successful global learning and assessment education offering.

4 Overview of Remuneration Governance Framework & Strategy

4.1 Transparency and Engagement

The Company seeks input regarding the governance of KMP remuneration from a wide range of sources, including:

- Shareholders and other stakeholders,
- Remuneration Committee Members,
- External remuneration consultants (ERCs),
- Other experts and professionals such as tax advisors and lawyers, and
- Company management to understand roles and issues facing the Company.

The following outlines a summary of The Company's Remuneration Framework. Shareholders can access a number of the related documents by visiting the investor portal on the Company website www.janison.com/investors/.

4.2 Remuneration Committee Charter

The Remuneration Committee Charter (the Charter) governs the operation of the Remuneration Committee (the Committee). It sets out the Committee's role and responsibilities, composition, structure and membership requirements. The purpose of the Committee is to assist the board by:

- Establishing appropriate processes regarding the review of the performance of directors, committees and the Board, and implementing them,
- Reviewing and making recommendations to the Board in relation to the remuneration packages of Senior Executives and non-executive directors, equity-based incentive plans and other employee benefit programs,
- Developing policies, procedures and practices that will allow the Company to attract, retain and motivate high calibre executives, and
- Ensuring a framework for a clear relationship between key executive performance and remuneration.

The Committee has the authority to obtain outside legal or other professional advice or assistance on any matters within its terms of reference.

The Company's recognises the importance of ensuring that any recommendations given to the Committee provided by remuneration consultants are provided independently of those to whom the recommendations relate. Further information about the parameters under which external remuneration consultants are engaged is provided below.

4.3 Executive Remuneration Policy

The Company's executive remuneration policy may be summarised as follows:

- Remuneration for senior executives should be composed of:
  - – Base Package (inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax (FBT)),
  - – Variable remuneration, the purpose of which is to create a strong link between performance and reward,

  - Which is partly at-risk; an opportunity for the Company to pay less than the planned remuneration when performance expectations have not been met,
  - Which is partly an incentive to reward executives for meeting or exceeding expectations,
  - Which considers outcomes of the short term, via the Short Term Incentive (STI) or Bonus opportunity which provides a reward for performance against annual objectives, and
  - Which considers long-term outcomes, via the Long Term Incentive (LTI) which provides an equity-based reward for performance against indicators of shareholder benefit or value creation, over a multi-year period,
- – In total the sum of the elements will constitute a total remuneration package (TRP).

- Both internal relativities and external market factors should be considered,
- Total remuneration packages (TRPs, which include Base Package and incentives) should be structured with reference to market practices, the practices of competitors for talent, and the circumstances of the Company at the time.

Changes to fixed remuneration resulting from annual reviews should generally to be determined in relation to:

- external benchmarking, and/or market movements,
- whether current remuneration for the incumbent is above or below the policy midpoint/benchmark – those below the midpoint will tend to receive higher increases,
- the competence of the incumbent in fulfilling their role which determines their positioning within the policy range – higher calibre incumbents are intended to be positioned higher in the range, and
- any changes to internal relativities related to role/organisation design that have occurred since the previously review.

4.4 Short Term Incentive/Bonus Policy

The short term incentive policy of the Company is that an annual component of executive remuneration should be:

- at-risk, which allows the Company to vary the cost of employing executives, to align with individual and Company performance, which incentivise outperformance of targets,
- paid in cash and deferral should not apply since there is a separate component of remuneration (the LTI) which is intended to address long term outcomes, and which is weighted sufficiently to ensure that the risk of short termism is appropriately managed, and
- Short-term awards should be linked to the main drivers of value creation at the group, business unit or individual level, as may be appropriate to the role and subject to Board discretion.

Non-executive directors are excluded from participation.

A termination of employment will trigger a forfeiture of some or all of unearned STI entitlements depending upon the circumstances of the termination. The Board retains discretion to trigger or accelerate payment or vesting of incentives provided the limitation on termination benefits as outlined in the Corporations Act are not breached.

4.5 Long Term Incentive Policy

The Board has designed the long-term incentive policy of the Company such that executive remuneration is:

- at-risk, producing down-side remuneration outcomes for executives when expectations are not met,
- linked to equity in the Company to ensure that the interests of executives are aligned with those of shareholders,
- appropriately configured to offset the risk of short-termism that can arise due to short term incentives, and
- targeted around expectations but inclusive of opportunities to earn additional remuneration when expectations are exceeded.

The LTI is based on Performance Rights or Options (which may include share purchase loan plan arrangements – LFSP),

- A termination of employment will trigger a forfeiture of some or all of the long-term incentives held by an executive in respect of which performance conditions and hurdles have not yet been met, depending upon the circumstances of the termination. The Board retains discretion to trigger or accelerate payment or vesting of incentives provided the limitation on termination benefits as outlined in the Corporations Act are not breached.

4.6 Non-executive Director Remuneration Policy

The Non-executive Director remuneration policy applies to non-executive directors (NEDs) of the Company in their capacity as directors and as members of committees, and may be summarised as follows:

- Remuneration may be composed of:
  - Board fees,
  - Committee fees,
  - Superannuation,
  - Other benefits, and
  - Equity (if appropriate at the time, such as in the lead-up to the RTO).

- Remuneration will be managed within the aggregate fee limit (AFL) or fee pool approved by shareholders of the Company as part of the listing, of $500,000 (excluding the salaries of executive Directors),
- The Board may seek adjustment to the AFL in the case of the appointment of additional NEDs, or should the AFL become insufficient to attract or retain the appropriate calibre of NEDs,
- Remuneration should be reviewed annually,
- Committee fees may be used to recognise additional contributions to the work of the Board by members of committees in circumstances that the workload of the Board is not equally shared,
- The Board Chair fee will be set as a multiple of the fees payable to other NEDs, in recognition of the additional workload associated with this role.

4.7 Securities Trading Policy

The Company's Securities Trading Policy applies to Directors and executives classified as KMP (including their relatives and associates), those employees working closely with KMP, employees nominated by the Board, or any other employee holding inside information. It sets out the guidelines for dealing in any type of Company Securities by persons covered by the policy, and the requirement for the Company to be notified within 2 business days of any dealing. It also summarises the law relating to insider trading which applies to everyone at all times. Under the current policy, those covered by the policy may not trade during a "blackout period" or when they hold inside information (subject to exceptional circumstances arrangements, see the policy on the Company website). The following periods in a year are "blackout periods" as defined in the policy:

- 2 weeks prior to the release of the Company's quarterly results or half year results,
- From the financial year balance date until 24 hours following the release of the Company's preliminary full year results (Appendix 4E) as long as such results are audited,
- Within 24 hours of release of price sensitive information to the market, and
- another date as declared by the Board ("ad-hoc").

4.8 Variable Executive Remuneration – The Short Term Incentive Bonus Plan of Janison Education Group

Short Term Incentive Plan (STIP)	
Aspect	**Plan, Offers and Comments**
Purpose	The short term incentive bonus plan's purpose is to give effect to an element of remuneration that is partly at-risk and partly an incentive. This element of remuneration reinforces a performance focussed culture, encourages teamwork and co-operation among executive team members and maintains a stable executive team by helping retain key talent. These objectives aim to be achieved by a simple plan that rewards participants for their performance during a 12 month period.
Measurement Period	The Company's financial year (12 months).
Award Opportunities	The CEO was offered an opportunity of up to $150,000 or approximately 43% of Base Package. Other Senior Executives who are KMP were offered an opportunity of between 20% and 30% of their Base Package.
Performance Assessment	Around the beginning of each year the Board sets the conditions that will be assessed under the executive STI, in consultation with the CEO. Performance assessments relate to the business plans, budgets and strategic priorities identified in respect of a given year. The awards are driven by financial outcomes, and take into account individual contributions. For FY18 short-term incentive awards were based on trading EBIT. The outcome for trading EBITDA was in-line with targets in FY18 and therefore on average 75% of the award opportunities were paid to participants in respect of the FY18 STI.

Short Term Incentive Plan (STIP)	
Aspect	**Plan, Offers and Comments**
Award Payment	Assessments and award determinations are performed following the end of the Measurement Period and the auditing of Company accounts. Awards will generally be paid in cash within a reasonable period of time following the end of the Measurement Period. They are to be paid through payroll with PAYG tax and superannuation remitted as appropriate. Short-term incentive deferral into equity does not apply to the STI plan since the LTI is of a sufficiently high weighting and structured to mitigate short-termism.
Cessation of Employment During a Measurement Period	In the event of a termination of employment, the following applies to STI opportunities for the financial year: • If the Participant is not employed on the date of payment, all award opportunities are forfeited unless otherwise determined by the Board, • If the termination due to dismissal for cause, all award opportunities are forfeited unless otherwise determined by the Board, • If the termination is due to resignation, all entitlements in relation to the Measurement Period are forfeited, unless the termination is classified as "good leaver" in the discretion of the Board, • In the case of a good leaver, the Board may make an award at the time of the termination (which would be classified as a termination payment), or assess outcomes at the normal time, following the termination.
Change of Control	In the event of a Change of Control including a takeover the Board has discretion regarding the treatment of short term incentive bonus opportunities, having regard to the portion of the Measurement Period elapsed, and pro-rata performance to the date of the assessment.
Fraud, Gross Misconduct etc.	If the Board forms the view that a Participant has committed fraud, defalcation or gross misconduct in relation to the Company then all entitlements in relation to the Measurement Period will be forfeited by that participant.

4.9 Variable Executive Remuneration – The Short Term Incentive Bonus Plan of HJB

During the reporting period between the start of the financial year and the takeover, HJB did not operate, or award, short-term incentives or bonuses in respect of KMP.

4.10 Variable Executive Remuneration – Long Term Incentive Plan (LTIP)

Long Term Incentive Plan (LTIP) Performance Rights, Options and Loan Funded Share Plan (LFSP)	
Aspect	**Plan, Offers and Comments**
Purpose	The long term incentive plan's primary purpose is to give effect to an element of remuneration that is partly at-risk and partly an incentive. This element of remuneration reinforces a performance focused culture, encourages teamwork and co-operation among key executives and directors, and maintains a stable leadership team by helping retain key talent. These objectives aim to be achieved by a series of equity-based remuneration opportunities that reward participants for their performance during a multi-year period. Other purposes of the LTI program include: • to assist key management personnel and others selected by the Board to become Shareholders, • to provide a component of remuneration to enable the Company to compete effectively for the calibre of talent required for it to be successful and to help retain employees, thereby minimising turnover and stabilising the workforce, and • facilitating variable remuneration cost outcomes so that in periods of poor performance the cost is lesser (applies to non-market measures under AASB2). Currently the Company operates Performance Rights, Options and Loan Funded Shares Plans for the purposes of the LTIP.
Form of Equity	The current plan includes the ability to grant the following to Eligible Employees which includes Directors, employees and service providers or advisors as nominated by the Board: • Performance Rights, which are subject to performance related vesting conditions, and which may be settled upon exercise by new issues or on market purchase of ordinary fully paid Shares, • Share Purchase Loans, whereby the Company provides a limited-recourse, interest free loan to Participants to acquire fully paid ordinary shares, with an associated obligation to repay the lesser of the loan amount and the value of the Shares at the end of the term of the loan. This functions effectively the same as an Option, however participants hold Shares at an earlier stage, and • Options which are subject to an exercise price, creating an incentive to increase Share price and grow shareholder value. The Options may be settled as "Cashless Exercise" in which case on exercise of the Options the Company will only allot and issue or transfer that number of Plan Shares to the Participant that are equal in value to the difference between the Exercise Price otherwise payable in relation to the Options and the then market value of the Plan Shares as at the time of the exercise. Options may also be subject to performance related vesting conditions. No dividends accrue to unvested Rights or Options, and no voting rights are attached, however dividends do accrue to LFSP Shares (along with voting entitlements) which must be put towards repayment of the Loan if any amount is outstanding.

Long Term Incentive Plan (LTIP) Performance Rights, Options and Loan Funded Share Plan (LFSP)	
Aspect	**Plan, Offers and Comments**
Amount Payable for Grants	The target or expected value of grants of equity is included in assessments of remuneration benchmarking and policy positioning. No amount is payable by participants for grants of Performance Rights or Options. An Acquisition Price will apply in respect of grants of LFSP Shares (with an accompanying loan) and may also apply to grants of Share Awards, which may or may not have Vesting Conditions. Any loan must be repaid prior to the end of the Loan Term, up to the Market Value of the Loan Funded Shares (limited-recourse). For the FY18 grant, LFSP Shares were offered at a price of 30c each, being the share price at the time of the grant calculation, and a loan for this amount was provided to the Participant for this amount in respect of each LFSP Share acquired.
Plan Limit	Unless prior Shareholder Approval is obtained, the number of Awards which may be granted under this Plan (assuming all Options and Performance Rights were exercised) must not at any time exceed in aggregate 10% of the total Issued Capital of the Company at the date of any proposed new Awards.
Grant Values	The Board retains discretion to determine the value of LTI to be offered each year, subject to shareholder approval in relation to Directors, when the Rights are to be settled in the form of a new issue of Company shares. The Board may also seek shareholder approval for grants to Directors in other circumstances, at its discretion. The Board determines the amount to be offered to each Participant with consideration of market competitive remuneration packages, and the quantum and mix of other remuneration elements intended to be available to the Participant. **FY18 Arrangements** In respect of the NEDs: ● As part of the RTO process and arrangements, which were specific to the circumstances of the RTO, the Chairman and other NEDs accepted the opportunity to participate in a grant of Loan Funded Shares with a fair value of $216,000 (600,000 LFSP Shares each valued at $72,000 each), ● Each of the NED Participants also applied for and were granted 500,000 Performance Rights, with a fair value of $315,000, and ● The terms and conditions of the LFPS arrangements, and Performance Rights, are set out in the next section, below. In respect of the CEO: ● As part of the RTO process and in respect of FY 18 LTI, the CEO accepted the opportunity to participant in a grant of Loan Funded Shares with a fair value of $288,000 (2,400,000 LFSP Shares) ● The CEO also applied for and was granted 2,000,000 Performance Rights with a fair value of $420,000. ● The terms and conditions of the LFPS arrangements, and Performance Rights, are set out in the next section, below. In respect of other executives, only the Executive Director Mr Wayne Houlden received a grant of LTI during the lead-up to the RTO and in respect of FY18 LTI: ● a grant of Loan Funded Shares with a fair value of $144,000 (1,200,000 LFSP Shares), and ● a grant of Performance Rights with a fair value of $210,000 (1,000,000 Performance Rights).

Long Term Incentive Plan (LTIP) Performance Rights, Options and Loan Funded Share Plan (LFSP)	
Aspect	**Plan, Offers and Comments**
Grant Values (continued)	**FY19 Invitations** In July 2018, Allison Doorbar was invited to participate in a grant of LTI as follows (pending ratification by shareholders at the upcoming AGM): • a grant of 600,000 Loan Funded Shares with a performance hurdle of 5-day VWAP to exceed 90 cents for more than 30 consecutive days. • a grant of 500,000 subject to a vesting condition as described below. In July 2018, the Chief Commerical Officer was invited to participate in a grant LTI as follows: • a grant of 150,000 Loan Funded Shares with a performance hurdle of 5-day VWAP to exceed 90 cents for more than 30 consecutive days. • a grant of 150,000 Performance Rights, subject to a vesting condition as described below.
Measurement Period and Conditions	The Board has discretion to set the terms and conditions of offers each year. **FY18 Invitations** • LFSP Shares: Shares with an acquisition price of 30c were offered, funded by limited recourse loans offered by the Company with a 5 year Term. A vesting condition of remaining in the service of the Company up to the date on which the performance hurdle is met, applies. The performance hurdle is that the 5-day volume weighted average market price of the Company's shares must exceed 60c for more than 30 days prior to the end of the Term (effectively a 4 year measurement period). These are similar to options with performance conditions, since in order for any value to be realised from the grant, not only do the performance/vesting conditions need to be met, but the share price must exceed the loan value for each Share (the loan is effectively a pre-paid exercise price, subject to later repayment), and • Performance Rights: a term of 2 years applies, the performance hurdle is that the operational EBITDA of the Company must exceed the Board approved budget by 10% for the year ending 30th June 2019, and the Participant must remain employed on the date that the hurdle is met (parallel service-based vesting condition). **FY19 Invitations** The terms of LTI grants appropriate to the post RTO strategy for FY19 were under review at the time of writing of this report. However, the grant of Performance Rights made in July as noted in the preceding sections was subject to a performance and vesting conditions that are equivalent to those offered as part of the RTO. **Comments** The performance hurdles were selected because they were linked to delivery of the prospectus (Performance Rights) and wealth creation for shareholders, which were the long term objectives that the Board views as most critical for the KMP to focus on at the time of the grant. Note: The assumptions used to determine the market value of FY18 invitations can be found in the notes to the financial statements.

Long Term Incentive Plan (LTIP) Performance Rights, Options and Loan Funded Share Plan (LFSP)	
Aspect	**Plan, Offers and Comments**
Exercise of Grants	LFSP Shares do not require exercise, as they are issued/transferred to the Participant up-front, however they may not be dealt with until the performance and vesting conditions are met, and are subject to repayment of any outstanding loan amount at the time of the disposal or the elapsing of the Term of the loan. Performance Rights will be automatically exercised on the date of the Vesting Notification which will be issued if, and when, the performance conditions and hurdles are met. Participants will be required to submit an Exercise Notice in respect of Options, in order to convert them to Shares, as well as the payment of the Exercise Price in respect of each Option exercised. No options have vested to date.
Disposal Restrictions etc.	Performance Rights and options granted under the Plan may not be assigned, transferred, encumbered with a Security Interest in or over them, or otherwise disposed of by a Participant, unless the consent of the Board is obtained, or due to the force of law in the case of the death of a Participant. The Board has discretion to determine the disposal restrictions attaching to Share Awards, Loan Funded Shares or Plan Shares (resulting from vesting and exercise of grants) as part of the Invitation terms.
Cessation of Employment	In the event of cessation of employment in the circumstances of a "Bad Leaver" (resignation or termination for cause), all unvested entitlements will be forfeited. In other circumstances, the treatment of unvested awards will be dealt with as determined by the Board.
Change of Control of the Company (CoC)	If in the opinion of the Board a change of control event has occurred, or is likely to occur; a) Performance Rights granted will vest to the extent that the performance period has elapsed, and to the extent performance conditions have been met (may involve a pro-rata calculation), with the remainder lapsing, b) Options may be subject to accelerated vesting in the sole discretion of the Board, and c) Share Awards or Loan Funded Shares which do not vest will automatically be surrendered by the Participant, and any that do not lapse and which are subject to an outstanding loan will be subject to the requirement of the loan being repaid by the date of the CoC.
Fraudulent or Dishonest Actions	If the Board takes the view that a Participant has acted fraudulently, dishonestly, or wilfully breaches their duties to the group, the Board has discretion to determine that unvested or unexercised awards are forfeited.

4.11 Variable Executive Remuneration – Long Term Incentive Plan (LTIP) – HJB

During the period from the start of the financial year to the takeover, HJB did not offer an incentive plan.

5 Realised Remuneration Outcomes in Respect of the Completed FY18 Period (non-statutory disclosure)

Under the statutory reporting provided in item 9 below, the STI payable for a reporting period, which is paid after the end of the financial reporting period, and the value of LTI that vests, are not shown. The following table brings these remuneration outcomes back to the year to which the award outcome relates, i.e. STI is presented as being part of the remuneration for the year in which performance was assessed, and LTI presented as being part of the remuneration for the year during which performance testing triggers vesting.

It should be noted that no senior executives, except NEDs were in place during the period 1 July 2018 to the date of the RTO transaction in December 2017. The data in the tables below relate to the listed entity Janison Education Group (formerly HJB) and the KMP that were in place during the full financial year ended 30 June 2018:

			Base Package Including Super		Total STI Awarded(1)		Value of LTI that Vested(2)			Total Remuneration Package (TRP)
Name	Role(s)	Year	Amount $	% of TRP	Amount $	% of TRP	Amount $	% of TRP	Other(3) $	$
Tom Richardson	Chief Executive Officer	2018	319,865	80%	77,500	20%	–	0%	17,767	415,132
Wayne Houlden	Executive Director	2018	168,974	48%	–	0%	–	0%	182,825	351,799
Diane Fuscaldo	Chief Financial Officer	2018	156,044	80%	38,325	20%	1,000	1%	–	195,369

(1) This is the value of the total STI award calculated following the end of the Financial Year.

(2) This is the value as at time of the calculation of the grant of the LTI that vested in relation to the completion of the specified financial year, noting that vesting is determined and occurs following the end of the Measurement Period. No LTI vested, however a grant of shares was made under the $1,000 tax exempt employee share scheme.

(3) During FY18, Wayne Houlden relocated to London on behalf of the Company. To cover the higher cost of living in London, the Company agreed to increase Wayne Houlden's remuneration above his contracted rate by $12,190 monthly to provide additional base salary and a monthly living away from home allowance. Mr. Houlden's adjusted monthly salary during his living away from home period is $24,690, including GST.

Details regarding the assessments of performance that gave rise to the incentive outcomes for FY18 are given below.

5.1 Performance Outcomes for FY18 Including STI and LTI

The following outlines the performance of the Company over the FY18 period in accordance with the requirements of the Corporations Act. Please note that this table does not reflect the legacy of the HJB Corporation. :

FY End Date	Revenue ($m)	Profit After Tax ($m)	Share Price $	Change in Share Price $	Dividends[1] $	Short Term Change in Shareholder Value Over 1 Year[2] Amount $	%
30-Jun-18	17.3	(21.9)	0.46	0.16	–	22.0	56%

(1) Dividends reported refers to the listed entity.

(2) Share prices increase plus dividends.

Total Shareholder Return (TSR) is calculated as the return to shareholders between the start and the end of measurement period, composed of the sum of the change in the share price and dividends over the period (assumed to be reinvested in Company Shares), as a percentage of the Share price at the start of the measurement period.

The introductory sections of this report include an outline of the major strategic achievements and other activities that created shareholder value during the reporting period.

Detailed information is not provided for the legacy company HJB given the company was largely inactive for a significant period of time and trading was suspended altogether on two separate occasions over the last 5 years (Suspended 6 Sept 16 to the 21 Dec 17 and suspended 2 Sept 13 to 20 Oct 14).

5.2 Links Between Performance and Reward Including STI and LTI Determinations

The remuneration of executive KMP is intended to be composed of three parts as outlined earlier, being:

- Base Package, which is not intended to vary with performance but which is benchmarked to the scale of the Company (i.e. increases tend to follow increases in market capitalisation which is most commonly driven by value creation for shareholders),
- STI which is intended to vary with indicators of annual Company and individual performance, and
- LTI which is also intended to deliver a variable reward based on long-term measures of Company performance.

There were no STI awards paid during FY18 related to a period prior to the RTO.

The STI achieved in relation to the FY18 period will be paid within a reasonable period after the end of the period (i.e. during FY19). The awards outlined below are considered appropriate by the Board, under the STI scheme in place for FY18, in light of the strong performance during the year:

		FY18 KPI Summary				Award Outcomes FY18 Paid FY19
Name	Position	KPI Summary	Target Award $	Achievement %	$ Awarded	Total STI Award $
Tom Richardson	Chief Executive Officer	Trading EBITDA	100,000	72%	77,500	77,500
Diane Fuscaldo	Chief Financial Officer	Trading EBITDA	32,850	111%	38,325	38,325

Although the Group Trading EBITDA Margin was a fixed result, common to all Participants, the Board also considered individual role performance factors and therefore each Participant received a differing percentage of their Target award due to this factor.

Following the end of the Measurement Period (the financial year), the Company accounts were audited and reports on the Company's activities during the year were prepared for the Board. The Board then assessed the extent to which operating profitability expectations had been met or exceeded in relation to the Company and each role, to calculate the total award payable. This method of performance assessment was chosen because under the circumstances of an RTO and with the Company's business plans needing to be flexible and responsive to unexpected circumstances. The Board takes the view that revenue, profit and strategy implementation aligned with the prospectus are the main drivers of value creation for shareholders at this time.

During the reporting period, there were no previous grants of equity made under the arrangements that were in place prior to the RTO, that vested i.e. there was no LTI vesting during FY18.

During the reporting period grants of equity were made in relation to long-term incentive arrangements as part of remuneration for FY18, but did not vest due to the presence of the vesting conditions and hurdles that are yet to be fulfilled. The plans and terms of the grants are described elsewhere in this report.

In relation to the completed reporting period for FY18, no grants of equity vested, i.e. there has been no vesting during FY19 in relation to hurdles/conditions fulfilled during FY18.

5.3 Links Between Company Strategy and Remuneration

The Company intends to attract the superior talent required to successfully implement the Company's strategies at a reasonable and appropriately variable cost by:

- positioning Base Packages (the fixed element) around relevant market data benchmarks when they are undertaken,
- supplementing the Base Package with at-risk remuneration and incentives that motivate executive focus on:
  - short to mid-term objectives linked to the strategy via annual performance assessments, and
  - long term value creation for shareholders by linking a material component of remuneration to those factors that shareholders have expressed should be the long term focus of executives and the Board, such as share price appreciation.

To the extent appropriate, the Company links strategic implementation and measures of success of the strategy, directly to incentives in the way that performance is assessed.

6 Changes in KMP Held Equity

The following table outlines the changes in the amount of equity held by executives of Janison Education over the financial year:

		Balance Beginning of Year	Granted FY18		Forfeited	Vested	Purchased/ Other(1)	Balance End of Year	Escrowed
Name	Instrument	Number	Date Granted	Number	Number	Number	Number	Number	Number
Tom Richardson	Ordinary Shares	–	–	–	–	–	15,599,251	15,599,251	15,599.251
	Loan Funded Shares	–	15-Dec-17	2,400,000	–	–	–	2,400,000	–
	Performance Rights	–	15-Dec-17	2,000,000	`–	–	–	2,000,000	–
Wayne Houlden	Ordinary Shares	–	–	–	–	–	66,067,416	66,067,416	66,067,416
	Loan Funded Shares	–	15-Dec-17	1,200,000	–	–	–	1,200,000	–
	Performance Rights	–	15-Dec-17	1,000,000	–	–	–	1,000,000	–

		Balance Beginning of Year	Granted FY18		Forfeited	Vested	Purchased/ Other[1]	Balance End of Year	Escrowed
Name	**Instrument**	**Number**	**Date Granted**	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
Diane Fuscaldo	Options	–	15-Dec-17	33,333	–	–	–	33,333	–
	Gift Shares	–	15-Dec-17	3,333	–	3,333	–	3,333	3,333
	Ordinary Shares	–	–	–	–	–	15,000	15,000	–
Totals		**–**	**–**	**6,636,666**	**–**	**3,333**	**81,681,667**	**88,318,333**	**81,670,000**

(1) Purchased/Other shares received by Tom Richardson and Wayne Houlden were in relation to the acquisition of Janison Solutions Pty Ltd on 15 December 2017.

The following table outlines the changes in the amount of equity held by non-executive directors of HJB Corporation up to the date of the RTO:

		Beginning Balance Pre-Consolidation	Number Held at 22 Nov 2017	Granted FY18		Forfeited	Vested	Purchased/Other	Balance End of Year
Name	**Instrument**	**Number**	**Number**	**Date Granted**	**Number**	**Number**	**Number**	**Number**	**Number**
Jonathan Pager[1]	Ordinary Shares	8,000,000	240,000	15-Dec-17	113,005	–	–	(113,005)	–
	Options	2,500,000	75,000	–	–	–	–	(75,000)	–
Totals		**10,500,000**	**315,000**	**–**	**113,005**	**–**	**–**	**(188,005)**	**–**

(1) Jonathan Pager resigned as of 13 December 2017. Equity grant reflects shares granted to KMP in lieu of fees.

Remuneration Report

For personal use only

The following table outlines the changes in the amount of equity held by non-executive directors of Janison Education Group over the financial year:

Name	Instrument	Beginning Balance Pre-consolidation	Number Held at 22 Nov 2017	Granted FY18		Forfeited	Vested	Purchased/ Other	Balance End of Year	Escrowed
		Number	Number	Date Granted	Number	Number	Number	Number	Number	Number
Michael Hill	Loan Funded Shares	–	–	15-Dec-17	600,000	–	–	–	600,000	–
	Performance Rights	–	–	15-Dec-17	500,000	–	–		500,000	–
	Ordinary Shares	14,800,000	444,000	15-Dec-17	333,334	–	–	404,141	1,181,475	1,181,475
	Options	7,000,000	210,000	–	–	(105,000)	–	–	105,000	–
Brett Chenoweth	Loan Funded Shares	–	–	15-Dec-17	600,000	–	–	–	600,000	–
	Performance Rights	–	–	15-Dec-17	500,000	–	–	–	500,000	–
	Ordinary Shares	20,400,000	612,000	15-Dec-17	322,875	–	–	–	934,875	934,875
	Options	7,000,000	210,000	–	–	(105,000)	–	–	105,000	–
David Willington	Loan Funded Shares	–	–	15-Dec-17	600,000	–	–	–	600,000	–
	Performance Rights	–	–	NA	500,000	–	–	–	500,000	–
	Ordinary Shares	–	–	–	–	–	–	266,667	266,667	–
Allison Doorbar	Loan Funded Shares	–	–	–	–	–	–	–	–	–
	Performance Rights	–	–	–	–	–	–	–	–	–
Michael Pollak	Ordinary Shares	18,600,000	558,000	–	–	–	–	(558,000)	–	–
	Options	2,500,000	75,000	–	–	–	–	(75,000)	–	–
Totals		**70,300,000**	**2,109,000**	**–**	**3,956,209**	**(210,000)**	**–**	**37,788**	**5,893,017**	**2,116,350**

The following table outlines the value of equity granted to executives and NEDs in respect of Janison Education during the year that may be realised in the future:

2018 Equity Grants

Name	Role	Tranche	Total Value at Grant $	Value Expensed in FY18	Max Value to be Expensed in Future Years $	Min Value to be Expensed in Future Years $
Tom Richardson	Chief Executive Officer and Managing Director	Loan Funded Shares	288,000	77,737	210,263	210,263
		Performance Rights	420,000	113,820	306,180	306,180
Wayne Houlden	Executive Director	Loan Funded Shares	144,000	38,869	105,131	105,131
		Performance Rights	210,000	56,910	153,090	153,090
Diane Fuscaldo	Chief Financial Officer	Options	10,000	5,562	4,438	4,438
		Gift Shares	1,000	1,000	–	–
Mike Hill	Non Executive Chairman	Loan Funded Shares	72,000	19,434	52,566	52,566
		Performance Rights	105,000	29,199	75,801	75,801
		Ordinary Shares	100,000	100,000	–	–
Brett Chenoweth	Non Executive Director	Loan Funded Shares	72,000	19,434	52,566	52,566
		Performance Rights	105,000	29,199	75,801	75,801
		Ordinary Shares	96,863	96,863	–	–
David Willington	Non Executive Director	Loan Funded Shares	72,000	19,434	52,566	52,566
		Performance Rights	105,000	29,199	75,801	75,801
Allison Doorbar	Non Executive Director	Loan Funded Shares	–	–	–	–
		Performance Rights	–	–	–	–
Totals			**1,800,863**	**636,660**	**1,164,203**	**1,164,203**

Note: The assumptions used to value equity grants can be found in the Notes to the financial statements.

7 NED Fee Policy Rates for FY18 and FY19, and Fee Limit

Non-executive director fees are managed within the current annual fees limit (AFL or fee pool) of $500,000 which was approved by shareholders as part of the constitution of the Company during the RTO. The NED fee policy rates for the main Board that were applicable as at the end of FY18, and which will apply to FY19 unless a review is conducted during the year were $70,000 fee (including super) for members and $90,000 fee (including super) for the chair:

Currently the Board does not pay committee fees, as the duties involved in committee work are shared between the NEDs in an evenly distributed manner. The foregoing fee rates ignore the value of equity granted to NEDs, and such grants. It was deemed appropriate to grant equity to NEDs on similar terms to executives, as part of the RTO process, and to ensure that all KMP had aligned interests linked to the delivery of the prospectus through to the completion of FY19.

8 Remuneration Records for FY18 – Statutory Disclosures

8.1 Senior Executive Remuneration

The following table outlines the remuneration received by Senior Executives of Janison Education during the period from acquisition date to 30 June 2018, prepared according to statutory disclosure requirements of the Corporations Act:

			Base Package					STI[1]		LTI[2]		
Name	Role(s)	Year	Salary $	Super Contribution $	Other Benefits[3] $	Amount $	% of TRP	Amount $	% of TRP	Amount $	% of TRP	Total Package (TRP) $
Tom Richardson	CEO	2018	187,558	11,170	17,766	216,494	44%	77,500	16%	194,532	40%	488,526
Wayne Houlden	Executive Director	2018	89,594	8,226	50,001	147,821	60%	–	0%	97,266	40%	245,087
Diane Fuscaldo	CFO	2018	80,769	7,673	–	88,442	66%	38,325	29%	6,562	5%	133,329
Jonathan Pager[4]	Consultant and Acting CFO	2018	33,902	–	–	33,902	100%	–	0%	–	0%	33,902
Totals			**391,823**	**27,069**	**67,767**	**486,659**	**54%**	**115,825**	**13%**	**298,360**	**33%**	**900,844**

(1) Please note that the STI value reported in this table is the STI to be paid during FY19, being the award earned during FY18.

(2) The LTI value reported in this table is the amortised accounting charge of all grants that have not lapsed or vested as at the start of the reporting period. Where a market-based measure of performance is used such as TSR or Share Price, no adjustments can be made to reflect actual LTI outcomes. Where conditions include only non-market hurdles (effectively anything other than Share price or TSR), LTI amortisation may increase, or even be written back, based on the expected outcome during each year of the amortisation period (and may include negative values).

(3) Included in "Other Benefits" are: Relocation allowances and Living Away from Home Allowances.

(4) Jonathan Pager resigned as of 13 December 2017. Equity grant reflects shares granted to KMP in lieu of fees.

8.2 NED Remuneration

Remuneration received by non-executive directors of Janison Education Group and HJB during the financial year ending 30 June 2018 and 2017 is disclosed below:

Name	Role(s)	Year	Board Fees $	Committee Fees $	Super-annuation $	Equity Grant $	Total $
Mike Hill	Non Executive Chairman	2018	47,945	–	4,555	148,633	201,133
	Executive Chairman	2017	–	–	–	–	–
Brett Chenoweth	Non Executive Director	2018	40,833	–	–	145,496	186,329
	Managing Director	2017	–	–	–	–	–
David Willington	Non Executive Director	2018	37,291	–	3,543	48,633	89,467
	NA	2017	NA	NA	NA	NA	NA
Allison Doorbar	Non Executive Director	2018	–	–	–	–	–
	NA	2017	NA	NA	NA	NA	NA
Totals			**126,069**	**–**	**8,098**	**342,762**	**476,929**

Remuneration Report

9 Employment Terms for Key Management Personnel

9.1 Service Agreements

A summary of contract terms in relation to executive KMP as at the end of FY 2018 is presented below noting that under the FY18 arrangements, the STI is scaled to the target amount, and the LTI is reported at the accounting value as of the date of grant since the vesting conditions attaching to the long-term incentive are binary, either achieved or not achieved, and therefore have either the grant date accounting value shown, or will not have a value.

		Period of Notice		Base Package	Including Super		STI Opportunity[3]			LTI Opportunity			Total Remuneration Package at Target Performance
Name	Position Held	From Company	From KMP	Amount $	Fixed % TRP	Target % of Base Pkg	Target STI Amount $	STI % TRP	% of STI Subject to Deferral	Target % of Base Pkg	Target LTI Amount $	LTI % TRP	
Tom Richardson	CEO	3 mths	3 mths	350,000	30%	29%	100,000	9%	0%	202%	708,000	61%	1,158,000
Wayne Houlden[4]	Executive Director	3 mths	3 mths	150,000	30%	0%	–	0%	0%	220%	354,000	70%	504,000
Diane Fuscaldo	CFO	4 weeks	4 weeks	164,250	83%	20%	32,850	17%	0%	0%	–	0%	197,100

Note:

(1) Employing company is Janison Education Group Limited, except Diane Fuscaldo, for which the employing company is Janison Solutions, Pty Ltd.

(2) All contracts have an open ended duration.

(3) Under the terms of the STI arrangements in place, the maximum STI opportunity is 150% of the target STI opportunity.

(4) During FY18, Wayne Houlden relocated to London on behalf of the Company. To cover the higher cost of living in London, the Company agreed to increase Wayne Houlden's remuneration above his contracted rate by $12,190 monthly to include additional base salary and a monthly living away from home allowance. The above listed contractual base package remuneration, excludes these additional amounts.

Maximum termination payments under the above contracts is up to amount specified under the Corporations Act (1 x average Base Salary) unless shareholder approval obtained.

The treatment of incentives in the case of termination is addressed in separate sections of this report that give details of incentive design.

On appointment to the Board, all non-executive directors enter into an agreement with the Company in the form of a letter of appointment, including an outline of duties, and the following features:

- Open ended term, subject to ongoing approval by the Company's shareholders,
- The initial fees payable to the person,
- The terms on which the Company may terminate the appointment (e.g. resignation, bankruptcy etc.),
- The initial granting of equity as outlined elsewhere in this report (only one grant specified in the agreement), and
- The agreement does not include any entitlement to termination payments, however under the equity grant arrangements, payments which may be classified as termination payments could theoretically arise, in which case the Board will exercise its discretion to determine the appropriate outcome.

10 Other Remuneration Related Matters

The following outlines other remuneration related matters that may be of interest to stakeholders, in the interests of transparency and disclosure:

- Other than in the case of grants of Loan Funded Shares, there were no loans to Directors or other KMP at any time during the reporting period,
- As noted an approved by Shareholders, in the lead-up to the RTO, the Directors, and several members of management and the advisory committee agreed to convert outstanding cash entitlements to grants of Shares. Refer to section 8.2.3 of the prospectus for further information,
- Other related party transactions involving Wayne Houlden and Tom Richardson are described in notes to the Consolidated Financial Statements,
- There were no relevant material transactions involving KMP other than compensation and transactions concerning shares, performance rights and options etc. as discussed in this report except:
  - Mannagum Capital, owned by David Willington, NED, was retained as a consultant by Janison Solutions Pty Ltd prior to the RTO and was paid a completion fee of $550,000 in relation to the completion of the RTO and related capital raising. In addition, Mannagum Capital was paid consulting fees of $52,684 during the year ended 30 June 2018 (all prior to the effective date of the RTO).

11 External Remuneration Consultant Advice

During the reporting period, the Board did not engage any external remuneration consultant (ERC) to provide KMP remuneration recommendations.

The Board did seek the support of Godfrey Remuneration Group Pty Ltd in the preparation of this Remuneration Report, and this process included some feedback on alignment with market practices, however this activity is not classifiable as KMP remuneration advice or recommendations.

Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2018	Notes	2018 $'000	2017 $'000
Platform revenue		10,616	7,563
Project services revenue		6,689	6,780
Total Operating Revenue	3	**17,305**	**14,343**
Cost of sales	4	10,625	8,005
Gross Profit		**6,680**	**6,338**
Operating Expenses:			
Product Development Labour Costs		1,079	2,141
General and administrative	5	3,399	2,489
Other operating income and expense, net	6	(83)	2
Business development expenses		504	215
Total operating expenses		**4,899**	**4,846**
Research and development tax credit income		(1,397)	(1,516)
Capital raising and acquisition expenses	7	23,312	157
Share-based compensation	5	560	–
Depreciation and amortisation	8	324	238
Net financial expense	9	42	152
Foreign exchange gains and losses		22	152
Profit / (Loss) before Income Tax		**(21,083)**	**2,309**
Income Tax Expense	10	795	1,313
Net Income / (Loss)		**(21,878)**	**995**
Other Comprehensive Income		–	–
Foreign currency translation, net of income tax		2	–
Total Comprehensive Income / (Loss)		**(21,876)**	**995**
Basic and Diluted Earnings Per Share		($0.25)	$0.03
Weighted Average Number of Shares Outstanding (000s)		87,245	32,844

The accompanying notes form an integral part of these financial statements.

Prior year amounts have been reclassed to conform to current year presentation.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 30 June 2018	Notes	2018 $'000	2017 $'000
Assets			
Cash and cash equivalents		3,619	1,358
Trade and other receivables	11	5,059	3,454
Prepaid expenses		648	478
Total current assets		**9,327**	**5,290**
Plant and equipment	12	557	749
Intangible assets	13	2,495	908
Term deposit-rental guarantee		–	145
Deferred tax asset	10.3	5,146	267
Other		–	39
Total non-current assets		**8,197**	**2,108**
Total assets		**17,524**	**7,398**
Liabilities			
Trade and Other Accruals	14	1,851	836
Employee Entitlements Accrual	15	940	727
Income in Advance		1,917	2,102
Financing Obligation		–	395
Total Current Liabilities		**4,708**	**4,060**
Non-Current Liabilities			
Employee Entitlements	15	71	88
Shareholder Loans	16	–	2,500
Total Non-current Liabilities		**71**	**2,588**
Total Liabilities		**4,779**	**6,648**
Net Assets		**12,745**	**750**
Share Capital	18	35,104	880
Reserves	18	649	–
Accumulated losses		(23,008)	(130)
Total Equity		**12,745**	**750**

The accompanying notes form an integral part of these financial statements.

Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2018	Notes	2018 $'000	2017 $'000
Operating activities:			
Receipts from customers		16,561	12,587
Payments to suppliers and employees		(16,245)	(13,518)
Interest paid and received, net		(42)	(152)
Income taxes refunded		468	349
Other	6	100	–
Net cash flows from (used in) operating activities	28	**842**	**(734)**
Investing activities			
Acquisition consideration paid to Janison shareholders, net		(1,304)	–
AcquisitionTransaction costs	7	(1,282)	–
Purchase of Ascender	22	(99)	–
Investment in internally generated software	13	(1,570)	(288)
Proceeds from the sale of plant and equipment	12	153	–
Purchase of plant and equipment	12	(74)	(53)
Proceeds from term deposit		147	–
Proceeds from sale of marketable securities		–	5
Net cash (used in) investing activities		**(4,029)**	**(336)**
Financing Activites			
Proceeds from capital raising ($10 million), net of costs	18	9,343	–
Repayment of shareholder loans	16	(2,500)	–
Net (repayments) / drawings on financing obligation		(395)	22
Dividends paid	17	(1,000)	(220)
Repurchase of Janison Solutions shares		–	(229)
Net cash from (used in) financing activities		**5,448**	**(427)**
Net change in cash and cash equivalents		**2,261**	**(1,496)**
Cash and cash equivalents at beginning of period		**1,358**	**2,854**
Cash and cash equivalents at end of period		**3,619**	**1,358**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2018	Share Capital $'000	Accumulated Losses $'000	Reserves $'000	Total Equity $'000
Balance at 1 July 2017	**880**	**(130)**	**–**	**750**
Net loss	–	(21,878)	–	(21,878)
Other comprehensive income	–	–	2	2
Total comprehensive loss	**–**	**(21,878)**	**2**	**(21,876)**
Transactions with owners:				
Contributions of capital	34,224	–	–	34,224
Share-based payments-Advisors rights and options	–	–	38	38
Share-based payments-Directors	–	–	438	438
Share-based payments-employee share options	–	–	171	171
Dividends paid	–	(1,000)	–	(1,000)
Balance at 30 June 2018	**35,104**	**(23,008)**	**649**	**12,745**

Year ended 30 June 2017	Share Capital $'000	Accumulated Losses $'000	Reserves $'000	Total Equity $'000
Balance at 1 July 2016	**1,109**	**(905)**	**–**	**204**
Net profit	–	995	–	995
Other comprehensive income	–	–	–	–
Total comprehensive loss	**–**	**995**	**–**	**995**
Transactions with owners:				
Share repurchase	(229)	–	–	(229)
Dividends paid	–	(220)	–	(220)
Balance at 30 June 2017	**880**	**(130)**	**–**	**750**

The accompanying notes form an integral part of these financial statements.

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General Information and Nature of Operations

These financial statements include the Janison Education Group Limited (JEG), formerly HJB Corporation Ltd (HJB) a publicly listed Company incorporated and domiciled in Australia and its subsidiaries (collectively referred to as the Group).

The Group's principal activities include the software development, hosting and licensing of e- learning and student assessment software platforms for schools, institutes of higher learning and corporations. A description of the Group's operations is provided in the Director's Report, which is not part of the financial statements.

1.2 Capital Raising and Acquisition

On 15 December 2017, HJB Corporation Ltd. (HJB) completed a capital raising (the Capital Raising) and acquisition (the Acquisition) of 100% of an Australian business providing learning management systems and digital assessment platforms, Janison Solutions Pty Ltd (Janison).

HJB subsequently changed its name to Janison Education Group Limited (ASX:JAN).

The capital raising via public offer under the Prospectus dated 10 November 2017, raised $10 million (before costs) through the issue of 33.3 million new shares at an issue price of 30 cents per share.

The acquisition of Janison was financed by the issuance of 81.7 million shares and $1.5 million in cash to the vendors, as well as the issuance of 1.1 million conversion shares to existing HJB shareholders and shares. In addition, as part of the capital raising, employees and advisors received small interests in the company via a combination of shares, rights and options.

In accordance with AASB 3: Business Combinations, the acquisition has been recorded under reverse acquisition principles which results in the legal parent (in this case HJB) being accounted for as the subsidiary, while the legal acquiree (in this case Janison) being accounted for as the parent. In accordance with the accounting requirements, the consideration share-based compensation provided as part of the Transaction has been valued on the effective date and recorded as transaction costs in the Statement of Profit or Loss.

AASB 3 allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combinations as of the acquisition date. The period cannot exceed one year from the acquisition date. The acquisition of Janison Solutions Pty Limited was completed on the 15 December 2017 and as a result the accounting for the Acquisition as reflected in this Report is provisional.

1.3 Basis of Presentation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group's financial year ends on 30 June and the financial statements are denominated in Australian dollars.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable by the revaluation of selected non-current assets for which the fair value basis of accounting has been applied. The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The Group is of a kind referred to in ASIC Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial reports. Amounts in this financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Janison Education Group Limited as of 30 June 2018 and the results of all subsidiaries for the 12-months then ended (the financial year).

As a result of the Acquisition described in Note 1.2, the comparative information presented represents Janison only. For the year ended 30 June 2018, the consolidated group comprises Janison for the full year and JEG (formally HJB) from 15 December 2017 to 30 June 2018. As a result, the prior period balances will not compare to the financial statements of HJB published in prior year reporting periods.

1.4 Accounting Policies

The financial statements have been prepared using the consistent accounting policies and methods of computation in all periods presented. The Group's accounting policies are described below.

1.4.1 Income Tax

The income tax expense / (benefit) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax – Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/ (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax – Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The income tax expense / (benefit) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

1.4.2 Fixed Assets

Fixed assets including identifiable intangibles are measured at cost less depreciation and impairment losses. The carrying amount of plant and equipment and an assets residual values are reviewed as required, but at least annually.

Depreciation is calculated by applying the following methods and useful lives:

Category	Method	Useful Life
Computer Equipment	Diminishing Value	4 to 5 years
Office Furnishings & Equipment	Diminishing Value	4 to 15 years
Leasehold Improvements	Straight-Line	15 years
Purchased Intangibles	Straight-Line	1-5 years

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

1.4.3 Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

1.4.4 Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an

Notes to Financial Statements

individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.4.5 Intangible Assets

Internally Developed Software – Expenditure on the research phase of projects to develop new software systems and products is expensed as incurred.

Costs that are directly attributable to the development phase of new Janison software products or costs that enhance the capabilities and features of existing products are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software; and
- the software will generate probable future economic benefits

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of direct overheads.

Any capitalised internally developed software that is not yet complete is not amortised, but is subject to impairment testing.

Subsequent measurement – All internally developed software is accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 1.4.4.

1.4.6 Employee Benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, and accumulating annual leave.

The Group's liabilities for long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of services, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit and loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

1.4.7 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.4.8 Revenue Recognition

The Group has applied AASB 15: Revenue from Contracts with Customers in all periods in determining the amount of revenue recognised in each reporting period. Using the guidance provided in AASB 15, the Group uses a 5-step approach to analysing customer contracts and recording revenue:

Step 1: Identify the contract(s) involved in the arrangement with the customer

Step 2: Identify the performance obligations under the arrangement

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Calculate revenue to be recognised in each reporting Period

Revenue is recognised and measured at the fair value of the consideration received or receivable excluding sales taxes. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

The Group provides customers Software as a Service ("SaaS"). Customers include corporates, schools, tertiary and governmental agencies.

The Group's revenue is separable into its components for each of these operating segments and recognised as follows:

a) **Platform Licensing and Hosting Fees**

The Group's products include a learning platform and a student assessment platform. Revenue related to the licensing of these platforms is recognized on the transferring of the significant risks and rewards of ownership of the licenced software under an agreement between the Group and the customer and in the case of period based fees recognised rateably over the licence period.

Cloud-based hosting services revenue is recognized over the period that the services are performed.

Post-implementation licence support revenue includes fees for ongoing upgrades, minor software revisions and helpline support and is recognized as revenue rateably over the contract period in which the services are performed.

b) **Learning Content Fees**

Content revenue includes fees for sourcing third party content and in some cases fees for generating custom designed content. Content services fees are recognised as revenue over the period that the services are provided.

c) **Software Development Project Revenue**

Software development project revenue includes fees related to the creation of custom designed software systems and configuration and implementation services linked to installing a Janison platform. Revenue related to software development and major configuration projects is recognised in proportion to the stage of completion, typically in accordance with the achievement of contract milestones and/or the percentage of completion.

d) **Income in Advance**

Contractual amounts received from customers in advance of the start of the licence or hosting period or the provision of services are accounted for as a current liability called Income in Advance.

e) **Earned and Unbilled Revenue**

Revenues recorded for fees not yet invoiced to customers are accounted for as an asset called Unbilled Revenue. These amounts have met the revenue recognition criteria of the Group, but have not reached the payment milestones contracted with customers.

f) **Other Income**

Research and development tax incentive credit income is recognised when the Group is entitled to the incentive. The amount is recorded as Other Income in the period in which the related research and development costs were incurred.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1.4.9 Borrowing Costs

Borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

1.4.10 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1.4.11 Critical Accounting Estimates and Judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Internally developed software and research costs – Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

Deferred tax assets – The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Estimation uncertainty – When preparing the financial statements management undertakes a number of judgements, estimates

Notes to Financial Statements

and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Revenue – The Group recognises revenue on long-term software development projects based upon the percentage of completion against the contract performance obligation method which relies upon estimates of the total cost to complete a project at each reporting date.

Impairment – An impairment loss is recognised for the amount by which the assets' or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Useful lives of depreciable assets – Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

Fair value of financial instruments – Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Provisions – Long service leave – As discussed in Note 1.4.6, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

1.4.12 New Accounting Standards Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018, and have not been applied in preparing these financial statements.

None of these are expected to have a significant effect on the Group's financial statements:

- AASB 9 Financial Instruments, which becomes mandatory for the Group's 2019 financial statements. A detailed impact assessment is yet to be completed, however, no significant impact on Group's financial performance or position, on transition date at 1 July 2018 is expected.
- AASB 16 Leases, which becomes mandatory for the Group's 2020 financial statements. Whilst work is yet to commence, this standard will ultimately result is a portion of the Group's operating leases to be accounted for on balance sheet as a "right to use asset" and "lease liability" upon adoption of the standard on 1 July 2019. The standard will also result in reclassification of operating lease expense into depreciation and finance expenses, and a reclassification of certain cash flows from operating into financing activities A detailed impact assessment is yet to be completed, however, no significant impact on Group's financial performance or position, on transition date at 1 July 2019 is expected.

The Group does not plan to early adopt the above named standards.

NOTE 2: SEGMENT REPORTING

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Up and until 1 July 2017, the Directors managed Janison's activities as one business segment providing Assessment and Learning platform solutions to its clients. (Refer to Note 3 for information on the revenue components and their definition).

From July 2017, the Group's activities are organised into two (2) operating segments: the Assessment Segment and the Learning Segment. The Assessment Segment implements and operates a leading global platform for the provision of digital exam authoring, testing and marketing which is sold to national education departments, tertiary institutions and independent educational institutions in Australia and around the globe.

The Learning Segment focuses operates a learning management platform that manages the content and learning programs for major corporate and government clients.

2.1 Segment Contribution

Year ended 30 June 2018	Assessment ($'000s)	Learning ($'000s)	Total ($'000s)
License and hosting fees	3,318	4,163	7,481
Content license fees	–	1,577	1,577
Platform maintenance fees	1,185	373	1,558
Total platform revenue	**4,503**	**6,113**	**10,616**
Project services revenue	5,200	1,489	6,689
Total operating revenue	**9,703**	**7,602**	**17,305**
Segment gross profit	**2,266**	**4,413**	**6,680**
Operating expenses	(2,468)	(1,034)	(3,502)
Segment trading EBITDA	**(202)**	**3,379**	**3,177**
Percentage of operating revenue	-2%	44%	18%

For the prior year comparative period, segment revenue by component is provided below:

Year ended 30 June 2017	Assessment ($'000s)	Learning ($'000s)	Total ($'000s)
License and hosting fees	1,487	3,919	5,406
Content license fees	–	1,041	1,041
Platform maintenance fees	855	261	1,116
Total platform revenue	**2,342**	**5,221**	**7,563**
Project services revenue	5,430	1,350	6,780
Total operating revenue	**7,772**	**6,571**	**14,343**

Notes to Financial Statements

2.2 Reconciliation from Segment Contribution to Net Loss after Tax

Year ended 30 June 2018	Assessment ($'000s)	Learning ($'000s)	Total ($'000s)
Segment Trading EBITDA	**(202)**	**3,379**	**3,177**
Capital raising and acquisition costs			(23,312)
Share-based compensation			(560)
Foreign exhange losses			(22)
Net interest expense			(42)
Depreciation and amortisation			(324)
Income tax expense			(795)
Net loss after tax			**(21,878)**

2.3 Revenue by Market Sector

Year ended 30 June 2018	2018 $'000	2017 $'000
Schools (K-12)	6,487	7,099
Higher Education	2,425	406
Workplace	8,393	6,838
Total operating revenue	**17,305**	**14,343**

2.4 Revenue by Geographic Location

Year ended 30 June 2018	2018 $'000	2017 $'000
Australia and New Zealand Total	**13,348**	**12,608**
Asia	2,484	1,219
Rest of World	1,473	516
International Total	3,957	1,735
Total operating revenue	**17,305**	**14,343**
International revenues as percentage of total	23%	12%

NOTE 3: CONSOLIDATED TRADING REVENUE

The Group's revenues by component are presented below:

Year ended 30 June 2018	2018 $'000	2017 $'000
License and hosting fees	7,481	5,406
Content license fees	1,577	1,041
Platform maintenance fees	1,558	1,116
Total platform revenue	**10,616**	**7,563**
Project services revenue	**6,689**	**6,780**
Total operating revenue	**17,305**	**14,343**

Platform revenue includes three components:

- **License** and hosting fees comprise fees paid by customers of Janison's platforms for the right to use the platform.
- **Content license fees** comprise recurring fees paid by customers for the right to use third-party content distributed via Janison's learning platform or customers' proprietary learning platforms.
- **Platform maintenance fees** represent recurring fees paid by clients for platform maintenance and support services over a specific period of time (usually one year).

Project services revenue include revenues generated by platform customisation, implementation, configuration, and customer staff training activities.

NOTE 4: COST OF SALES

Year ended 30 June 2018	2018 $'000	2017 $'000
Personnel costs	4,612	4,053
Third-party contractors	3,446	2,154
Total direct labour	**8,058**	**6,207**
Hosting costs	1,649	1,103
Content License Fees	918	695
Total cost of sales	**10,625**	**8,005**

Personnel costs includes wages and employee benefits for staff servicing customers including segment heads, software developers, testers, system operations engineers, and project and account managers.

Notes to Financial Statements

NOTE 5: GENERAL AND ADMINISTRATIVE EXPENSES

Year ended 30 June 2018	2018 $'000	2017 $'000
Personnel costs	1,185	788
Personnel costs-share based compensation	611	–
Unallocated employee costs	542	556
Office facility expenses	427	434
Travel	579	297
Software licenses	214	122
Professional services	226	117
Telecommunications	66	67
Other	109	108
General and administrative expenses	**3,959**	**2,489**
Less: Share-based compensation classified as non-trading	(560)	–
Total General and administration expenses	**3,399**	**2,489**

Personnel costs include the salaries, benefits, bonuses and share-based compensation of the Group's board, human resources and finance functions. Employee costs-unallocated includes primarily Australian state payroll tax levies, staff training and other employee related expenses not allocated by department.

Professional fees of $157 thousand reported as general and administrative expenses in the 2017 annual report have been reclassified to the Capital Raising and Acquisition expenses line to confirm to the current year presentation.

NOTE 6: OTHER OPERATING INCOME AND EXPENSE, NET

Other Operating income and expense, net is primarily composed of gains and losses on the sale or disposal of plant and equipment, offset by grant income.

During financial year 2018, the Group received a $100 thousand grant from the government of NSW under a jobs grant program.

During financial years 2018 and 2017, losses on the sale or disposal of plant and equipment were $17 thousand and $3 thousand, respectively.

NOTE 7: CAPITAL RAISING AND ACQUISITION EXPENSES

The expenses associated with completing the Capital Raising and Acquisition Transaction described in Note 1.2 are summarised below:

Year ended 30 June 2018	2018 $'000	2017 $'000
Transaction costs:		
Legal fees	532	2
Consulting fees	548	155
Accounting and expert reports	163	–
Other	39	–
Total Transaction costs	**1,282**	**157**
Share-based aquistition expenses:		
Deemed consideration to Janison shareholders, net of fair value of acquired assets	25,841	–
Conversion shares to HJB shareholders	315	–
Share-based payments to employees & advisors	104	–
Total cash based transaction expenses	**26,260**	**–**
Deferred taxation benefit	**(4,230)**	**–**
Total capital raising and acquisition expenses	**23,312**	**157**

In addition to the above expenses, $656 thousand in capital raising costs were incurred for underwriting and ASX fees. These costs were recorded in share capital and offset against directly against the proceeds of the Capital Raising.

NOTE 8: DEPRECIATION AND AMORTISATION EXPENSE

Year ended 30 June 2018	2018 $'000	2017 $'000
Office and computer equipment	61	61
Leasehold improvements	49	47
Intangible assets	214	130
Provisions for asset impairment	–	–
Depreciation and amortisation	**324**	**238**

NOTE 9: NET FINANCIAL EXPENSE

Year ended 30 June 2018	2018 $'000	2017 $'000
Interest expense	82	172
Interest income	(40)	(20)
Net financial expense	**42**	**152**

Interest expense relates to shareholder loans of $2.5 million outstanding during the period. These loans were repaid in full in December 2017.

Notes to Financial Statements

NOTE 10: INCOME TAXES

The Group calculated its income tax expense for the year ended 30 June 2018 assuming that Janison and JEG will file a consolidated group tax return for the current financial year. All calculations are subject to review by the ATO upon filing of the financial year 2018 tax return.

10.1 Components of Income Tax Expense

Year ended 30 June 2018	2018 $'000	2017 $'000
Current tax expense	1,444	1,060
Deferred tax expense (benefit)	(649)	253
Income Tax Expense	**795**	**1,313**

10.2 Reconciliation of Prima Facie Tax Expense to Income Tax Expense

Year ended 30 June 2018	2018 $'000	2017 $'000
Profit (loss) before income tax	**(21,083)**	**2,309**
Tax rate	30%	30%
Prima facie tax (expense) benefit	**(6,325)**	**693**
Adjusted for:		
Non-deductible research and development expenditure	532	591
Non-deductible acquisition costs	6,578	–
Permanent timing differences	11	29
Income Tax Expense	**795**	**1,313**

10.3 Deferred Tax Assets and Liabilities

Year ended 30 June 2018	2018 $'000	2017 $'000
Intellectual property valuation difference	4,138	–
Project services revenue	–	(45)
Employee entitlements accruals	477	341
Leasehold improvements amortisation	56	47
Capital raising and acquisition transaction costs	465	–
Other	10	(76)
Deferred Tax Asset	**5,146**	**267**

10.4 Income Tax (Payable) / Refund Receivable

Year ended 30 June 2018	2018 $'000	2017 $'000
Income tax refund receivable-estimated R&D credit	1,397	1,516
Income tax refund receivable-prior year return	–	190
Income tax payable-estimated current tax	(1,444)	(1,060)
Franking deficit tax refund receivable against future tax profits	178	–
Income tax (payable) refund receivable	**131**	**646**

As of 30 June 2018 and 2017, accrued research and development tax incentive credits of $1.4 million and $1.5 million, respectively were recorded as other operating revenue. The incentives have resulted in refundable credits in each of the last two financial years.

NOTE 11: TRADE AND OTHER RECEIVABLES

Year ended 30 June 2018	2018 $'000	2017 $'000
Trade receivables	2,367	2,483
Unbilled project revenue accruals	2,561	150
Income tax refund receivable (refer to Note 10.4)	131	646
Amount owed owed to related third party	–	175
Trade and other receivables	**5,059**	**3,454**

Unbilled project revenue relates to amounts accrued related to the Company's performance obligations under customer contracts in accordance with AASB 15.

NOTE 12: PLANT AND OTHER EQUIPMENT

Computer and Office Equipment	30-Jun-17 $'000	Additions $'000	Deductions $'000	30-Jun-18 $'000
Historical cost	701	89	(241)	548
Accumulated depreciation	(396)	(61)	71	(386)
	305	**28**	**(170)**	**162**
Leasehold Improvements				
Historical cost	701	–	–	701
Accumulated depreciation	(257)	(50)	–	(306)
	444	**(50)**	**–**	**395**
Total plant and equipment	**749**	**(22)**	**(170)**	**557**

During the year ended 30 June 2018, the sold art works with a net book value of $167 thousand to Wayne Houlden, executive Director and company founder and recognised a loss on the sale of $14 thousand.

Notes to Financial Statements

NOTE 13: INTANGIBLE ASSETS

The roll-forward of intangible asset balances is presented below for the year ended 30 June 2018:

Capitalised Software Costs	30-Jun-17 $'000	Additions $'000	Deductions $'000	30-Jun-18 $'000
Historical cost	288	1,570	–	1,858
Accumulated depreciation	–	(73)	–	(73)
	288	**1,497**	**–**	**1,785**
Other Intangibles				
Historical cost	650	232	–	882
Accumulated depreciation	(260)	(142)	–	(402)
	390	**90**	**–**	**480**
Goodwill				
Historical cost	230	–	–	230
Accumulated depreciation	–	–	–	–
	230	**–**	**–**	**230**
Total intangible assets	**908**	**1,587**	**–**	**2,495**

During financial year 2018, the Group capitalised $1.6 million of software development costs related to new features to be included in future versions of the Assessment platform. Once completed these assets will be amortised over a three-year period.

Other intangibles include identifiable intangibles related to the purchase of Latitude Learning Academy in financial year 2016 in the amount of $650 thousand and purchased intellectual property acquired as a result of the purchase of the Ascender content generation business (see Note 22).

NOTE 14: TRADE AND OTHER PAYABLES

Year ended 30 June 2018	2018 $'000	2017 $'000
Trade payables	1,003	348
Employee related and witholdings payable	617	403
Sundry accrued expenses	231	21
Line of Credit-Bank Overdraft	–	64
Trade Payables and other accruals	**1,851**	**836**

The Company has a $750 thousand bank over-draft facility with National Australia Bank that bears interest at a variable rate.

NOTE 15: EMPLOYEE ENTITLEMENTS ACCRUAL

Year ended 30 June 2018	2018 $'000	2017 $'000
Current employee leave entitlements accrual	940	727
Non-Current employee leave entitlements accrual	71	88
Total employee entitlements accrual	**1,011**	**815**

Janison employees receive entitlements that vest and accumulate over-time. Employees receive 25 days leave per year and also accrue long-service leave benefits under the relevant state scheme. The employee entitlements accrual includes all vested and unused leave benefits as of each reporting date.

NOTE 16: SHAREHOLDER LOANS

In December 2017, shareholder loans provided by the Janison's founding shareholders based upon a 10 year agreement signed in October 2010 were repaid in full.

NOTE 17: DIVIDENDS

On 12 September 2017 (prior to the Acquisition transaction), a dividend was declared and paid to former shareholders of Janison Solutions Pty Ltd in the amount of $1.0 million.

NOTE 18: SHARE CAPITAL AND CAPITAL RESERVES

The tables below details the movements in share capital for the two years ended 30 June 2018:

	Share Capital		Reserves	
Year ended 30 June 2018	2018 $'000	No. Shares	2018 $'000	No. Units
Balance at 1 July	**880**	**89**	–	–
Elimination of shares upon acquistion	–	(89)	–	–
Share-based Acquisition payment	24,500	81,666,667	–	–
Share Conversion (3 JAN for 100 HJB)	–	9,356,304	–	–
Conversion Offer to HJB shareholders	315	1,050,001	–	–
Capital Raising	9,343	33,333,333	–	–
Employee Gift Offer Shares	66	219,978	–	–
Loan Funded Shares	–	5,400,000	175	5,400,000
Performance Rights	–	–	263	4,500,000
Nil Priced Options	–	–	171	946,676
Advisor Options and Rights	–	–	38	240,000
Foreign Currency Translation	–	–	2	–
Balance at 30 June	**35,104**	**131,026,283**	**651**	**11,086,676**

	Share Capital		Reserves	
Year ended 30 June 2017	2018 $'000	No. Shares	2018 $'000	No. Units
Balance at 1 July	**1,109**	**100**	–	–
Share buy-back	(229)	(11)	–	–
Balance at 30 June	**880**	**89**	–	–

18.1 Capital Raising and Acquisition transaction

On 15 December 2017, the Group completed a capital raising and acquisition transaction (see Note 1.2). The Transaction included the issuance of 33.3 million shares via public offer and raised $9.3 million in proceeds, net of issuance costs. As part of the Capital Raising employee gift shares were issued to Janison employees in the amount of $66 thousand.

To complete the Acquisition of Janison, HJB paid $1.5 million in cash and issued 92 million shares with a share capital value of $24.8 million as well as 240,000 share rights and options valued at $38 thousand to advisors of the Group.

Notes to Financial Statements

18.2 Share-based compensation

During the year ended 30 June 2018, share-based compensation was provided to Board members, employees and advisors as follows:

- **Loan Funded Shares** are fully paid ordinary shares of the Group issued to executive board members. The subscription price was $0.30 (share price on date of grant) and was funded by way of a 5-year limited recourse, non-interest bearing loan from the Group. The shares are subject to continuous employment and a performance hurdle defined as the point at which the 5-day Volume Weighted Average Price (VWAP) of the Group's shares exceeds $0.60 for more than 30 days. The shares have been valued at $629 thousand and will be recorded to share-based entitlements expense over 24 months or the actual vesting period, whichever is shorter.
- **Performance Rights** were issued to the Group's board members under a long-term incentive plan. Each performance right provides a right to receive one fully paid share upon vesting. The grant price and exercise price for the rights issued was nil. The market price of the shares on the date of grant was $0.30. The performance rights are subject to continuous employment and performance hurdles. The rights expire if unvested two years from the date of grant. The rights are valued at $945 thousand and will be expensed over to share-based entitlements expense over the 24 months vesting period or the actual vesting period, whichever is shorter.
- **Nil Priced Options** were issued to employees. The nil priced options were issued with a grant and exercise price of nil. The share price on the date of grant was $0.30. The options are subject to continuous employment and vest on 21 December 2018. If unexercised one year from the vesting date, the options expire. The options are valued at $312 thousand and will be amortised over the 12-month vesting period.
- **Advisor Options and Rights** – Advisor options give the holder the right to subscribe for one share per option held. The options have an exercise price of $0.30 per option (share price on the date of grant) and expire 3-years from the date of grant if unvested or unexercised. The options are subject to a performance hurdle defined as the point at which the 5-day VWAP of the Group's shares exceeds $0.60 for more than 30 days.

  Each advisor right represents the right to receive one fully paid share upon vesting. The grant price and exercise price for the rights issued was nil. The advisor performance rights are subject to performance hurdles. The rights expire if unvested two years from the date of grant.

The model inputs for the securities granted during the year ended 30 June 2018 included:

Expected price volatility:	75%
Expected dividend yeild	0%
Risk free interest rate	1.94%

The table below summarises the activity related to the above described securities during Financial Year 2018:

Year ended 30 June 2018	Loan Funded Shares	Performance Rights	Nil Priced Options	Advisor Options & Rights
As of 1 July 2017	–	–	–	–
Average exercise price in dollars	$0.30	Nil	Nil	$0.30
Units granted during the year	5,400,000	4,500,000	1,040,010	240,000
Units excercised during the year	–	–	–	–
Units forfeited during the year	–	–	(93,334)	–
As of 30 June 2018	**5,400,000**	**4,500,000**	**946,676**	**240,000**

NOTE 19: CONTINGENT LIABILITIES

There are no contingent liabilities as of 30 June 2018.

NOTE 20: KEY MANAGEMENT PERSONNEL DISCLOSURES

The following individuals were key management personnel of Janison Education Group during Financial Year 2018:

Mike Hill	Non-executive Chairman
Brett Chenoweth	Non-executive Director
David Willington	Non-executive Director (appointed 15 September 2017)
Allison Doorbar	Non-executive Director (appointed 20 June 2018)
Tom Richardson	Chief Executive Officer and Managing Director
Wayne Houlden	Commercial and Executive Director
Diane Fuscaldo	Chief Financial Officer

The aggregate compensation made to key management personnel during Financial Year 2018 is set out below:

Year ended 30 June 2018	2018 $'000
Short-term employee benefits	968
Post employment benefits	–
Share-based payments	637
Total compensation	**1,605**

Detailed disclosures relating the key management personnel can be found in the Remuneration Report section of the Director's Report.

NOTE 21: RELATED PARTY TRANSACTIONS

On 15 September 2011, the Company entered into a 5 year lease for its Coffs Harbour office facility with Houlden Properties, Ltd., owned by Wayne and Jacquie Houlden, (Wayne Houlden is a current executive Director). The lease was renewed in 2016 for an additional 7-year period with an option to renew for a further 7 year period. During financial year 2018, the Company paid $220 thousand, plus GST ($217 thousand in financial year 2017) as rent under the terms of the contract. The rental fees under the contract were established on the basis of a rental appraisal.

Shareholder loans payable to entities controlled by Wayne Houlden, executive director) in the amount of $2.5 million were repaid in full using the proceeds from the December 2017 capital raising.

The Company sources content to service some of its Learning Division customers from Execast Pty. Ltd., a company wholly owned by Thomas Richardson, the Company's CEO and executive director.

During financial year 2018, the Company incurred $69 thousand in licence fees to Execast Pty. Ltd for content ($82 thousand in financial year 2017).

In September 2017, the Company sold Wayne Houlden, art work that had been previously purchased by Janison Solutions and used as office furnishings for $153 thousand, plus GST.

In June 2017, the shareholders of Janison, established Janison Insights Pty Ltd. with ownership mirroring that of the Company. This related entity has no activity and was set-up to facilitate future financial or legal restructuring plans. As of 30 June 2017, Janison Solutions advanced this new entity $175,000, which has since been repaid to Janison Solutions.

Notes to Financial Statements

NOTE 22: ACQUISITIONS

On 23 April 2018, the Company purchased from Ascender Learn Pty Ltd assets and liabilities related to a content generation business unit for $272 thousand (cash consideration of $99 thousand plus assumption of employee entitlement liabilities of $174 thousand).

Details of the fair value of the assets and liabilities acquired are as follows:

Year ended 30 June 2018	$'000
Purchased intellectual property	231
Purchased computer equipment	15
Payroll cut off reimbursement	25
Employee entitlement liabilities	(172)
Cash consideration paid	**99**

NOTE 23: LEASE COMMITMENTS

Year ended 30 June 2018	2018 $'000	2017 $'000
Within one year	208	339
One to five years	832	1,051
After five years	–	42
Total lease commitments	**1,040**	**1,432**

As of 30 June 2017 the above commitments relate to leases for buildings located at 394A Harbour Drive, Coffs Harbour, NSW and 383 Kent Street, Sydney. In November 2017, the company terminated the Kent Street lease by paying $37 thousand in exit fees.

As of 30 June 2018 the above commitment relates entirely to the lease of the office building at 394A Harbour Drive Coffs Harbour.

NOTE 24: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to several financial risks as described below. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. To date, the Group has not had the need to utilise derivative financial instruments such as foreign exchange contracts or interest rate swaps to manage any risk exposures identified.

The totals for each category of financial instruments, measured in accordance with AASB 139 Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

As of 30 June 2018	Floating Interest $'000	Fixed Interest $'000	Non-interest Bearing $'000	2018 Total $'000
Financial Assets				
Cash and cash equivalents	3,466	–	153	3,619
Trade and other receivables	–	–	5,059	5,059
Pre-paid expenses	–	–	648	648
Total Financial Assets	**3,466**	**–**	**5,860**	**9,326**
Financial Liabilities, at amortised costs				
Trade and other accruals	–	–	(1,851)	(1,851)
Shareholder loans-non-current	–	–	–	–
Total Financial Liabilities	–	–	(1,851)	**(1,851)**
Net Financial Assets	**3,466**	**–**	**4,009**	**7,475**

As of 30 June 2017	Floating Interest $'000	Fixed Interest $'000	Non-interest Bearing $'000	2017 Total $'000
Financial Assets				
Cash and cash equivalents	1,358	–	–	1,358
Trade and other receivables	–	–	3,454	3,454
Pre-paid expenses	–	–	478	478
Total Financial Assets	**1,358**	**–**	**3,932**	**5,290**
Financial Liabilities, at amortised costs				
Trade and other accruals	–	–	(836)	(836)
Financing obligation-Current	–	–	(395)	(395)
Shareholder loans-non-current	–	(2,500)	–	(2,500)
Total Financial Liabilities	–	(2,500)	(1,231)	**(3,731)**
Net Financial Assets	**1,358**	**(2,500)**	**2,701**	**1,559**

The fair value of financial assets and liabilities equate to their carrying value.

24.1 Credit risk

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the table above.

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Notes to Financial Statements

Credit risk related to balances with banks and other financial institutions is managed by management in accordance with approved Board policy.

24.2 Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Refer to the table below for the concentration of revenue

The Group has a significant concentration of credit risk as three of the largest clients represented 45% of sales for the Financial Year 2018 (55% in Financial Year 2017).

Trade and other receivables (refer to Note 11) that are neither past due nor impaired are considered to be of high credit quality:

Year ended 30 June 2018	2018 $'000	2017 $'000
Australia	2,911	3,287
United Kingdom	157	28
Singapore	1,918	32
New Zealand	63	107
Other	10	–
Total	**5,059**	**3,454**

24.3 Market risk

Foreign exchange risk

The Group is exposed to material foreign exchange risk due to debtors with overseas clients and customers as presented in the table above. The Group also incurs expenses and regularly purchases services denominated in US dollars, Singaporean dollars and New Zealand dollars. As of 30 June 2018, the Group had $272 thousand dollars outstanding in trade payables denominated in US dollars. No other material amounts were outstanding to foreign suppliers.

24.4 Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's expected financial commitments in a timely and cost effective manner.

The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

The material liquidity risk for the Group is the ability to raise equity or debt financing in the future.

As of 30 June 2018, Financial Liabilities and their maturities were as follows:

	Rate[a]	1 Year or less	Between 2 and 5 Years	Total
As of 30 June 2018				
Non-Interest Bearing:				
Trade and other payables		1,851	–	1,851
Other liabilities		–	–	–
Interest Bearing:				
NA				
Total Non-Derivatives		**1,851**	**–**	**1,851**

	Rate[a]	1 Year or less	Between 2 and 5 Years	Total
As of 30 June 2017				
Non-Interest Bearing:				
Trade and other payables		836	–	836
Other liabilities		395	–	395
Interest Bearing:				
Loans and borrowings	7.0%	–	2,500	2,500
Total Non-Derivatives		**1,231**	**2,500**	**3,731**

a Weighted Average Interest Rate.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

24.5 Interest rate risk

The Group's main interest rate risk arises from cash and cash equivalents. The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market rates and the effective weighted average interest rates on financial liabilities is not material.

Notes to Financial Statements

NOTE 25: PARENT ENTITY DISCLOSURES

As of the effective date of the Acquisition, Janison Education Group (formerly HJB) became the parent entity of the Group. The parent entity has no contingent liabilities nor has it entered into guarantees with subsidiaries.

Year ended 30 June 2018	30-Jun-18 $'000	30-Jun-17 $'000
Result of parent entity:		
Loss for the period	(28,737)	(87)
Other comprehensive income	–	–
Total comprehensive income for the period	**(28,737)**	**(87)**
Financial position of the parent entitiy at period end:		
Current Assets	1,914	113
Non current Assets	4,590	10
Total assets	**6,504**	**123**
Current liabilities	85	39
Total liabilities	**85**	**39**
Total net assets of the parent entity	**6,419**	**84**
Share capital	63,128	28,704
Capital reserve	734	85
Accumulated losses	(57,443)	(28,705)
Total equity	**6,419**	**84**

NOTE 26: INTERESTS IN SUBSIDIARIES

Janison Education Group Limited is the legal head of the consolidated group. Janison Education Group owns 100% of Janison Solutions Pty Ltd.

Janison Solutions Pty Ltd has a 50% equity interest in Janison Asia Pte. Ltd. incorporated in Singapore. The subsidiary is used only to recharge expenditure and has no profit or loss. Janison Solutions has a beneficial 100% interest in the subsidiary, therefore no minority interest existed as of 30 June 2018 and 2017.

NOTE 27: AUDITORS REMUNERATION

Stantons International performed the audit of the financial statements for the years ended 30 June 2018 and 2017 and provided non-audit services in the form of an Independent Accountant's Report required for the Acquisition and Capital Raising Transaction. Remuneration paid or to be paid to the Company's auditors with respect to the Financial Year 2018 audit and review of the financial statements was $66 thousand ($20 thousand in Financial Year 2017). Remuneration for non-audit services with respect to Financial Year 2018 were $29,143 (nil in Financial Year 2017).

NOTE 28: RECONCILIATION OF NET (LOSS) INCOME TO OPERATING CASH FLOWS

The following table reconciles cash flow from Operations as reported on the Statement of Cash Flows to the Net Income (Loss):

Year ended 30 June 2018	2018 $'000	2017 $'000
Net Income (Loss), after tax	(21,878)	995
Operating items Not Requiring Cash Outlays:		
Depreciation and amortisation	324	238
Losses on disposal of plant and equipment	17	4
Non-Cash Share-based Compensation related to Acquisition	26,260	–
Non-Cash deferred tax benefit	(4,230)	–
Cash-Based Transaction Costs reported as investing activities	1,282	–
Non-Cash Share-based Compensation post-Acquisition	611	–
Changes in Working Capital Items:		
Trade Receivables and Other	(1,874)	(949)
Pre-paid expenses	(170)	(75)
Trade payables and acruals	1,015	(332)
Employee entitlements accrual	23	62
Income in advance	84	(930)
Deferred tax	(649)	253
Other	27	–
Net Cash provided by operating activities	**842**	**(734)**

NOTE 29: EVENTS AFTER THE REPORTING DATE

There have been no significant events between the balance sheet date and the date these financial statements were authorised for issue.

Directors' Declaration

In accordance with a resolution of the Directors of Janison Education Group Limited, I state that:

1. In the directors' opinion:

   a) the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporate Regulations 2001 and other mandatory professional reporting requirements;

      i. the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements; and

      ii. the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Tom Richardson
Chief Executive Officer and Director

Dated: 24 August 2018

Auditor's Independence Declaration

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

Level 2,22 Pitt Street
Sydney NSW 2000

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

31 August 2018

Board of Directors
Janison Education Group Limited
c/- Whittens & Mc Keough Lawyers
Level 29, 201 Elizabeth Street
SYDNEY NSW 2000

Dear Sirs

RE: JANISON EDUCATION GROUP LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Janison Education Group Limited.

As Audit Director for the audit of the financial statements of Janison Education Group Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

Independent Auditor's Report

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Level 2, 22 Pitt Street
Sydney NSW 2000
Australia

Tel: +61 8 9481 3188

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
JANISON EDUCATION GROUP LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Janison Education Group Limited, the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Revenue Recognition Revenue recognition is a key audit matter due to the material amounts and significant audit effort required by us. These included, to address the unique circumstances of the individualised contract arrangements the Group enters into and the complexities associated with unbundling single service contracts with a customer for multiple services. The significance of the Group's judgements relating to the point in time at which revenue is recorded, in particular those relating to the satisfaction of performance obligations and transfer of control of assets. We focused on these sales as a key audit matter due to these conditions leading to increased risk of incorrect revenue recognition.	Inter alia, our audit procedures included the following: i. We assessed the Group's revenue recognition policy against the requirements of AASB 15 (Revenue from Contracts with Customers) which the Group has early adopted in prior years; ii. We tested a sample of customer contracts as to their revenue recognition and management written assessment of the performance obligations within these significant contracts. We did this by reading the terms and conditions of the customer contract and identified the features distinguishing the revenue elements. We also compared these against the criteria in AASB 15 and we considered the Group's progress against its performance obligations to evaluate the timing by which revenue was recognised; and iii. We focused on the significant contracts. We read the terms and conditions of sale, discussed with management their compliance with performance obligations and evaluated the revenue recognised on these contracts. Including ensuring the appropriate recognition of deferred revenue and unbilled income.
Intangible asset recognition and measurement The Group had $1,785,000 of capitalised software development costs as at 30 June 2018. The intangible assets relate to new features for the Learning and Assessment Platforms (refer to Note 13). The capitalisation of internally generated assets is a key audit matter in that it involves significant management judgement.	Inter alia, our audit procedures included the following: i. We evaluated the Group's accounting policy and compliance with AASB 138 (Intangibles Assets); ii. Vouched a sample of the expenses capitalised to supporting documentation; iii. Requested the Group complete an impairment review in line with AASB 138 and Impairment of Assets (AASB 136) review their assumptions for reasonable ness and satisfied ourselves that no impairment was necessary; and iv. Reviewed the disclosures included in the annual report.

Independent Auditor's Report

Stantons International

Taxation

At 30 June 2018 the Group had Deferred tax assets of $5,146,000. This is a significant balance and represents 40% of net assets.

This area is a key audit matter due to the inherent subjectivity that is involved in the Group making judgements in relation to the ultimate recovery of deferred tax assets and the complexities in relation to the acquisition of Janison Solutions Pty Limited and the tax consolidation of group entities.

Inter alia, our audit procedures included the following:

i. We obtained copies of the independent expert's report's of the tax consolidation treatment and supporting valuation report for the group;

ii. Reviewed the Group's compliance with AASB 112 (Income Taxes) including an assessment of the recovery of the deferred tax assets; and

iii. We reviewed the disclosures included in the annual report and whether they were appropriate.

Acquisition of Janison Solutions Pty Limited and related share based payments

On the 15 December 2017 Janison Education Group Limited (formerly HJB Corporation Limited) completed the acquisition of Janison Solutions Pty Limited. Management have accounted for this acquisition under AASB 3 (Business Combinations) as an RTO (Reverse Take Over).

This is a key audit matter due to the subjectivity of management's assessment of AASB 3 and the disclosure requirements for such transactions.

Inter alia, our audit procedures included the following:

i. We evaluated management's assessment of the acquisition and accounting under AASB 3;

ii. We reviewed the accounting treatment and ensured compliance with accounting standard AASB 3 and AASB 2 (Share based Payment); and

iii. We reviewed the disclosures included in the annual report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

Stantons International

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 43 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Janison Education Group Limited for the year ended 30 June 2018 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director

West Perth, Western Australia
31 August 2018

Additional Information

NUMBER OF HOLDERS

As at 27 August 2018

Number of Holders of Equity Securities - Ordinary Shares: 131,026,290 fully paid ordinary shares held by 701 individual shareholders.

Unquoted Securities

There are 74 holders of 1,674,176 unquoted options.

There are 6 holders of 4,620,000 performance rights.

DISTRIBUTION OF FULLY PAID ORDINARY SHAREHOLDERS

Range	No. of holders of Fully Paid Ordinary Shares	No. of holders of Options	No. of holders of Performance Rights
100,001 and over	50	5	6
10,001 to 100,000	263	25	–
5,001 to 10,000	48	44	–
1,001 to 5,000	135	–	–
1 to 1,000	205	–	–
Total	**701**	**74**	**6**
Unmarketable Parcels	211	–	–

SUBSTANTIAL HOLDERS

Name	Shares	%IC
TENTICKLES PTY LTD, DIPTOE PTY LTD, WAYNE HOULDEN, SASHA HOULDEN, WARWICK HOULDEN, ALANA HOULDEN, JO HOULDEN	67,400,748	51.44
LENROC INVESTMENTS PTY LIMITED ATF THE RICHARDSON FAMILY TRUST, LENROC INVESTMENTS PTY LIMITED ATF THE JAKATO FAMILY TRUST, THOMAS RICHARDSON, KATHERINE RICHARDSON	17,999,251	13.74
IOOF HOLDINGS LIMITED	7,637,702	5.83

Additional Information

TOP 20 HOLDERS

As at 27 Aug 2018

Rank	Name	27 Aug 2018	%IC
1	TENTICKLES PTY LTD	33,033,708	25.21
1	DIPTOE PTY LTD	33,033,708	25.21
2	LENROC INVESTMENTS PTY LIMITED	12,677,903	9.68
3	NATIONAL NOMINEES LIMITED	7,890,515	6.02
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,580,558	5.79
5	BNP PARIBAS NOMS PTY LTD	6,751,503	5.15
6	LENROC INVESTMENTS PTY LIMITED	2,921,348	2.23
7	THOMAS RICHARDSON	2,400,000	1.83
8	BREBEC PTY LTD	1,534,875	1.17
9	WAYNE HOULDEN	1,200,000	0.92
10	JARUMITO PTY LIMITED	1,133,524	0.87
11	MR DAVID KYFFIN WILLINGTON	866,667	0.66
12	BNP PARIBAS NOMINEES PTY LTD	676,754	0.52
13	LEO BARRY PTY LTD	547,040	0.42
14	EMS ARCADIA PTY LTD	520,000	0.40
15	UNITED EQUITY PARTNERS PTY LTD	458,630	0.35
16	HOLLOWAY COVE PTY LTD	450,000	0.34
17	BELA TEGEUSE PTY LTD	414,000	0.32
18	MR MICHAEL HASTINGS HILL	404,141	0.31
19	BNP PARIBAS NOMS PTY LTD	364,238	0.28
20	DMX CAPITAL PARTNERS LIMITED	333,334	0.25
	Total	**115,192,446**	**87.92**
	Balance of register	**15,833,844**	**12.08**
	Grand total	**131,026,290**	**100.00**

Designed and produced by FCR
www.fcr.com.au

www.janison.com