Schrole

Schrole Group Ltd
(formerly Aquaint Capital Holdings Ltd)

ABN 27 164 440 859

Annual Report
31 December 2017

Directors' Report

Your Directors present their report, together with the financial statements of Schrole Group Ltd, formerly Aquaint Capital Holdings Ltd ("the Company") and controlled entities ("the Group") for the financial year ended 31 December 2017.

Directors

The names and the particulars of the Directors of the Company during or since the end of the financial year are:

Name	Status	Appointed	Resigned
Stuart Carmichael	Non-Executive Chairman	5 October 2017	-
Robert Graham	Managing Director	5 October 2017	-
Shaun Hardcastle	Non-Executive Director	5 October 2017	-
Craig Read-Smith	Non-Executive Director	5 October 2017	-
Sara Kelly	Non-Executive Director	1 December 2016	5 October 2017
Jeremy King	Non-Executive Director	1 December 2016	5 October 2017
Kyla Garic	Non-Executive Director	1 December 2016	5 October 2017

Principal Activities

The principal continuing activities of the Group during the year was the provision of software solutions primarily to the education sector and provision of training services.

Dividends

There were no dividends paid or recommended during the financial year ended 31 December 2017 (2016: Nil).

Review of operations

Schrole Group Ltd reported a loss for the year ended 31 December 2017 of $8,224,682 (2016: $1,825,778 loss). The loss included costs associated with the effectuation of the deed of company arrangement, the acquisition of Schrole Operations Ltd and the successful relisting of Schrole Group Ltd on the ASX. The total of these costs, including share based payments, was $5,671,585.

The net assets of the Group increased from a deficit of $92,126 at 31 December 2016 to $2,936,074 at 31 December 2017.

The Group's cash and cash equivalents increased from $48,459 at 31 December 2016 to $3,039,416 at 31 December 2017

Significant changes in the state of affairs

Recapitalisation of the Company

On 22 August 2016, the creditors of the Company resolved that the Company enter into a Deed of Company Arrangement with CPS Capital Group Limited (Recapitalisation Proposal).

A summary of the material terms of the Recapitalisation Proposal is set out below. Further information appears in section 6 of the Company's Notice of Meeting lodged with the Australian Securities Exchange (ASX) on 15 August 2017).

A summary of the material terms of the DOCA Proposal is set out below:

a) the Company and the Deed Administrators would establish the Creditors' Trust, with the Deed Administrators acting as trustees;
b) the assets of the Company will be transferred to the Creditors' Trust, including the amount of $400,000, would be paid by the Company out of the funds raised from the Capital Raising upon completion of the DOCA. The payment comprises $370,000 (DOCA Payment) would be paid upon completion of the DOCA and a $30,000 deposit paid by CPS Capital on 9 September 2016 (Deposit) (together, the Recapitalisation Payment);
c) the claims of all creditors against the Company will be replaced with a right to prove debts against the Trustee of the Creditors' Trust and payment would be made in accordance with the DOCA and the Creditors' Trust Deed;
d) the Deed Administrators would cause the then Company Secretary and Directors of the Company to be removed and appoint nominees of CPS Capital as Company Secretary and Directors of the Company. The nominee Directors and Company Secretary were appointed on the 1 December 2016;
e) upon completion of the DOCA, the Creditors' Trust Fund would be distributed as follows:
    i. first, to the Deed Administrators' costs, expenses and remuneration;
    ii. second, to pay the Trustees' costs expenses and remuneration;
    iii. third, to pay the admitted claims of the Secured Creditor;
    iv. fourth, to pay the admitted claims of any priority creditors;
    v. fifth, to pay any further admitted claims of the Secured Creditor;
    vi. sixth, to pay the admitted claims of any unsecured creditors; and
    vii. the balance, if any, to be returned to the Company immediately upon the distribution of the last dividend pursuant to the Creditors' Trust Deed;
f) all security over the Company's assets would be discharged and released; and
g) the Company would undertake the Consolidation.

Key conditions precedent for completion of the DOCA would include (amongst other things):

a) payment of the Recapitalisation Payment;
b) discharge and release of the security interest held by the Secured Creditor over the Company's assets;
c) the Company raising no less than $3,800,000 (before costs);
d) the Company obtaining an ASX waiver from ASX Listing Rules 1.1 condition 12 and 2.1 condition 2;
e) termination or repudiation of existing employment and service contracts; and
f) Shareholder approval being obtained to give effect to the DOCA Proposal.

The conditions precedent were satisfied on 4 October 2017 and the DOCA was effectuated. On effectuation of the DOCA, control of the Company reverted to the officers of the Company.

Reverse Acquisition

On 5 October 2017, Schrole Group Ltd (ASX:SCL) (formerly Aquaint Capital Holdings Ltd) completed the acquisition Schrole Operations Ltd (Schrole Operations), an Australian company whose operations include providing software solutions primarily to the education sector and the provision of training services.

The acquisition of Schrole Operations has been accounted as a reverse takeover transaction under the Australian Accounting Standards. The terms of the transaction are as follows:

- The issue of 150,000,000 ordinary shares in the Company to the ordinary shareholders of Schrole Operations in exchange for 100% of the issued capital of Schrole Operations;
- The issue of 290,000,000 performance shares in SCL to existing holders of performance shares in Schrole Operations in consideration for the cancellation of those performance shares;
- The issue of 128,000,000 ordinary shares and 211,000,000 options in SCL to parties that have assisted with facilitating the transaction and completing the capital raising and to settle debts. This included the issue of 25,000,000 ordinary shares on the conversion of convertible notes in Schrole Operations Ltd, which had been issued to raise $500,000 in seed capital prior to the reverse acquisition;
- The issue of 300,000,000 ordinary shares in SCL through a public offer at $0.02 to raise $6,000,000; and
- The deemed consideration for the acquisition was $41,000 and a non-cash one off expense of $4,185,883 in relation to the restructuring and listing of the Company was recognised in the profit or loss for the year ended 31 December 2017 in accordance with the Australian Accounting Standards.

Prior to completion of the transaction the following significant changes occurred:

- The Company changed its name from Aquaint Capital Holdings Ltd to Schrole Group Ltd;
- The Company's ordinary shares were consolidated from sixty (60) shares to one (1) shares;
- On completion date being 5 October 2017 the existing directors of the Company (being Sarah Kelly, Jeremy King and Kyla Garic) resigned and the following directors were appointed; Stuart Carmichael, Robert Graham, Shaun Hardcastle and Craig Read-Smith.

Highlights during the year

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 97%. 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 Registered Training Organisation (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.

Significant events after the reporting period

There have been no significant events after the reporting period.

Information on Directors

Mr Stuart Carmichael	Non-Executive Chairman
Qualifications	B.Com, CA
Experience	Mr Carmichael is a Chartered Accountant with over 20 years of experience in the provision of corporate advisory services both within Australia and internationally. Mr Carmichael is a principal and director of Ventnor Capital Pty Ltd and Ventnor Securities Pty Ltd which specialises in the provision of corporate and financial advice to small cap ASX listed companies including capital raisings, initial public offerings, corporate restructures and mergers and acquisitions.
Interests in shares and options at the date of this report	500,000 ordinary shares and 6,000,000 options
Special responsibilities	None
Directorships held in other listed entities (last 3 years)	Non-executive director of De.mem Limited (ASX: DEM) and non-executive chairman of Serpentine Technologies Limited (ASX: S3R).

Mr Robert Graham	Managing Director
Qualifications	M.Ed
Experience	Mr Graham has over 30 years of experience in education and business. Mr Graham has a unique understanding of the education market through his direct involvement in recruitment and training as an international school principal and then as owner of an international school recruitment firm. His eight years as Managing Director of ETAS Group ensures a strong connection to the vocational education market and a close engagement with major clients.
Interests in shares and options at the date of this report	78,363,527 ordinary shares, 2,975,312 options and 280,000,000 performance shares
Special responsibilities	None
Directorships held in other listed entities (last 3 years)	None

Shaun Hardcastle	Non-Executive Director
Qualifications	LLB, B.A
Experience	Mr Hardcastle is a corporate lawyer with experience on a broad range of cross-border and domestic transactions including equity capital markets, mergers & acquisitions, project finance and corporate governance. He is a Partner of Bellanhouse Lawyers which predominantly advises on equity capital markets, re-compliance transactions and takeovers across a variety of industries. He has worked both domestically and internationally for top-tier law firms, and spent time as corporate counsel for a major international oil and gas company. Mr Hardcastle holds a Bachelor of Laws, and is a member of the Australian Institute of Company Directors and the Association of International Petroleum Negotiators.
Interests in shares and options at the date of this report	4,000,000 options
Special responsibilities	None
Directorships held in other listed entities (last 3 years)	Non-executive director of Hawkstone Mining Limited (ASX: HWK) and non-executive director of Clancy Exploration Ltd (CLY)

Craig Read-Smith	Non-Executive Director
Qualifications	B.Sc
Experience	Mr Read-Smith is an experienced Software Development Manager and Senior Software Engineer/Architect who has significant experience in the design, development and management of software projects in the defence, investment banking and telecommunications industries. Mr Read-Smith has commercial experience in the United States of America, Australia and the United Kingdom and has helped successfully deliver many projects using the latest of technologies.
Interests in shares and options at the date of this report	4,000,000 options
Special responsibilities	None
Directorships held in other listed entities (last 3 years)	None

Information on Key Management

Michael Kirkwood	General Manager
Qualifications	B.Bus, CPA
Experience	Mr Kirkwood oversees the operations of Schrole. He has more than 30 years of Australian and international finance experience in a variety of industries including insurance, mining, gas exploration and commodity trading.

Nick Allan	Chief Financial Officer and Company Secretary
Qualifications	B.Com, ACA
Experience	Mr Allan has had a 25 year career in corporate finance, accounting and information technology. After obtaining a Bachelor of Commerce from the University of Western Australia, Mr Allan qualified as a Chartered Accountant in the United Kingdom with Coopers & Lybrand, and later worked with JP Morgan in its European Mergers & Acquisitions Division and in Australia for Deloitte and Ernst & Young. Mr Allan was previously the CFO and Company Secretary of an ASX-listed public company. Since 2007 he has provided corporate advisory, general management and information technology consulting services to a wide variety companies.

Meetings of Directors

The number of formal meetings of Directors held during the period and the number of meetings attended by each director was as follows:

			DIRECTORS' MEETINGS	
Name	**Appointed**	**Resigned**	**Number eligible to attend**	**Number attended**
Stuart Carmichael	5 October 2017		3	3
Robert Graham	5 October 2017		3	3
Shaun Hardcastle	5 October 2017		3	3
Craig Read-Smith	5 October 2017		3	3
Sara Kelly	1 December 2016	5 October 2017	N/A	N/A
Jeremy King	1 December 2016	5 October 2017	N/A	N/A
Kyla Garic	1 December 2016	5 October 2017	N/A	N/A

Options

As at the date of this report, the unissued ordinary shares of Schrole Group Ltd under option are as follows:

Option Series	**Exercise Price**	**Grant Date**	**Expiry Date**	**Number of Options**
Schrole Noteholder Options	$ 0.020	5/10/2017	5/10/2020	25,000,000
Facilitator Options	$ 0.020	5/10/2017	5/10/2020	25,000,000
Adviser Options	$ 0.030	5/10/2017	5/10/2020	50,000,000
Vendor Options	$ 0.040	5/10/2017	5/10/2020	97,000,000
Director Options (Tranche 1)	$ 0.030	5/10/2017	5/10/2022	7,000,000
Director Options (Tranche 2)	$ 0.040	5/10/2017	5/10/2022	7,000,000
				211,000,000

All options are escrowed for a period of either 12 months from the issue date or 24 months from the quotation date. No option holder has any right under the options to participate in any other share issue of the Company or of any other entity. No options were exercised during the year (2016: Nil).

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:

a. 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;
b. 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.
c. 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.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnifying Officers

The Company indemnifies each of its Directors, officers and company secretary. The Company indemnifies each director or officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a director or officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavours to insure a Director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

Insurance premiums

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Environmental Regulations

In the normal course of business, there are no environmental regulations or requirements to which the Company is subject.

Future Developments, Prospects and Business Strategies

The principal continuing activities of the Group is the provision of software solutions primarily to the education sector and provision of training services. The Group's future developments, prospects and business strategies are to continue to expand and develop these solutions and services.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from their report on the financial report.

Non-audit Services

During the year, BDO Audit (WA) Pty Ltd, the Company's auditor did not provide any services other than their statutory audits. Associated entities of BDO Audit (WA) Pty Ltd provided other services including preparation of an independent expert's report, independent accountant's report and tax advisory services. Details of their remuneration can be found within the financial statements at Note 7 Auditor's Remuneration.

In the event that non-audit services are provided by BDO (WA) Pty Ltd, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2017 has been received and can be found on page 17 of the financial report.

Schrole

Remuneration Report (Audited)

This remuneration report for the year ended 31 December 2017 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (Cth), as amended (Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
4. Non-executive Director fee arrangements
5. Details of remuneration
6. Additional disclosures relating to equity instruments
7. Loans to key management personnel (KMP) and their related parties
8. Other transactions and balances with KMP and their related parties

1. Introduction

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel. Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

KMP Name	Role	Appointed	Resigned
Non-Executive			-
Stuart Carmichael	Non-Executive Chairman	5 October 2017	-
Shaun Hardcastle	Non-Executive Director	5 October 2017	-
Craig Read-Smith	Non-Executive Director	5 October 2017	-
Sara Kelly	Non-Executive Director	1 December 2016	5 October 2017
Jeremy King	Non-Executive Director	1 December 2016	5 October 2017
Kyla Garic	Non-Executive Director	1 December 2016	5 October 2017
Executive			
Robert Graham	Managing Director, CEO	11 September 2015	-
Michael Kirkwood	General Manager	11 September 2015	-
Nick Allan	CFO & Company Secretary	29 July 2016	-

2. Remuneration governance

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committee. Accordingly, all matters are considered by the full Board of Directors, in accordance with a remuneration committee charter.

During the financial year, the Company did not engage any remuneration consultants.

3. *Executive remuneration arrangements*

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds. Shares and options may only be issued subject to approval by shareholders in a general meeting.

At the date of this report the Company has three key executives appointed, being Robert Graham as Managing Director and CEO, Michael Kirkwood as General Manager Operations and Nick Allan Chief Financial Officer. The terms of their Executive Employment Agreements with Schrole Operations Ltd are summarised in the following table:

Executive Name	Remuneration
Robert Graham	▪ Executive salary of $213,400 excluding superannuation ▪ Bonus of 30% of annual salary based upon company achieving performance milestone of 215 school subscriptions to Schrole Connect or 198 subscription licences to Schrole Cover within 18 months of admission onto the ASX ▪ Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies
Michael Kirkwood	▪ Executive salary of $170,850 excluding superannuation ▪ Bonus of 15% of annual salary based upon company achieving performance milestone of 215 school subscriptions to Schrole Connect or 198 subscription licences to Schrole Cover within 18 months of admission onto the ASX ▪ Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies
Nick Allan	▪ Executive salary of $170,850 excluding superannuation ▪ Bonus of 15% of annual salary based upon company achieving performance milestone of 215 school subscriptions to Schrole Connect or 198 subscription licences to Schrole Cover within 18 months of admission onto the ASX ▪ Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies

At this stage the Board does not consider the Group's earnings or earnings related measures to be an appropriate key performance indicator (KPI). In considering the relationship between the Group's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed as well as measures such as successful completion of business development and corporate activities.

4. *Non-executive Director fee arrangements*

The Board policy is to remunerate Non-executive Directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive Directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to Non-executive Directors.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is presently limited to an aggregate of $500,000 per annum and any change is subject to approval by shareholders at the General Meeting. Fees for Non-executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

Total fees for the Non-executive Directors for the financial year included cash remuneration of $75,000 including superannuation (2016: Nil) and share options valued at $126,000 on issue. These Non-executive Directors fees cover main Board activities only. Non-executive Directors may receive additional remuneration for other services provided to the Group.

Performance Conditions Linked to Remuneration

The Group has established and maintains Schrole Group Employee Securities Incentive Plan (Plan) to provide ongoing incentives to Eligible Participants of the Company. Eligible Participants include:

- a Director (whether executive or non-executive) of any Group Company;
- a full or part time employee of any Group Company;
- a casual employee or contractor of a Group Company; or
- a prospective participant, being a person to whom the Offer was made but who can only accept the Offer if arrangement has been entered into that will resulting in the person becoming an Eligible Participant.

The Board adopted the Plan to allow Eligible Participants to be granted interests in securities in respect of the Company.

The purpose of the Plan is to assist in the reward and motivation of Eligible Participants and link the reward of Eligible Participants to performance and the creation of Shareholder value. It is designed to align the interest of Eligible Participants more closely to the interests of Shareholders by providing an opportunity for Eligible Participants to receive shares. It provides the Eligible Participants with the opportunity to share in any future growth in value of the Company and provides greater incentives for Eligible Participants to focus on the Company's longer term goals. No interests have been issued under the Plan.

5. *Details of Remuneration*

The Key Management Personnel of the Group includes the current and former Directors of the Company and Key Management Personnel of the Group for the year ended 31 December 2017.

	Short-term salaries, fees & commissions	Post-employment superannuation	Other	Share-based payments	Total	Performance-based remuneration
	$	$	$	$	$	%
Directors:						
Stuart Carmichael[2]	10,959	1,041	-	54,000	66,000	0%
Robert Graham[1]	207,200	18,927	-	-	226,127	0%
Shaun Hardcastle[2]	9,000	-	-	36,000	45,000	0%
Craig Read-Smith[2]	8,219	781	-	36,000	45,000	0%
Sara Kelly[3]	15,000	-	-	-	15,000	0%
Jeremy King[3]	15,000	-	-	-	15,000	0%
Kyla Garic[3]	15,000	-	-	-	15,000	0%
Key Management:						
Michael Kirkwood[1]	165,900	15,761	-	-	181,661	0%
Nick Allan[1]	175,738	6,607	-	-	182,345	0%
	622,016	**43,117**	**-**	**126,000**	**791,133**	

Notes to the table:

1. Reflects remuneration for the full year ended 31 December 2017
2. Reflects remuneration for the period from their appointment on 5 October 2017 to 31 December 2017
3. Reflects remuneration for services provided while the Company was under DOCA from 1 January 2017 to their resignation on 5 October 2017.

Year ended 31 December 2016

The Directors of the company were unable to access management and financial records of Aquaint Capital Holdings Ltd whilst it was in DOCA. Hence the remuneration information relating to the directors during the period which the company was in DOCA (including the comparative period 31 December 2016 financial year) was not included in the Remuneration Report for the year ended 31 December 2017.

The financial report for the year ended 31 December 2016 was prepared by Directors who were appointed on or after 5 October 2017. However, the Directors did not have control of the Company until control was transferred to them on the effectuation of the deed of company arrangement on 5 October 2017. Accordingly, the company does not have adequate information to enable the remuneration report disclosures required by the Corporations Act 2001 for the year ended 31 December 2016.

6. *Additional disclosures relating to equity instruments*

KMP Shareholdings

The number of ordinary shares in Schrole Group Ltd held by each KMP of the Group during the financial year is as follows:

	Balance at the start of the year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at the end of the year
Directors:					
Stuart Carmichael	-	-	-	500,000[1]	500,000
Robert Graham	-	-	-	78,363,527[2]	78,363,527
Shaun Hardcastle	-	-	-	-	-
Craig Read-Smith	-	-	-	-	-
Sara Kelly	-	-	-	-	-
Jeremy King	-	-	-	-	-
Kyla Garic	-	-	-	-	-
Key Management:					
Michael Kirkwood	-	-	-	5,318,953[2]	5,318,953
Nick Allan	-	-	-	-	-
	-	**-**	**-**	**84,182,480**	**84,182,480**

1. Issued under the public offer
2. Issued as consideration on completion of the reverse acquisition of Schrole Operations Ltd by Schrole Group Ltd

Year ended 31 December 2016

The Directors of the company were unable to access management and financial records of Aquaint Capital Holdings Ltd whilst it was in DOCA. Hence the remuneration information relating to the directors during the period which the company was in DOCA (including the comparative period 31 December 2016 financial year) was not included in the Remuneration Report for the year ended 31 December 2017.

Options awarded, vested and lapsed during the year

The table below discloses the number of share options granted, vested or lapsed during the year. Share options do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met, until their expiry date.

KMP Options Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

	Balance at the start of the year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Vested and unexercisable
Directors:							
Stuart Carmichael	-	6,000,000[1]	-	-	6,000,000	-	6,000,000
Robert Graham	-	-	-	2,975,312*	2,975,312	-	2,975,312
Shaun Hardcastle	-	4,000,000[1]	-	-	4,000,000	-	4,000,000
Craig Read-Smith	-	4,000,000[1]	-	-	4,000,000	-	4,000,000
Sara Kelly*	-	-	-	-	-	-	-
Jeremy King*	-	-	-	-	-	-	-
Kyla Garic*	-	-	-	-	-	-	-
Key Management:							
Michael Kirkwood	-	-	-	5,237,540*	5,237,540	-	5,237,540
Nick Allan	-	-	-	-	-	-	-
	-	**-**	**-**	**8,212,852**	**22,212,852**	**-**	**22,212,852**

* Vendor Options issued as consideration on completion of the reverse acquisition of Schrole Operations Ltd by Schrole Group Ltd

1. Stuart Carmichael was issued 3,000,000 Tranche 1 Director Options and 3,000,000 Tranche 2 Director Options
2. Shaun Hardcastle and Craig Read-Smith were issued 2,000,000 Tranche 1 Director Options and 2,000,000 Tranche 2 Director Options

The terms of the options on issue are as follows:

Option Series	Number of Options	Grant Date	Vesting Date	Exercise Price	Expiry Date	Valuation per option $
Vendor Options	8,212,852	5/10/2017	5/10/2017	$ 0.040	5/10/2020	$ 0.008
Director Options (Tranche 1)	7,000,000	5/10/2017	5/10/2017	$ 0.030	5/10/2022	$ 0.010
Director Options (Tranche 2)	7,000,000	5/10/2017	5/10/2017*	$ 0.040	5/10/2022	$ 0.008

* Director Options (Tranche 2) vest only if the 10 day VWAP of the Company's ordinary shares is $0.04 or more prior to expiry

All options are subject to escrow agreements. See "Additional ASX Information as at 20 March 2018" for further details of the escrow terms that apply to the options

Year ended 31 December 2016

The financial report for the year ended 31 December 2016 was prepared by Directors who were appointed on or after 5 October 2017. However, the Directors did not have control of the Company until control was transferred to them on the effectuation of the deed of company arrangement on 5 October 2017. Accordingly, the company does not have adequate information to enable the remuneration report disclosures required by the Corporations Act 2001 for the year ended 31 December 2016.

KMP performance shares holdings

The number of performance shares held by each KMP of the Group during the financial year is as follows:

	Balance at the start of the year	Granted as remuneration during the year	Other changes during the year	Balance at the end of the year
Directors:				
Stuart Carmichael	-	-	-	-
Robert Graham	-	-	280,000,000*	280,000,000
Shaun Hardcastle	-	-	-	-
Craig Read-Smith	-	-	-	-
Sara Kelly	-	-	-	-
Jeremy King	-	-	-	-
Kyla Garic	-	-	-	-
Key Management:				
Michael Kirkwood	-	-	5,000,000*	5,000,000
Nick Allan	-	-	-	-
	-	**-**	**285,000,000**	**285,000,000**

* Issued as consideration on completion of the reverse acquisition of Schrole Operations Ltd by Schrole Group Ltd. Refer to note 19 for further details.

KMP performance rights holdings

No performance rights were issued during the current financial year (2016: Nil)

7. Loans to key management personnel (KMP) and their related parties

During the year a loan from Enerly Pty Ltd, a related party of Robert Graham, was repaid as detailed in note 8 below.

8. Other transactions and balances with KMP and their related parties

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

The Group acquired the following services from entities that are controlled by members of the group's key management personnel:

Entity	Nature of transactions	Key Management Personnel	Total Transactions 2017 $	Total Transactions 2016 $	Payable Balance 2017 $	Payable Balance 2016 $
Bellanhouse Legal	Legal advice	Shaun Hardcastle	216,420	-	13,660	-
Systemic Pty Ltd	IT review	Craig Read-Smith	5,550	-	-	-

During the year the Group repaid an outstanding shareholder loan to Enerly Pty Ltd, a related party of Robert Graham. Under the loan agreement interest was applied at an annual rate of 6.0% on a daily compounding basis from 1 July 2016. The balance of the loan repaid (including accrued interest) was $270,055, with $160,000 of the loan being repaid by conversion to ordinary equity as at 5 October 2017 and the remaining $170,055 being repaid in cash in December 2017.

9. Voting of shareholders at last year's annual general meeting

There was no remuneration report prepared for financial year ended 31 December 2016 as the legal parent was in Voluntary Administration; therefore no vote by shareholders was applicable.

AUDITED REMUNERATION REPORT (END)

Signed in accordance with a resolution of the Board of Directors.

Stuart Carmichael

Non-Executive Chairman
29th March 2018

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF SCHROLE GROUP LTD

As lead auditor of Schrole Group Ltd for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Schrole Group Ltd and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 29 March 2018

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

		Consolidated	
		2017	2016
	Notes	$	$
Revenue	3	1,413,544	1,696,902
Expenses			
Employee benefits expense	4	(1,656,608)	(1,677,512)
Depreciation & amortisation expense	4	(195,479)	(177,025)
Travel expense		(242,800)	(160,618)
Restructure & listing costs	4	(1,485,702)	-
Share-based payments		(4,311,883)	-
Finance costs	4	(393,313)	(39,151)
Other expenses	4	(1,352,439)	(1,208,865)
		(9,638,226)	(3,263,171)
Loss before income tax expense		(8,224,682)	(1,566,270)
Income tax benefit/(expense)	5	-	(259,508)
Loss after income tax expense for the period attributable to the owners of Schrole Group Ltd		(8,224,682)	(1,825,778)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the owners of Schrole Group Ltd		(8,224,682)	(1,825,778)
Basic earnings / (loss) per share (cents per share)	8	(3.2)	(0.9)
Diluted earnings / (loss) per share (cents per share)	8	(3.2)	(0.9)

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

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

	Notes	Consolidated 2017 $	Consolidated 2016 $
Assets			
Current assets			
Cash and cash equivalents	9	3,039,416	48,459
Trade receivables	11	235,723	197,339
R&D grant refund receivable		-	198,196
Other receivables	12	231,100	39,084
Total current assets		3,506,238	483,078
Non-current assets			
Property, plant and equipment	13	130,675	129,456
Intangible assets	14	581,133	625,482
Other		1,663	1,663
Total non-current assets		713,472	756,601
Total assets		4,219,710	1,239,680
Liabilities			
Current liabilities			
Trade and other payables	15	281,223	183,313
Deferred revenue	16	623,470	454,711
Provision for employee benefits		80,735	72,379
Financial liabilities	17	95,192	88,859
Related party loans		-	256,795
Other		11,443	1,000
Total current liabilities		1,092,064	1,057,057
Non-current liabilities			
Provision for employee benefits		21,444	14,184
Financial liabilities	17	129,182	220,438
Provision for lease make-good		40,945	40,127
Total non-current liabilities		191,572	274,749
Total liabilities		1,283,635	1,331,806
Net assets / (deficiency)		2,936,074	(92,126)
Equity			
Issued capital	18	11,847,123	3,606,123
Reserves	20	1,778,983	(1,232,900)
Accumulated losses		(10,690,032)	(2,465,349)
Total equity		2,936,074	(92,126)

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

Schrole

Schrole Group Ltd
Consolidated 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)
Transactions with owners, recognised directly in equity:				
Issue of shares	914,681	-	-	914,681
Issue of options	-	154,893	-	154,893
Balance at 31 December 2016	3,606,123	(1,232,900)	(2,465,349)	(92,126)

	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	-	-	(8,224,682)	(8,224,682)
Other comprehensive income for the year, net	-	-	-	-
Total comprehensive loss for the period	-	-	(8,224,682)	(8,224,682)
Transactions with owners in their capacity as owners:				
Issue of shares	8,560,000	-	-	8,560,000
Acquisition of Schrole Group Ltd	41,000	-	-	41,000
Share issue transaction costs, net of tax	(360,000)	-	-	(360,000)
Share based payments	-	3,011,883	-	3,011,883
Balance at 31 December 2017	11,847,123	1,778,983	(10,690,032)	2,936,074

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

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

		Consolidated	
		2017	2016
	Notes	$	$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,380,035	1,919,104
Payments to suppliers and employees (inclusive of GST)		(4,547,261)	(2,815,944)
		(3,167,226)	(896,840)
Interest received		5,895	156
Net cash used in operating activities	10	(3,161,331)	(896,684)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,534)	(4,708)
Payments for software development costs		(207,367)	(277,141)
Term deposit		(60,000)	-
R&D claim refund received		198,196	31,181
Net cash used in investing activities		(70,705)	(250,669)
Cash flows from financing activities			
Receipts from shares issued		6,000,000	559,600
Repayments of bank loans		(86,423)	(84,073)
Related party loan repayments	6	(110,055)	(27,600)
Proceeds from convertible note issue	18	500,000	-
Interest paid		(80,530)	(30,228)
Net cash from financing activities		6,222,993	417,699
Net increase/(decrease) in cash and cash equivalents		2,990,956	(729,653)
Cash and cash equivalents at the beginning of the period		48,459	778,112
Cash and cash equivalents at the end of the period	9	3,039,416	48,459

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

Schrole Group Ltd
Notes to the Consolidated Financial Statements

These consolidated financial statements cover Schrole Group Ltd (**Company**) and its controlled entities as a consolidated entity (also referred to as a **Group**). Schrole Group Ltd is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The financial statements were issued by the board of directors of the Company on 29 March 2018.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Note 1. Summary of Significant Accounting Policies

Basis of preparation of the financial report

(a) Statement of Compliance

These financial statements are general purpose financial statements which have 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. It is noted that the financial report for the legal parent for the year ended 31 December 2017 was prepared by Directors who were appointed on or after 5th October 2017; however, these Directors did not have control of the Company until control was transferred to them on their appointment following effectuation of the deed of company arrangement (**DOCA**) on 5 October 2017. Accordingly, the Company does not have adequate information to enable the remuneration report disclosures required by the Corporations Act 2001 for the comparative period (31 December 2016). The financial statements have been prepared on an accruals basis and are based on historical costs.

(b) Reverse Acquisition

On 5 October 2017 Schrole Group Ltd (formerly Aquaint Capital Holdings Ltd) completed the acquisition of Schrole Operations Ltd, an Australian-based company. 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 or 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 or loss and other comprehensive income for the year ended 31 December 2016 comprises the results of Schrole Operations Ltd and its wholly owned subsidiaries 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 5 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 5 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.

(c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (**OCI**) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(d) Income 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.

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

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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 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. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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 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.

(e) Leases

Leases are classified at their inception as either operating or finance leases based on economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item.

The cost of improvements to or on leased property is capitalized, disclosed as leasehold improvements and amortised.

Finance leases

Leases which effectively transfer substantially all of the risks and rewards incidental to ownership of the leased item to the Company are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognised directly in net profit.

(f) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Derivative instruments

The Group does not trade or hold derivatives.

Financial guarantees

The Group has no material financial guarantees.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of non-financial assets

At the end of each reporting period, the Directors assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits.

If any such indication exists, an impairment test is carried out on the asset by comparing the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets with indefinite lives.

(h) Property, plant & equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation. The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable. If any such indication exists and where the carrying amount values exceeds the estimated recoverable amount the assets are written down to the recoverable amounts. The depreciable amount of all fixed assets is depreciated on a diminishing value basis reflecting the useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and Equipment	15% - 67%
Leasehold Improvements	7% to 28%

(i) Research & development

The Company expenses all research and development costs as incurred. Following initial recognition of development expenditure as a development asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit, which will normally be the useful life of the asset. Amortisation is recorded in other expenses and is currently undertaken at a rate of 20%. During the period of development, the asset is tested for impairment annually.

(j) Intangible assets

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets provided they meet the following recognition requirements

- Development costs can be reliably measured
- 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.

Additionally, as part of its asset acquisition the group has committed to the development of projects which are expected to bring substantial economic benefits over the next 12-36 months. Costs relating to the acquisition and development of the products have been capitalised.

Acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured on initial recognition at fair value at the acquisition date.

Intangible assets with a finite useful life are amortised over their useful life of five years and reviewed for impairment whenever there is an indication that the assets may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each year end.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks with original maturity of three months or less.

(l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Revenue relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue

Interest revenue is brought to account on an accruals basis using the effective interest rate method and, if not received at the end of the reporting period, is reflected in the statement of financial position as a receivable.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(m) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

(n) 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 Tax Office (ATO).

Receivable and payables are stated inclusive of the amount of GST receivable or payable. The net amount of the GST recoverable from, or payable to, the ATO is included with other receivables and payables in the statement of financial position.

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.

(o) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The fair value of performance right options is determined using the satisfaction of certain performance criteria (Performance Milestones). The number of shares option and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value is determined using either a Black Scholes or Monte Carlo simulation model depending on the type of share-based payment.

(p) Share-Based Payment Arrangements

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted using a Black-Scholes option pricing model.

(q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(r) Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. The option reserve records the value of share-based payments.

(s) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised other comprehensive Income; otherwise the exchange difference is recognised in profit or loss.

(t) Segment Information

Identification of reportable segments
The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments for the years ended 31 December 2016 and 31 December 2017 are Software and Training.

(u) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to member of the parent entity, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Critical Accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates and judgements

Impairment
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. The company reviews

intangible assets for impairment once a year or more frequently if events or changes in circumstances indicate that there is impairment.

Share based payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Reverse Acquisition

The value of the share based payment in the reverse acquisition is based on the notional amount of shares that Schrole Group Ltd would need to issue to acquire the majority interest of Schrole Group Ltd's shares that the shareholders did not own after the acquisition, multiplied by the fair value of Schrole Group Ltd shares. The deemed fair value of Schrole Group's shares is the exchange ratio applied to the share price of the listed entity (Schrole Group Ltd) at acquisition date.

Capitalisation of Costs

The Group's accounting policy for capitalised development expenditure is set out in Note 1(j). The application of this policy necessarily requires management to make certain estimates and assumptions as to the future events and circumstances of the Company. Any such estimate and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is concluded that the expenditures relate to aspects of the asset no longer utilised, or it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

Performance Shares

The value of the 290,000,000 Performance Shares issued under the reverse takeover transaction has been assessed at $0.02 per share which reflects the market value of the underlying ordinary shares at grant date. Management have assessed the probability of achieving the respective performance milestone of each tranche of Performance Shares, based on its understanding of the entity and its market, and have determined the probability of achieving the milestone for Tranche A to be 100% and the probability of achieving the milestones for Tranche B and C to be 0%. Refer to note 19 for further details on the Performance Share milestones.

Performance Shares issued by Schrole Operations Pty Ltd

On 14 July 2017 the terms of 1,800,722 performance shares that had been issued by Schrole Operations Pty Ltd were amended. The value of these performance shares has been assessed based on the value of the underlying ordinary shares of Schrole Group at completion of the reverse acquisition and capital raising of $0.02 per share, with an exchange ratio applied to reflect the fair value of the performance shares issued. Management have assessed the probability (as at the date of amendment) of these performance shares converting to ordinary shares in Schrole Group to be 75%. Refer to note 19 for further details on the Performance Share milestones.

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.

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. The terms of the Performance Shares are set out in Note 19.

(a) 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
	41,000

(b) 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	-

(c) 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	-

(d) Listing Expense

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

Note 3. Revenue and Other Income

	2017 $	2016 $
Sales revenue		
Rendering of services	1,302,713	1,674,291
Other revenue		
Interest	5,895	156
Other revenue	104,936	22,454
	110,830	22,610
	1,413,544	1,696,902

Note 4. Profit / (Loss) for the year

Profits/(Loss) before income tax from continuing operations includes the following specific expenses:	2017 $	2016 $
Costs of sales		
Costs of sales	153,722	299,030
Depreciation		
Developed software	165,036	-
Leasehold improvements	12,842	-
Plant and equipment	17,601	177,025
Total depreciation	195,479	177,025
Rental expense relating to operating leases		
Lease payments	212,533	244,339
Discount unwind on make-good provision	819	803
	213,351	245,143
Listing expenses		
Deed of Company Arrangement payment	400,000	-
Legal and professional expenses	1,085,702	-
	1,485,702	-
Finance costs		
Interest and bank charges	93,313	39,151
Share-based payment on conversion of convertible notes	300,000	-
	393,313	39,151
Superannuation expense		
Defined contribution superannuation expense	130,189	130,057

Note 5. Income Tax

The financial accounts for the year ended 31 December 2017 comprise the results of Schrole Group Ltd. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 27.5%.

	2017 $	2016 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	(259,508)
	-	(259,508)
The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Income tax expense / (benefit) on operating loss at 27.5% (2016: 28%)	(2,261,774)	(438,555)
Non-deductible items		
Non-deductible expenses	1,325,772	39,263
Temporary differences not recognised	936,002	399,293
Prior period deferred tax asset written off	-	(259,508)
Income tax (expense) / benefit	-	(259,508)
The applicable weighted average effective tax rates are as follows:	0%	0%
Balance of franking account at year end	-	-

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 31 December 2017, because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

Note 6. Related Party Transactions

(a) Key Management Personnel Compensation

The new directors of Schrole Group Ltd were appointed on 5 October 2017 and entered into contracts to be paid as follows:

- Mr Carmichael as Non-Executive Director and Chairman - $4,000 per month
- Mr Graham as Managing Director – $207,200 per annum excluding superannuation
- Mr Hardcastle and Mr Read-Smith as Non-Executive Directors - $3,000 per month

The totals of remuneration paid to Key Management Personnel during the year are as follows:

	2017 $	2016 $
Short term salary, fees and commissions	548,838	423,956
Directors fees	73,178	-
Post employment benefits	43,117	
Share based payments	126,000	-
Total Key Management Personnel Compensation	791,133	423,956

This table has been prepared from the perspective of the accounting parent whereas the remuneration report is prepared from the perspective of the legal parent.

(b) Other related party transactions

The Group acquired the following services from entities that are controlled by members of the group's key management personnel:

Entity	Nature of transactions	Key Management Personnel	Total Transactions 2017 $	Total Transactions 2016 $	Payable Balance 2017 $	Payable Balance 2016 $
Bellanhouse Legal	Legal advice	Shaun Hardcastle	216,420	-	13,660	-
Systemic Pty Ltd	IT review	Craig Read-Smith	5,550	-	-	-

Purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

During the year the Group repaid in full the outstanding shareholder loan to Enerly Pty Ltd, a related party of Robert Graham. Under the loan agreement, interest was applied at an annual rate of 6.0% on a daily compounding basis from 1 July 2016. The total outstanding balance of the loan repaid (including accrued interest) was $270,055, with $160,000 of the loan being repaid by conversion to ordinary equity as at 5 October 2017 and the remaining $110,055 being repaid in cash in December 2017.

In addition, 280,000,000 Performance Shares were issued to parties associated with Robert Graham and 5,000,000 Performance Shares were issued to parties associated with Michael Kirkwood. Refer to note 19 for further details.

Note 7. Auditor's Remuneration

	2017 $	2016 $
Remuneration of the auditor of the Group (BDO) and associated entities:		
Audit services	44,492	50,752
Non-audit services	11,036	41,462
	55,528	92,214

Note 8. Earnings per share

	2017 $	2016 $
Profit/(loss) after income tax attributable to the owners of Schrole Group Ltd	(8,224,682)	(1,825,778)
	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	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	304,983,774	196,543,985
	Cents	**Cents**
Basic earnings per share	(3.2)	(0.9)
Diluted earnings per share	(3.2)	(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.

Note 9. Cash and Cash Equivalents

	2017 $	2016 $
Cash at bank	3,039,416	48,459
Total cash and cash equivalents in the statement of cash flows	3,039,416	48,459

Note 10. Cash Flow Information

	2017 $	2016 $
Profit / (Loss) after income tax	(8,224,632)	(1,825,778)
Non-cash flows in loss after tax		
Depreciation	195,479	177,025
Discount unwind on make-good provision	819	803
Share based payment expense	4,311,833	-
Increase / (decrease) in deferred revenue	168,760	146,770
Changes in assets and liabilities		
Decrease / (increase) in receivables	32,203	(214,534)
(Decrease) / increase in payables	(123,970)	249,609
(Decrease) / increase in other payables	478,176	569,421
Cash flow (used in) operating activities	(3,161,331)	(896,684)

Note 11. Trade Receivables

Trade receivables are generally due for settlement within 30 days. Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk can be found in Note 22.

Note 12. Other Receivables

	2017 $	2016 $
GST receivable	122,139	-
Term deposit	60,000	-
Prepayments	48,270	-
Withholding tax recoverable	-	37,895
Other	691	1,189
	231,100	39,084

Note 13. Property, Plant and Equipment

	2017 $	2016 $
Leasehold improvements - at cost	305,886	305,886
Less: Accumulated depreciation	(234,393)	(216,408)
	71,493	89,478
Plant and equipment - at cost		
Balance b/f	197,933	205,224
Additions	31,663	-
Disposal	-	(7,292)
Balance c/f	229,595	197,933
Less: Accumulated depreciation	(170,413)	(157,955)
	59,182	39,978
	130,675	129,456

Note 14. Intangible Assets

	2017 $	2016 $
Developed software - at cost		
Balance b/f	957,441	781,481
Additions	120,687	374,156
Disposal	-	-
R&D offset	-	(198,196)
Balance c/f	1,078,128	957,441
Less: Accumulated depreciation	(499,515)	(334,479)
	578,613	622,962
Trademark acquired	2,520	2,520
	581,133	625,482

Note 15. Trade and Other Payables

	2017 $	2016 $
Trade payables	141,492	85,653
Other	139,731	97,660
	281,223	183,313

Note 16. Deferred Revenue

Revenue from software service contract subscriptions is recognised evenly over the life of the contract. The deferred revenue balance represents that portion of software service subscription income for which recognition will occur after the reporting date.

Note 17. Financial Liabilities

	2017 $	2016 $
Current Liabilities		
Bank loan	95,192	88,859
Non-Current Liabilities		
Bank loan	129,182	220,438

Bank loans are provided by Australia and New Zealand Banking Group Limited to ETAS (WA) Pty Ltd, a wholly owned subsidiary of the Company. The loans attract a variable interest rate (currently 5.03% p.a.) and are repayable in scheduled monthly instalments concluding on 30 June 2020. The loans are secured by way of a general security agreement and corporate guarantee and indemnity provided by Schrole Operations Pty Ltd.

Note 18. Equity – issued capital

	2017 Shares	2016 Shares	2017 $	2016 $
Ordinary shares - fully paid	580,050,231	63,922,247	11,847,123	3,606,123

Movements in ordinary share capital

Details	Note	Date	Shares	$
Balance		1/01/2016	113,204,285	2,691,442
Issue of shares - private placement	18a	24/03/2016	857,153	60,001
Issue of shares for services	18b	29/04/2016	2,314,287	162,000
Issue of shares for services (unpaid)	18b	29/04/2016	2,057,143	-
Issue of shares for services	18b	29/04/2016	64,330	4,502
Issue of shares for services	18b	2/05/2016	20,625	1,444
1:2 share consolidation	18c	19/06/2016	(59,258,912)	-
Issue of shares - private placement	18a	30/06/2016	166,666	20,000
Issue of shares - private placement	18a	1/08/2016	4,496,670	522,734
Call paid on part-paid shares issued for services	18b	31/12/2016	-	144,000
Balance		31/12/2016	63,922,247	3,606,123
4:5 share consolidation	18d	14/02/2017	(12,784,448)	-
Share buyback	18d	14/02/2017	(16,066,456)	-
Conversion of Performance Shares	18e	5/10/2017	1,800,722	-
Elimination of Schrole Operations Ltd shares on acquisition of Schrole Group Ltd	18e	5/10/2017	(36,872,065)	-
Deemed consideration of acquisition of Schrole Group Ltd	18e	5/10/2017	-	41,000
Existing shares in Schrole Group Ltd	18e	5/10/2017	123,000,392	
Share consolidation 1:60	18e	5/10/2017	(120,950,161)	-
Issue of shares on conversion of convertible notes	18e	5/10/2017	25,000,000	500,000
Issue of shares under public offer	18e	5/10/2017	300,000,000	6,000,000
Issue of shares to facilitators and corporate advisors	18e	5/10/2017	95,000,000	1,900,000
Issue of shares in lieu of shareholder loan repayment	18e	5/10/2017	8,000,000	160,000
Consideration shares	18e	5/10/2017	150,000,000	-
Share issue transaction costs, net of tax	18e	5/10/2017	-	(360,000)
Balance		31/12/2017	580,050,231	11,847,123

Note 18. Equity – issued capital cont'd

Notes:

18a	Placement of shares to seed investors
18b	Issue of unpaid and fully paid shares to service providers for software and consulting services, and call on unpaid shares satisfied by rendering of services
18c	1:2 share consolidation
18d	Share consolidation and selective share buyback (see below).
18e	Share consolidation, issue of shares and associated transaction costs arising from the reverse acquisition of Schrole Operations Ltd by Schrole Group Ltd and the related public offer. During the year Schrole Operations Ltd raised $500,000 by way of an unsecured convertible note. The notes converted on completion of the reverse acquisition into ordinary shares in Schrole Group Ltd.

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

On 14 February 2017 Schrole Operations Ltd undertook a selective buyback of 16,066,456 fully paid ordinary shares in consideration for the issue of 24,099,684 performance shares in Schrole Operations Ltd. These performance shares were subsequently cancelled pursuant to the acquisition of Schrole Operations Ltd by Schrole Group Ltd. There is no current on-market share buy-back.

Note 19. Share Based Payments

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:

d. 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;
e. 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.

f. 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, $900,000 share based payment expense has been recorded for the year to 31 December 2017 based on the value of the Series A performance shares. Management will re-assess the number of performance shares expected to vest at each reporting date during the expected vesting period.

Performance Shares issued by Schrole Operations Pty Ltd

On 14 July 2017 the terms of 1,800,722 performance shares that had been issued by Schrole Operations Pty Ltd were amended. The value of these performance shares has been assessed based on the value of the underlying ordinary shares of Schrole Group at completion of the reverse acquisition and capital raising of $0.02 per share, with an exchange ratio applied to reflect the fair value of the performance shares issued. Management have assessed the probability (as at the date of amendment) of these performance shares converting to ordinary shares in Schrole Group to be 75%. Accordingly, $109,883 share based payment expense has been recorded for the year to 31 December 2017 based on the value of these performance shares.

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
Vendor 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
Total	211,000,000			

* All options are subject to escrow agreements. See "Additional ASX Information as at 20 March 2018" for further details of the escrow terms that apply to the options

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 20. Reserves

		2017 $	2016 $
Acquisition reserve	20a	(1,387,793)	(1,387,793)
Options reserve	20b	2,156,893	154,893
Share based payment reserve	20c	1,009,883	-
		1,778,983	**(1,232,900)**

a) Acquisition Reserve

This reserve has arisen on the common controlled group restructure on 31 October 2015 whereby the group acquired 100% of the issued shares of Schrole Pty Ltd

b) Options Reserve	**Average exercise price**	**No.**	**$**
Opening balance at 1 January 2016	$ 0.352	4,658,677	154,893
Cancellation of existing options in Schrole Operations Ltd on acquisition of Schrole Group Ltd 5 October 2017		(4,658,677)	-
Issue of options 5 October 2017	$ 0.033	211,000,000	2,002,000
Closing balance at 31 December 2017		**211,000,000**	**2,156,893**
Weighted average life of options remaining		35 months	

The options reserve is used to recognise the fair value of options issued for services provided. Refer to note 19 for further details of the value of options granted during the year.

c) Share based payment reserve	**No.**	**$**
Opening balance at 1 January 2016	-	-
Issue of performance shares 5 October 2017	290,000,000	900,000
Amendment of performance shares by Schrole Pty Ltd 14 July 2017	1,800,722	109,883
Closing balance at 31 December 2017	**291,800,722**	**1,009,883**

	2017 $	2016 $
Expenses arising from share based payments		
Employee benefits	126,000	-
Listing costs	4,185,883	-
	4,311,883	-

The share based payment reserve is used to record the value of the share based payments through issue of performance shares. Further detail on share based payment is provided in note 19.

Note 21. Operating Segments

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The operating segments for the years ended 31 December 2016 and 31 December 2017 are Software and Training:

2017	**Software**	**Training**	**Unallocated**	**Total**
	$	**$**	**$**	**$**
Segment income				
Sales revenue	880,183	422,530	-	1,302,713
Other revenue	92,007	12,930	5,893	110,830
	972,190	435,461	5,893	1,413,544
Segment expenses				
Employee benefits expense	540,570	307,684	808,353	1,656,608
Depreciation	168,839	26,641	-	195,479
Travel expenses	208,513	6,086	28,201	242,800
Restructure & Listing Costs	-	-	1,485,702	1,485,702
Share based payments	-	-	4,311,883	4,311,883
Finance costs	-	-	393,313	393,313
Other expenses	882,377	344,918	125,144	1,352,439
	1,800,300	685,329	7,152,597	9,638,226
Loss before income tax	**(828,110)**	**(249,869)**	**(7,146,703)**	**(8,224,682)**
Segment assets and liabilities				
Cash	-	-	3,039,416	3,039,416
Trade and other receivables	215,338	71,078	182,070	468,486
Plant and equipment	33,195	97,481	-	130,675
Intangibles	581,133	-	-	581,133
Trade and other creditors	(150,020)	(83,387)	(202,385)	(435,791)
Borrowings	-	-	(224,374)	(224,374)
Deferred revenue	(623,470)	-	-	(623,470)
Net assets	**56,176**	**85,172**	**2,794,727**	**2,936,074**

2016	Software $	Training $	Unallocated $	Total $
Segment income				
Sales revenue	768,324	905,968	-	1,674,291
Other revenue	9,874	12,624	113	22,610
	778,198	918,591	113	1,696,902
Segment expenses				
Employee benefits expense	496,861	375,300	805,351	1,677,512
Depreciation	136,780	40,245	-	177,025
Travel expenses	98,821	34,277	27,520	160,618
Restructure & Listing Costs	-	-	-	-
Share based payments	-	-	-	-
Finance costs	-	-	39,151	39,151
Other expenses	904,459	661,215	(356,810)	1,208,865
	1,636,920	1,111,038	515,213	3,263,171
Loss before income tax	**(858,723)**	**(192,446)**	**(515,100)**	**(1,566,270)**
Segment assets and liabilities				
Cash	-	-	48,459	48,459
Trade and other receivables	102,769	135,318	198,196	436,283
Plant and equipment	5,803	123,653	-	129,456
Intangibles	625,482	-	-	625,482
Trade and other creditors	(31,652)	(76,588)	(459,558)	(567,798)
Borrowings	-	-	(309,297)	(309,297)
Deferred revenue	(454,711)	-	-	(454,711)
Net assets / (liabilities)	**247,691**	**182,383**	**(522,200)**	**(92,126)**

Note 22. Financial Instruments

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, other debtors and accounts payable. The main purpose of non-derivative financial instruments is to raise finance for Group's operations.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are market risk (including fair value and interest rate risk) and cash flow interest rate risk, credit risk and liquidity risk.

(a) Interest Rate Risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances.

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 interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below:

	Floating interest rate $	Non-interest bearing $	2017 Total $	Floating interest rate $	Non-interest bearing $	2016 Total $
Financial assets						
- Within one year						
Cash and cash equivalents	3,039,416	-	3,039,416	48,459	-	48,459
Trade and other receivables	-	466,822	466,822	-	197,339	154,893
Total financial assets	**3,039,416**	**466,822**	**3,506,238**	**48,459**	**197,339**	**203,352**
Financial liabilities						
- Within one year						
Bank loan	95,192	-	95,192	88,859	-	88,859
Trade and other payables	-	281,223	281,223	-	183,313	183,313
Other liabilities	-	11,443	11,443	-	1,000	1,000
	95,192	292,666	387,858	88,859	184,313	273,172
- More than one year						
Bank loan	129,182	-	129,182	220,438	-	220,438
	129,182	-	129,182	220,438	-	220,438
Total financial liabilities	**224,374**	**292,666**	**517,040**	**309,297**	**184,313**	**493,610**
Weighted average interest rate	*5.4%*			4.8%		
Net financial assets	**2,815,042**	**174,156**	**2,989,198**	**(260,838)**	**13,026**	**(290,258)**

Sensitivity Analysis

The following table illustrates sensitivities to the Consolidated Entity's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Movement in profit $	Movement in equity $
Year ended 31 December 2017		
+/- 1% interest rate	2,512	2,512
Year ended 31 December 2016		
+/- 1% interest rate	3,324	3,324

(b) Credit Risk

The maximum exposure to credit risk is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2017 $	2016 $
Cash and cash equivalents - AA Rated	9	3,039,416	48,459

Credit risk related to trade and other receivables is managed by the Group in accordance with approved Board policy. The Group has assessed that there is no material impairment of the carrying value of trade and other receivables as at the reporting date.

	2017 $
Total 30 days overdue	56,782
Total 60 days overdue	50,860
Total 90+ days overdue	69,759
	177,401

The above amounts do not reflect a provision for doubtful debts of $49,832 that has been raised against specified entities. The Group is satisfied that, based on prior recoveries, all amounts that have not been provided for are recoverable.

(c) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place. The financial liabilities of the Group bank borrowings, trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

2017	Interest rate	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount assets / (liabilities)
		$	$	$	$	$	$	$
Financial liabilities at amortised cost								
Trade and other payables		281,223					**281,223**	**281,223**
Other liabilities		11,443					**11,443**	**11,443**
Borrowings	5.4%	52,152	52,152	96,806	37,157	-	**238,267**	**224,374**
		344,818	**52,152**	**96,806**	**37,157**	**-**	**530,933**	**517,040**

c) Liquidity Risk cont'd

2016	Interest rate	Less than 6 months	6-12 months	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount assets / (liabilities)
		$	$	$	$	$	$	$
Financial liabilities at amortised cost								
Trade and other payables		183,313					**183,313**	**183,313**
Other liabilities		1,000					**1,000**	**1,000**
Borrowings	4.8%	51,193	51,193	102,387	95,097	36,613	**336,484**	**309,297**
		235,507	**51,193**	**102,387**	**95,097**	**36,613**	**520,797**	**493,610**

(d) Net fair Value of financial assets and liabilities

Fair value estimation

Due to the nature of the receivables and payables the carrying value approximates fair value.

(e) Financial arrangements

The company had no other financial arrangements in place at 31 December 2017 based on the information available to the current board.

(f) Currency risk

The currency risk is the risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Australian Dollar.

The Company's policy is not to enter into any currency hedging transactions.

Note 23. Parent Entity Financial Information

The following information has been extracted from the books and records of the legal parent Schrole Group Ltd (formerly Aquaint Capital Holdings Ltd) and has been prepared in accordance with Australian Accounting Standards and the accounting policies as outlined in note 1. Aquaint Capital Holdings Ltd was subject to a deed of company arrangement from to 5 October 2017, and as such the current Directors have had limited access over the financial records of the company pertaining to that period.

(a) Financial Position of Schrole Group Ltd (formerly Aquaint Capital Holdings Ltd)

	2017 $	2016 $
Assets		
Current assets	3,199,307	37,935,973
Non-current assets	-	-
Total assets	3,199,307	37,935,973
Liabilities		
Current liabilities	51,198	5,390,269
Non-current liabilities	-	2,009,474
Total liabilities	51,198	7,399,743
Net assets	3,148,109	30,536,230
Equity		
Issued capital	11,301,000	39,104,161
Reserves	2,145,144	(495,000)
Translation differences	-	103,644
Accumulated losses	(10,298,035)	(8,176,575)
Total equity	3,148,109	30,536,230

(b) Statement of profit or loss and other comprehensive income

	2017 $	2016 $
Profit / (Loss) for the year	(5,307,155)	(438,586)
Other comprehensive income	-	-
Total comprehensive income / (loss)	(5,307,155)	(438,586)

(c) Guarantees entered into by Schrole Group Ltd for the debts of its subsidiary

There are no guarantees entered into by Schrole Group Ltd.

(d) Contingent liabilities of Schrole Group Ltd

There were no known contingent liabilities as at 31 December 2017 (2016: Nil).

(e) Commitments by Schrole Group Ltd

Known commitments as at 31 December 2017 are disclosed in the consolidated entities in Note 25 below.

Note 24. Controlled Entities

Name of entity	Place of business / country of incorporation	Ownership interest held		Principal activities
		2017	2016	
Schrole Operations Pty Ltd (ACN 43 131 115 878)	Australia	100%	0%	Administrative services
Schrole Pty Ltd (ACN 164 785 488)	Australia	100%	0%	Software and training services to international and domestic schools
ETAS (WA) Pty Ltd (ACN 065 673 896)	Australia	100%	0%	Training services to domestic and international businesses

Note 25. Commitments

The Group leases office space under a non-cancellable office lease expiring within three years.

	2017 $	2016 $
One year or less	174,597	167,882
From one to five years	305,821	480,419
Non-cancellable operating leases	480,418	648,300

Note 26. Events Subsequent to Reporting Date

There have been no significant events after reporting date.

Note 27. Contingent Liabilities

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 31 December 2017.

Note 28. New Accounting Standards for Application in Future Periods

Australian accounting standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2017. Relevant Standards and Interpretations are outlined in the table below.

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
AASB 9 Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially- reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. ***Classification and Measurement*** AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. *Financial Assets* a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly	1 January 2018	1 January 2018

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
	reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. *Financial liabilities* Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ▪ The change attributable to changes in credit risk are presented in other ▪ comprehensive income (OCI) ▪ The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. *Impairment* The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. ***Impact on Schrole Group Ltd*** The company have assessed that there is no expected material impact of the above standard.		

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
AASB 15 Revenue from Contracts with Customers	AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue – Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). ***Impact on Schrole Group Ltd*** Management are currently in the process of assessing the impact of the above standard on the Group.	1 January 2018	1 January 2018
AASB 16 Leases	The key features of AASB 16 are as follows: ***Lessee accounting:*** ▪ Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets is of low value. ▪ A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. ▪ Assets and liabilities arising from a lease are initially measured on present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. ▪ AASB 16 contains disclosure requirements for lessees. Lessor accounting: ▪ AASB 16 substantially carries forward the lessor accounting	1 January 2019	1 January 2019

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
	requirements ▪ in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. ▪ AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. ***AASB 16 supersedes:*** a) AASB 117 Leases b) Interpretation 4 Determining whether an Arrangement contains a Lease c) SIC-15 Operating Leases-Incentives d) SIC-27 Evaluating the Substance of Transaction Involving the Legal Form of a Lease.		

The Group has decided not to early adopt any of the new and amended pronouncements. The impact of the above standards is yet to be determined unless noted otherwise above.

Directors' Declaration

In the Directors' opinion:

1. The consolidated financial statements and notes set out on pages 18 to 56 are in accordance with the Corporations Act 2001, including:

   a. complying with Australian Accounting Standards, Corporations Regulations 2001 and other market and professional reporting requirements, noting the matters documented in Note 1 (a);

   b. giving a true and fair view, the consolidated entity's financial position as at 31 December 2017 and of its performance for the year ended on that date; and

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

3. This declaration has been made after receiving the declaration required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2017.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Stuart Carmichael
Non-Executive Chairman
29 March 2018

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INDEPENDENT AUDITOR'S REPORT

To the members of Schrole Group Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Schrole Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or 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 report, 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 31 December 2017 and of its financial performance for the year ended on that date; 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 *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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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.

Accounting for Reverse Acquisition

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 2 of the financial report during the year Schrole Group Ltd, (formerly Aquaint Capital Holdings Ltd) acquired the share capital of Schrole Operations Ltd. The Directors are required to assess the basis of accounting for this transaction and have determined it is to be accounted for as a reverse acquisition. This assessment and the resulting accounting for the reverse acquisition is a key audit matter due to the judgement involved in determining this is a reverse acquisition and the effect of the arrangement, which is accounted for as Schrole Operations Ltd (the accounting parent) issuing a share-based payment in return for the assets acquired in the company and a listing status.	Our procedures included, but were not limited to: ➢ Holding discussions with management as to the background of the transaction; ➢ Obtaining an understanding of the transaction through review of agreements; including an assessment of identifying the accounting acquirer and whether the transaction constituted a business or an asset acquisition; ➢ Evaluating the basis of valuation of the share-based payment and challenging the underlying assumption of the valuation against comparable transactions and market data; and ➢ Reviewing the calculation of the share-based payment, net assets acquired and listing expense. We also assessed the adequacy of the related disclosures in Note 1(b) and Note 2 to the Financial Statements.

Accounting for Share Based Payments

Key audit matter	*How the matter was addressed in our audit*
During the year ended 31 December 2017, the Group issued shares, options and performance shares to key management personnel, corporate advisors and vendors as detailed in Note 18 and Note 19, the entity has accounted for these as share-based payments. Share-based payments is a complex accounting area including assumptions utilised in the fair value calculations and judgements regarding the shares, options and performance shares issued during the year. There is a risk in the financial statements that amounts are incorrectly recognised and/or inappropriately disclosed. Share based payments have been assessed as a key audit matters due to: • the significance of the share based payment transactions during the year; and • the complexities and judgement involved in recognition and measurement of share-based payment arrangements.	Our procedures included, but were not limited to: ➢ Reviewing the relevant agreements to obtain an understanding of the nature of the share-based payment arrangements; ➢ Reviewing management's assessment of the fair value of the equity instruments issued; considering the appropriateness of any valuation model used and assessing the valuation inputs used; ➢ Involving our valuation specialists to assess the assumptions used in the model to determine the fair value of the equity instruments granted; ➢ Recalculating the share based payment expense for the period; and ➢ Assessing the adequacy of the disclosures in Note 18, Note 19 and Note 1 in respect of the accounting treatment of share-based payments including the significant judgements involved and the accounting policy applied.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Qualified Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 16 of the directors' report for the year ended 31 December 2017.

In our opinion, with the exception of those matters disclosed in the Basis of Qualified Opinion paragraph, the Remuneration Report of Schrole Group Ltd, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Basis for Qualified Opinion

As disclosed on page 13 of Director's Report for the year ended 31 December 2017, the Directors of the company were unable to access management and financial records of Aquaint Capital Holdings Ltd whilst it was in DOCA. Hence the remuneration information relating to the directors during the period which the company was in DOCA (including the comparative period 31 December 2016 financial year) was not included in the Remuneration Report for the year ended 31 December 2017. As a result, we were unable to obtain sufficient appropriate evidence to verify the completeness of the remuneration information included the Remuneration Report for the year ended 31 December 2017.

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.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien

Director

Perth, 29 March 2018

Corporate Governance Statement

This Corporate Governance Statement is current as at 30 March 2017 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations 3rd Edition (Recommendations). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices and has been following these practices since 5 October 2017. The Board of the Company has not yet formed an audit committee, nomination committee, risk management committee or remuneration committee. The Company's Corporate Governance Policies are contained within the Corporate Governance Plan and available on the Company's website at www.schrole.com/corporate-governance

Principle 1: Lay solid foundations for management and oversight

Roles of the Board & Management

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution.

The Board is responsible for, and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director/Chief Executive Officer.

The role of management is to support the Managing Director/Chief Executive Officer and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Appointment, and where necessary, the replacement, of the Managing Director/Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Approving the Company's remuneration framework;
- Monitoring the timeliness and effectiveness of reporting to Shareholders;
- Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters;

- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the company has sufficient clarity to be actively monitored;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends;
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:
    - Corporate Code of Conduct;
    - Continuous Disclosure Policy;
    - Diversity Policy;
    - Performance Evaluation;
    - Risk Management;
    - Trading Policy; and
    - Shareholder Communication Strategy.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director/Chief Executive Officer responsibility for the management and operation of the Company. The Managing Director/Chief Executive Officer is responsible for the day-to-day operations, financial performance and administration of the Company within the powers authorised to him from time-to-time by the Board. The Managing Director/Chief Executive Officer may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter which is contained within the Corporate Governance Plan on the Company's website at www.schrole.com/corporate-governance.

Board Committees

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit and risk, remuneration or nomination committees, preferring at this stage of the Company's development, to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the audit and risk, remuneration and nomination Committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if considered appropriate.

Board Appointments
The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

The Company Secretary
The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity
The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 28%
- Women in senior management positions 0%
- Women on the Board 0%

The Company's Diversity Policy is available on its website.

Board & Management Performance Review
On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparing the performance of the Board against the requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- reviewing the Board's interaction with management;
- reviewing the nature and timing of information provided to the Board by management;
- reviewing management's performance in assisting the Board to meet its objectives; and
- identifying any necessary or desirable improvements to the Board Charter.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

The Board conducts an annual performance assessment of the Managing Director/Chief Executive Officer against agreed key performance indicators.

The Managing Director/Chief Executive Officer conducts an annual performance assessment of senior executives against agreed key performance indicators.

Given the fact the Company was only reinstated under its present structure on 11 October 2017, no formal appraisal of the Board or any senior executive has been conducted.

Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

Principle 2: Structure the board to add value

Board Composition

The Company was reinstated on 11 October 2017 and as at the date of this report the Board was comprised of the following members:

Name	Status	Appointed
Stuart Carmichael	Non-Executive Chairman	5 October 2017
Robert Graham	Managing Director	5 October 2017
Shaun Hardcastle	Non-Executive Director	5 October 2017
Craig Read-Smith	Non-Executive Director	5 October 2017

The Company has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

The Board comprises a majority of non-executive directors, all of whom are considered independent.

Robert Graham is Chief Executive Officer and Managing Director

Board Selection Process

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern the Group. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

The Board will establish a Board Skills Matrix. The Board Skills Matrix will include the following areas of knowledge and expertise:

- strategic expertise;
- specific industry knowledge;
- accounting and finance;
- risk management;
- experience with financial markets; and
- investor relations.

Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Act ethically and responsibly

The Company has implemented a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

All employees and Directors are expected to:

- behave honestly and with integrity and report other employees who are behaving dishonestly;
- carry out your work with integrity and to a high standard and in particular, commit to the Company's policy of producing quality goods and services;
- operate within the law at all times;
- act in the best interests of the Company;
- follow the policies of the Company; and
- act in an appropriate business-like manner when representing the Company in public forums.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary, or in their absence, the Chairman. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

Principle 4: Safeguard integrity in corporate reporting

The Board as a whole fulfils to the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company throughout the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend the Company's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the lead engagement partner responsible for the audit not perform in that role for more than five years.

CEO and CFO Certifications

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO (or the persons fulfilling those functions) a declaration provided in accordance with Section 295A of the Corporations Act that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Principle 5: Make timely and balanced disclosure

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. All key announcements at the discretion of the Managing Director are to be circulated to and reviewed by all members of the Board.

The Chairman, the Board, Managing Director and the Company Secretary are responsible for ensuring that:

a) company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
b) company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Principle 6: Respect the rights of security holders

The Company recognises the value of providing current and relevant information to its shareholders. The Board of the Company aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information posted or emailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "Contact Us" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from Schrole Group and Schrole Group's securities registry electronically. The contact details for the registry are accessible from the "For Investors" page of the Company's website.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

Principle 7: Recognise and manage risk

The Board is committed to the identification, assessment and management of risk throughout Schrole Group's business activities.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. Schrole Group has established policies for the oversight and management of material business risks.

Schrole Group's Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

Schrole Group believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, Schrole Group is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

Schrole Group accepts that risk is a part of doing business. Therefore, the Company's Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather Schrole Group's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring the Company does not enter into unnecessary risks or enter into risks unknowingly.

Schrole Group assesses its risks on a residual basis; that is it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, Schrole Group applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage Schrole Group's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management and Internal Compliance and Control Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board review's the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of Schrole Group's management of its material business risks at each Board meeting.

Principle 8: Remunerate fairly and responsibly

The Board as a whole fulfils to the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

Schrole Group has implemented a Remuneration Policy which was designed to recognise the competitive environment within which Schrole Group operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained improvement in Schrole Group's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of Schrole Group.

The key principles are to:

- review and approve the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensure that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- fairly and responsibly reward executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- review and approve equity based plans and other incentive schemes to foster a partnership between employees and other security holders.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review.

Schrole Group's executive remuneration policies and structures and details of remuneration paid to directors and key management personnel (where applicable) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

Executive directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

The Company prohibits Directors and employees from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

Additional ASX Information as at 20 March 2018

The shareholder information set out below was applicable as at 20 March 2018.

As at 20 March 2018 there were 1,083 holders of Ordinary Fully Paid Shares.

Voting Rights

The voting rights of the ordinary shares are as follows:

a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney;

b) on a show of hands each person present who is a member has one vote; and

c) on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held.

There are no voting rights attached to any of the options and performance shares that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

Twenty Largest Shareholders

Holder Name	Holding	% of Issued Capital
ENERLY PTY LTD <STRONADA A/C>	78,363,527	13.5%
MR SHANE HOEHOCK WEE <WEE FAMILY A/C>	18,217,000	3.1%
MR FARIS SALIM CASSIM	15,283,000	2.6%
XCEL CAPITAL PTY LTD	13,416,667	2.3%
MORVEN ANN SMITH <ROSSDHU FAMILY A/C>	13,320,889	2.3%
MRS LILY MAH <MJ A/C>	12,000,000	2.1%
V7 INVESTMENT & DEVELOPMENT <THE ZHOU FAMILY A/C>	10,200,000	1.8%
NATIONAL NOMINEES LIMITED	8,937,479	1.5%
NIGHTFALL PTY LTD <NIGHTFALL SUPER FUND A/C>	8,000,000	1.4%
ATTOLLO INVESTMENTS PTY LTD <ATTOLLO INVESTMENT A/C>	7,500,000	1.3%
BUZZ CAPITAL PTY LTD <ZI VESTMENT A/C>	7,500,000	1.3%
KYLE GRANT BREWERTON & CAROLINE GEORGINA BREWERTON <KCB FAMILY A/C>	7,344,304	1.3%
LATERAL CAPITAL VENTURES PTY LTD	7,113,401	1.2%
IAN SYLVESTER <IAN C SYLVESTER REVOCABLE A/C>	7,053,100	1.2%
MR ROSS MILNER MCKAY & MS CHRISTINE STUART BABBAGE <MCKAY SUPER FUND A/C>	6,313,624	1.1%
HM PENSION FUND PTY LTD <HM PENSION FUND A/C>	6,000,000	1.0%
DENNIS MAY	5,695,369	1.0%
MR KOON LIP CHOO	5,000,000	0.9%
TORE MOE <MOE FAMILY A/C>	4,416,815	0.8%
LEONIE DEBNAM	4,318,953	0.7%
MR ARIEL EDWARD KING	4,200,000	0.7%
Total	**250,194,128**	**43.1%**

Substantial Holders

There are no substantial shareholders disclosed to the Company as substantial shareholders as at 20 March 2017 are:

Holder Name	Holding	% of Issued Capital
ENERLY PTY LTD <STRONADA A/C>	78,363,527	13.5%

Distribution of Equity Securities

Ordinary Fully Paid Shares

Range	Securities	%	No. of holders
100,001 and Over	569,423,076	98.17	466
10,001 to 100,000	9,755,748	1.68	146
5,001 to 10,000	262,851	0.05	38
1,001 to 5,000	532,757	0.09	216
1 to 1,000	75,799	0.01	217
Total	580,050,231	100.00	1,083

Unmarketable Parcels – 505 Holders

Restricted Securities

As at 20 March 2018 the following securities are subject to escrow:

- 186,304,055 Ordinary Fully Paid Shares escrowed until 11 October 2019
- 290,000,000 Performance Shares escrowed until 11 October 2019
- 93,042,073 Options escrowed until 5 October 2018
- 117,957,297 Options escrowed until 11 October 2019

Unquoted Securities

As at 20 March 2018 the following unquoted securities are on issue:

- 290,000,000 Performance Shares* escrowed until 11 October 2019 – 3 holders

Holders with more than 20%

Holder Name	Holding	% of Issued Capital
ENERLY PTY LTD <STRONADA A/C>	280,000,000	96.6%

**Details on the performance conditions surrounding the Performance Shares are contained within the Directors' Report.*

- 21,750,000 Options expiring 5 October 2020 @ $0.02 escrowed until 5 October 2018 – 22 holders

Holders with more than 20%

Holder Name	Holding	% of Issued Capital
MR KOON LIP CHOO	5,000,000	23.0%

- 28,250,000 Options expiring 5 October 2020 @ $0.02 escrowed until 11 October 2019 – 12 holders

Holders with more than 20%

Holder Name	Holding	% of Issued Capital
MR FARIS SALIM CASSIM	6,666,667	23.6%

- 57,000,000 Options expiring 5 October 2020 @ $0.03 escrowed until 11 October 2019 – 31 holders

Holders with more than 20%

Holder Name	Holding	% of Issued Capital
MR SHANE HOEHOCK WEE <WEE FAMILY A/C>	12,518,000	22.0%

- 71,292,073 Options expiring 5 October 2020 @ $0.04 escrowed until 5 October 2018 – 40 holders

  There are no holders with more than 20%

- 32,707,927 Options expiring 5 October 2020 @ $0.04 escrowed until 11 October 2019 – 11 holders

  Holders with more than 20%

Holder Name	Holding	% of Issued Capital
LATERAL CAPITAL VENTURES PTY LTD	11,380,233	34.8%

On-market Buyback

There is currently no on-market buyback program.

ASX Listing Rule 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of reinstatement of the Company's securities to quotation in a way consistent with its business objectives.