

Appendix 4E

Preliminary Final Report to the Australian Securities Exchange

1. Company Details

Name of Entity: Schrole Group Ltd

ABN: 27 164 440 859

Reporting period: for the year ended 31 December 2017

Previous period: for the year ended 31 December 2016

2. Results for Announcement to the Market

During the reporting period, pursuant to a deed of company arrangement, Schrole Group Ltd (the legal parent, previously known as Aquaint Capital Holdings Ltd ('Schrole Group', 'Company')) acquired Schrole Operations Ltd ('the legal subsidiary' or 'Schrole Operations') and undertook a 1:60 share consolidation. Following completion of the acquisition and capital reconstruction and the effectuation of the deed of company arrangement, the Company completed a \$6m prospectus offer and successfully re-listed on the Australian Securities Exchange ('ASX').

The acquisition has been accounted for as a share-based payment and the principles of reverse acquisition accounting have been applied.

As a result of the acquisition, the comparative information represents the results for Schrole Operations and its wholly owned subsidiaries only. The current year represents the consolidated entity comprising Schrole Operations and its wholly owned subsidiaries for the entire year and Schrole Group from 5 October 2017 to 31 December 2017.

The reported loss for the year ended 31 December 2017 includes costs associated with the effectuation of the deed of company arrangement, the acquisition of Schrole Operations and the successful relisting of Schrole Group on the ASX. The total of these costs, including share based payments, was \$5,213,000.

	31/12/2017	31/12/2016	Change	Change
	\$	\$	\$	%
Revenue from ordinary activities	1,413,566	1,696,902	(283,336)	(17%)
Loss from ordinary activities after tax attributable to members	(7,420,549)	(1,825,778)	(5,594,771)	(306%)
Net loss attributable to members	(7,420,549)	(1,825,778)	(5,594,771)	(306%)
Dividends declared and paid	-	-	-	-

Please refer to the attached Operating and Financial Review for further commentary.

3. Net Tangible Assets

	2017 Cents	2016 Cents
Net tangible assets / (deficit) per ordinary security	<u>0.4</u>	<u>1.3</u>

The net tangible assets per ordinary security is calculated based on 508,050,231 ordinary shares on issue as at 31 December 2017 and 2,050,231 ordinary shares that would have been on issue had the 1:60 share consolidation occurred as at 31 December 2016.

4. Control gained over entities

On 5 October 2017, Schrole Group acquired 100% of the issued ordinary shares of Schrole Operations. For accounting purposes, the acquisition has been accounted for as a share-based payment and the principles of reverse acquisition accounting have been applied, as noted in section 2 above. Refer note 2 for further details.

5. Audit Qualification or Review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited.

6. Attachments

Details of attachments (if any):

The Operating and financial review and Preliminary Financial Report of Schrole Group Ltd for the year ended 31 December 2017 is attached.

7. Signed



Rob Graham
Managing Director
Date: 28 February 2018

Schrole Group Ltd (formerly Aquaint Capital Holdings Ltd)
Operating and Financial Review
31 December 2017

1. Operating Review

On 5 October 2017 Schrole Group Ltd ('Schrole Group', 'Company') completed the reverse takeover of Schrole Operations Ltd and a successful \$6 million prospectus capital raising. Schrole Group shares commenced trading on the Australian Securities Exchange ('ASX') under the ticker code "SCL".

The acquisition and capital raising provides the Company with a solid foundation from which to pursue near-term sales growth for its proprietary software-as-a-service ('SaaS') platforms – Schrole Connect and Schrole Cover – as well as enabling the Company to build its capability for further strategic software development and marketing.

During the year ended 31 December 2017 the Company and its subsidiaries demonstrated strong sales traction for its software products, particularly in its core international and domestic schools market. The number of software licenses for Connect and Cover grew from 132 at the beginning of the year to 260 at its end, an increase of over 96%. In addition, benchmark sales to customers in the health services and aged care sectors have been achieved – demonstrating the scope to grow the market for Schrole software platforms beyond international and domestic schools.

The Company has progressively recruited a capable software development team, which is able to drive the ongoing platform development program with a high degree of timeliness and flexibility. In addition, key digital marketing and sales appointments have been made for the purpose of accelerating sales growth and further evolving the Company's sales and marketing strategy.

Key strategic relationships have been entered into with complementary service providers, which are expected to rapidly expand the Company's accessible market and product range. Notably, the Company has executed an agreement with Sentral Pty Ltd for the integration of the Schrole Cover platform into Sentral's web-based school administration and student information system - providing access to Sentral's existing client base of over 1,900 schools across Australia.

In addition, the Company has launched a new product – Schrole Verify – in partnership with First Advantage, a leading global provider of background screening solutions headquartered in Atlanta, Georgia. The Schrole Verify product is being developed by Schrole and will enable schools and candidates to undertake thorough background checks on existing and prospective teachers.

Schrole Develop, the Company's training and consulting division, has recently achieved an increase in the number of enrolments for its courses offered by the wholly-owned subsidiary and registered training organization ETAS (WA) Pty Ltd - notably the new TAE40116 Certificate of Training & Assessment courses. The RTO sector in WA has experienced a major consolidation over recent years with the decline in the resources sector and fundamental changes to the qualification accreditation framework. As one of the few TAE40116-accredited RTOs in WA, Schrole is now very well placed to continue to grow its Develop business both in the resources sector and, increasingly, via training courses for the education sector.

2. Financial Review

Profit or Loss

The following table shows the revenue from ordinary operating activities derived by Schrole Group in the year broken down by major activity.

	31/12/2017	31/12/2016	Change	Change
	\$	\$	\$	%
Software Licence Revenue	867,458	562,468	304,989	54%
Training Revenue	422,552	905,968	(483,415)	(53%)
Consulting & Executive Search Revenue	12,725	205,990	(193,265)	(94%)
Other Revenue	110,830	22,475	88,355	393%
Total	1,413,566	1,696,902	(283,336)	(17%)

In the year ended 31 December 2017 Schrole has achieved an increase in income from its Schrole Connect and Cover software platforms to approximately \$867,000 from \$560,000 in the previous corresponding periods, representing an increase of 54%. Schrole's training activities undertaken by its wholly owned subsidiary ETAS (WA) Pty Ltd experienced a decline in revenue in the year ended 31 December 2017 to approximately \$423,000 from \$906,000 in the previous corresponding period, largely due to a decline in the RTO sector over these periods together with large one-off overseas training contracts that were delivered in the year ended 31 December 2016. In addition, as a result of Schrole's focus in the year on expanding its core software license income, significant one-off professional consulting work for international schools that was undertaken in the year ended 31 December 2016 was discontinued in the current year.

As noted, the reported loss for the year ended 31 December 2017 of \$7,420,549 includes costs associated with the effectuation of the deed of company arrangement, the acquisition of Schrole Operations and the successful relisting of Schrole Group on the ASX. The total of these costs, including share based payments, was \$5,213,000.

Financial Position

Net assets reflect those of the consolidated entity and include cash proceeds from the equity raising that occurred contemporaneously with the reverse acquisition.

The consolidated group showed a strong cash position of \$3.1 million at the year end. The consolidated entity is well placed to embark upon its sales growth plans and to fund its software development activities to further build and enhance its intellectual property position.



Schrole Group Ltd (formerly Aquaint Capital Holdings Ltd)

ABN 27 164 440 859

Preliminary Financial Report - 31 December 2017

Schrole Group Ltd
Preliminary Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2017

		Consolidated	
		2017	2016
	Notes	\$	\$
Revenue		1,413,566	1,696,902
Expenses			
Employee benefits expense		(1,656,608)	(1,677,512)
Depreciation & amortisation expense		(195,479)	(177,025)
Travel expense		(242,800)	(160,618)
Restructure & listing costs		(3,993,702)	-
Share-based payments		(1,345,144)	-
Other expenses		(1,400,116)	(1,248,016)
		<u>(8,833,850)</u>	<u>(3,263,171)</u>
Loss before income tax expense		<u>(7,420,284)</u>	<u>(1,566,270)</u>
Income tax benefit/(expense)		(265)	(259,508)
Loss after income tax expense for the period attributable to the owners of Schrole Group Ltd		<u>(7,420,549)</u>	<u>(1,825,778)</u>
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period attributable to the owners of Schrole Group Ltd		<u><u>(7,420,549)</u></u>	<u><u>(1,825,778)</u></u>
Basic earnings / (loss) per share (cents per share)	3	(2.9)	(0.9)
Diluted earnings / (loss) per share (cents per share)	3	(2.9)	(0.9)

The above Preliminary Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Schrole Group Ltd
Preliminary Statement of Financial Position
As at Year Ended 31 December 2017

		Consolidated	
	Notes	2017	2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,099,416	48,459
Trade and other receivables		235,746	197,339
R&D grant refund receivable		111,517	198,196
Other		48,961	39,084
Total current assets		<u>3,495,639</u>	<u>483,078</u>
Non-current assets			
Property, plant and equipment		130,675	129,456
Intangible assets		469,618	625,482
Other		1,399	1,663
Total non-current assets		<u>601,692</u>	<u>756,601</u>
Total assets		<u>4,097,331</u>	<u>1,239,680</u>
Liabilities			
Current liabilities			
Trade and other payables		161,448	183,313
Deferred revenue		623,470	454,711
Provision for employee benefits		80,735	72,379
Financial liabilities		95,192	88,859
Related party loans		-	256,795
Other		11,443	1,000
Total current liabilities		<u>972,289</u>	<u>1,057,057</u>
Non-current liabilities			
Provision for employee benefits		21,444	14,184
Financial liabilities		129,182	220,438
Provision for lease make-good		40,945	40,127
Total non-current liabilities		<u>191,572</u>	<u>274,749</u>
Total liabilities		<u>1,163,861</u>	<u>1,331,806</u>
Net assets		<u>2,933,470</u>	<u>(92,126)</u>
Equity			
Issued capital	3	11,907,123	3,606,123
Reserves		912,245	(1,232,900)
Accumulated losses		(9,885,898)	(2,465,349)
Total equity		<u>2,933,470</u>	<u>(92,126)</u>

The above Preliminary Statement of Financial Position should be read in conjunction with the accompanying notes.

Schrole Group Ltd
Preliminary Statement of Changes in Equity
For the Year Ended 31 December 2017

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2016	2,691,442	(1,387,793)	(639,571)	664,078
Loss after income tax expense for the period	-	-	(1,825,778)	(1,825,778)
Other comprehensive income for the year, net	-	-	-	-
Total comprehensive loss for the period	-	-	(1,825,778)	(1,825,778)
<i>Transactions with owners, recognised directly in equity:</i>				
Issue of shares	914,681	-	-	914,681
Issue of options	-	154,893	-	154,893
Balance at 31 December 2016	<u>3,606,123</u>	<u>(1,232,900)</u>	<u>(2,465,349)</u>	<u>(92,126)</u>
		-	-	-
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2017	3,606,123	(1,232,900)	(2,465,349)	(92,126)
Loss after income tax expense for the period	-	-	(7,420,549)	(7,420,549)
Other comprehensive income for the year, net	-	-	-	-
Total comprehensive loss for the period	-	-	(7,420,549)	(7,420,549)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares on conversion of convertible notes	500,000	-	-	500,000
Issue of shares under public offer	6,000,000	-	-	6,000,000
Issue of shares to facilitators and corporate advisors	1,900,000	-	-	1,900,000
Issue of shares in lieu of shareholder loan repayment	160,000	-	-	160,000
Acquisition of Schrole Group Ltd	41,000	-	-	41,000
Share issue transaction costs, net of tax	(300,000)	-	-	(300,000)
Share based payments	-	2,145,145	-	2,145,145
Balance at 31 December 2017	<u>11,907,123</u>	<u>912,245</u>	<u>(9,885,898)</u>	<u>2,933,470</u>

The above Preliminary Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Schrole Group Ltd
Preliminary Statement of Cash Flow
For the Year Ended 31 December 2017

		Consolidated	
	Notes	2017	2016
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,428,035	2,877,589
Payments to suppliers and employees (inclusive of GST)		(4,695,261)	(3,729,253)
		<u>(3,267,226)</u>	<u>(851,664)</u>
Interest received		<u>5,895</u>	<u>156</u>
Net cash from/(used in) operating activities		<u>(3,261,331)</u>	<u>(851,508)</u>
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(208,901)	(281,849)
R&D claim refund received		<u>198,196</u>	<u>31,181</u>
Net cash from/(used in) investing activities		<u>(10,705)</u>	<u>(250,669)</u>
Cash flows from financing activities			
Receipts from shares issued		6,000,000	514,424
Repayments of bank loans		(86,423)	(84,073)
Related party loan repayments		(10,055)	(27,600)
Proceeds from convertible note issue		500,000	-
Interest paid		<u>(80,530)</u>	<u>(30,228)</u>
Net cash from/(used in) financing activities		<u>6,322,993</u>	<u>372,523</u>
Net increase/(decrease) in cash and cash equivalents		3,050,956	(729,653)
Cash and cash equivalents at the beginning of the period		<u>48,459</u>	<u>778,112</u>
Cash and cash equivalents at the end of the period		<u><u>3,099,416</u></u>	<u><u>48,459</u></u>

The above Preliminary Statement of Cash Flow should be read in conjunction with the accompanying notes.

Schrole Group Ltd

Notes to the Preliminary Financial Statements

Note 1. Significant accounting policies

The preliminary final report has been prepared in accordance with ASX listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements have been prepared on an accruals basis and are based on historical costs.

a) Reverse Acquisition

On 5 October 2017 Schrole Group Ltd (formerly Aquaint Capital Holdings Ltd) completed the acquisition of Schrole Operations Ltd, an Australian-based. Under the Australian Accounting Standards Schrole Operations Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Schrole Operations Ltd acquires the net assets and listing status of Schrole Group Ltd.

Accordingly, the consolidated financial statements of Schrole Group Ltd have been prepared as a continuation of the business and operations of Schrole Operations Ltd. As the deemed acquirer, Schrole Operations Ltd has accounted for the acquisition of Schrole Group Ltd from 5 October 2017. The comparative information for the year ended 31 December 2016 is that of Schrole Operations Ltd. Refer to note 2 for further details.

The implication of the acquisition by Schrole Operations Ltd on the financial statements are as follows:

(i) Statement of Profit or Loss and Other Comprehensive Income

- The statement of profit and loss and other comprehensive income comprises the total comprehensive income for the 12 months ended 31 December 2017 for Schrole Operations Ltd and its wholly owned subsidiaries and the period from 6 October 2017 to 31 December 2017 for Schrole Group Ltd.
- The statement of profit and loss and other comprehensive income for the year ended 31 December 2016 comprises of Schrole Operations Ltd balances only.

(ii) Statement of Financial Position

- The statement of financial position as at 31 December 2017 represents the combination of Schrole Operations Ltd and its wholly owned subsidiaries and Schrole Group Ltd.
- The statement of financial position comparative represents Schrole Operations Ltd and its wholly owned subsidiaries only as at 31 December 2016.

(iii) Statement of Changes in Equity

- The Statement of Changes in Equity comprises:
 - The equity balance of Schrole Operations Ltd at the beginning of the financial year (1 January 2017).

- The total comprehensive income for the financial year and transactions with equity holders, being 12 months for Schrole Operations Ltd and its wholly owned subsidiaries for the year ended 31 December 2017 and the period from 6 October 2017 to 31 December 2017 for Schrole Group Ltd.
- The equity balance of the combined Schrole Operations Ltd and its wholly owned subsidiaries and Schrole Group Ltd for the year ended 31 December 2017.
- The Statement of Changes in Equity comparatives comprise the full financial year for Schrole Operations Ltd and its wholly owned subsidiaries for the 12 months ended 31 December 2016.

(iv) *Statement of Cash Flows*

- The Statement of Cash Flows comprises:
 - The cash balance of Schrole Operations Ltd and its wholly owned subsidiaries at the beginning of the financial year (1 January 2017).
 - The transactions for the financial year for Schrole Operations Ltd and its wholly owned subsidiaries for the 12 months ended 31 December 2017 and the period from 6 October 2017 to 31 December 2017 for Schrole Group Ltd.
 - The cash balance of the combined Schrole Operations Ltd and its wholly owned subsidiaries and Schrole Group Ltd for the year ended 31 December 2017.
- The Statement of Cash Flows comparative comprises the full financial year of Schrole Operations Ltd and its wholly owned subsidiaries for the year ended 31 December 2016.

(v) *Equity Structure*

The equity structure (the number and type of equity instruments issued) in the financial statements reflects the consolidated equity structure of Schrole Operations Ltd and its wholly owned subsidiaries and Schrole Group Ltd. The comparative reflects the equity structure of Schrole Operations Ltd.

(vi) *Earnings Per Share*

The weighted average number of shares outstanding for the year ended 31 December 2017 is based on the weighted average number of shares of Schrole Group Ltd outstanding in the period following the acquisition. The comparative weighted average number of shares is based on the legal subsidiary's (Schrole Operations Ltd) weighted average shares multiplied by the exchange ratio.

Note 2. Reverse Acquisition

On 5 October 2017, Schrole Group Ltd (formerly Aquaint Capital Holdings Ltd) completed the legal acquisition of Schrole Operations Ltd.

Under the Australian Accounting Standards, Schrole Operations Ltd was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Schrole Operations Ltd acquired the net assets and listing status of Schrole Group Ltd.

a) Deemed Consideration

The purchase consideration for the acquisition of Schrole Group Ltd by Schrole Operations Ltd was 2,050,231 Ordinary Shares in Schrole Group Ltd which was deemed to have a value of \$41,000. AASB 3 Business Combinations was not applicable in this transaction as Schrole Group Ltd did not meet the definition of a business under AASB3.

Schrole Group Ltd also issued 290,000,000 Performance Shares to holders of performance shares in Schrole Operations Ltd, which convert to ordinary fully paid shares on a one-for-one basis following the achievement of the applicable performance milestone before the respective expiry date.

b) Deemed Schrole Group Ltd Share Capital

	\$
Historical issued capital balance at acquisition date	39,104,661
Elimination of Schrole Group Ltd issued capital	(39,104,661)
Deemed consideration on acquisition	41,000
	<u>41,000</u>

c) Schrole Group Ltd Reserves

	\$
Historical reserves balance at acquisition date	(391,356)
Elimination of Schrole Group Ltd reserves	391,356
Total Schrole Group Ltd reserves on completion	<u>-</u>

d) Schrole Group Ltd Accumulated Losses Pre-Completion

	\$
Schrole Group Ltd accumulated losses at acquisition date	8,176,575
Elimination of Schrole Group Ltd accumulated losses	(8,176,575)
Total Schrole Group Ltd accumulated losses on completion	<u>-</u>

e) Listing Expense

	\$
Deemed consideration	41,000
Net assets / (liabilities) of Schrole Group Ltd	-
Total Schrole Group Ltd listing expense	<u>41,000</u>

Note 3. Equity – issued capital

	2017 Shares	2016 Shares	2017 \$	2016 \$
Ordinary shares - fully paid	<u>580,050,231</u>	<u>123,000,392</u>	<u>11,907,123</u>	<u>3,606,123</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1/01/2016	<u>113,204,285</u>	<u>2,691,442</u>
Issue of shares - private placement	24/03/2016	857,153	60,001
Issue of shares for services	29/04/2016	2,314,287	162,000
Issue of shares for services	29/04/2016	2,057,143	-
Issue of shares for services	29/04/2016	64,330	4,502
Issue of shares for services	2/05/2016	20,625	1,444
1:2 share consolidation	19/06/2016	(59,258,912)	-
Issue of shares - private placement	30/06/2016	166,666	20,000
Issue of shares	1/08/2016	4,496,670	522,734
Issue of shares for services	31/12/2016	<u>-</u>	<u>144,000</u>
Balance	31/12/2016	63,922,247	3,606,123
4:5 share consolidation	14/02/2017	(12,784,448)	-
Share buyback	14/02/2017	(16,066,456)	-
Conversion of Performance Shares	5/10/2017	1,800,722	-
Elimination of Schrole Operations Ltd shares on acquisition of Schrole Group Ltd	5/10/2017	(36,872,065)	-
Deemed consideration of acquisition of Schrole Group Ltd	5/10/2017	-	41,000
Existing shares in Schrole Group Ltd	5/10/2017	123,000,392	
Share consolidation 1:60	5/10/2017	(120,950,161)	-
Issue of shares on conversion of convertible notes	5/10/2017	25,000,000	500,000
Issue of shares under public offer	5/10/2017	300,000,000	6,000,000
Issue of shares to facilitators and corporate advisors	5/10/2017	95,000,000	1,900,000
Issue of shares in lieu of shareholder loan repayment	5/10/2017	8,000,000	160,000
Consideration shares	5/10/2017	150,000,000	-
Share issue transaction costs, net of tax	5/10/2017	<u>-</u>	<u>(300,000)</u>
Balance	31/12/2017	<u>580,050,231</u>	<u>11,907,123</u>

Note 3. Equity – issued capital cont'd

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Performance shares

Performance Shares	Number of Performance Shares	Expiry date	Vesting Condition
Series A	45,000,000	10 April 2019	Software licences
Series B	100,000,000	10 October 2020	Sales revenue over 12-month period
Series C	145,000,000	10 October 2021	EBITDA over 12-month period

Pursuant to the acquisition of Schrole Operations Ltd by Schrole Group Ltd and the related capital raising, on 5 October 2017 Schrole Group Ltd issued a total of 290,000,000 Series A, Series B and Series C performance shares to existing performance shareholders of Schrole Operations Ltd, in consideration for the cancellation of those existing performance shares:

- Series A performance shares will convert into an equal number of ordinary shares once the company achieves 215 school subscriptions to Schrole Connect or 198 subscription licences to Schrole Cover within 18 months of admission onto the ASX;
- Series B performance shares will convert into an equal number of ordinary shares once the company achieves sales revenue of \$7,000,000 over any 12-month period prior to 36 months of admission onto the ASX.
- Series C performance shares will convert into an equal number of ordinary shares once the company achieves EBITDA of \$3,000,000 over any 12-month period prior to 48 months of admission onto the ASX.

Management has assessed the number of performance shares that are expected to vest as 45,000,000 for the Series A performance shares and nil for the Series B and Series C series. Accordingly, \$143,144 share based payment expense has been recorded for the year to 31 December 2017. The deemed value of the Series A performance shares was \$900,000. Management will re-assess the number of performance shares expected to vest in subsequent financial years.

Options

Pursuant to the acquisition of Schrole Operations Ltd by Schrole Group Ltd and the related capital raising, on 5 October 2017 Schrole Group Ltd issued a total of 197,000,000 options to certain original ordinary

shareholders of Schrole Operations Ltd, original convertible noteholders of Schrole Operations Ltd and advisers. In addition, on 5 October 2017 Schrole Group Ltd issued a total of 14,000,000 options to the incoming non-executive directors of Schrole Group Ltd. Details of the options on issue as at the date of this report are as follows:

Option Series	Number of Options	Exercise Price	Expiry Date	Valuation \$
Schrole Noteholder Options	25,000,000	\$ 0.020	5/10/2020	\$ 300,000
Facilitator Options	25,000,000	\$ 0.020	5/10/2020	\$ 300,000
Adviser Options	50,000,000	\$ 0.030	5/10/2020	\$ 500,000
Shareholder Options	97,000,000	\$ 0.040	5/10/2020	\$ 776,000
Director Options (Tranche 1)	7,000,000	\$ 0.030	5/10/2022	\$ 70,000
Director Options (Tranche 2)	7,000,000	\$ 0.040	5/10/2022	\$ 56,000

The value of share-based payments using options was measured at the fair value of the equity instruments issued using the Black-Scholes pricing model applying the relevant expiry date, exercise price, a spot price of \$0.02 (the most recent price for the issue of ordinary shares), a raw risk free rate of between 1.39% and 1.56% and a volatility of 90%.

Note 4. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 5. Earnings per share

	2017 \$	2016 \$
Profit/(loss) after income tax attributable to the owners of Schrole Group Ltd	<u>(7,420,549)</u>	<u>(1,825,778)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	254,983,774	196,543,985
Adjustments for calculation of diluted earnings per share:		
In-the-money options	50,000,000	-
	<u>304,983,774</u>	<u>196,543,985</u>
	Cents	Cents
Basic earnings per share	(2.9)	(0.9)
Diluted earnings per share	(2.9)	(0.9)
Exchange ratio applied to weighted average number of ordinary shares prior to completion		4.07

The weighted average number of ordinary shares for the comparative period has been adjusted to give effect to capital reorganisation which occurred during the financial year.

161,000,000 options have not been included in the 2017 weighted average number of shares as they were anti-dilutive (2016: 15,168,641).

Note 6. Interests in other entities

Name of entity	Place of business / country of incorporation	Owners hip interest held	Principal activities
Schrole Operations Pty Ltd (ACN 43 131 115 878)	Australia	100%	Administrative services
Schrole Pty Ltd (ACN 164 785 488)	Australia	100%	Software and training services to international and domestic schools
ETAS (WA) Pty Ltd (ACN 065 673 896)	Australia	100%	Training services to domestic and international businesses