



Interim Financial Report

Janison Education Group Limited

Six months ended 31 December 2018

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Chairman's Letter

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Janison Education Group Limited Interim Financial Report for the six months ended 31 December 2018.

For the half year ended 31 December 2018, the Group delivered very pleasing revenue growth of 18%, while at the same time investing heavily in the product and platform, and progressing work on numerous large customer platform implementation and enhancement projects.

Capital Raising & Product Investment

The six months to 31 December 2018 saw the successful raising of an additional \$5m of growth capital to provide the funds necessary to invest in the Group's products and ensure their scalability and reliability. It also saw the investment in our Sales and Marketing function and executive leadership to prepare the company for future growth.

Looking Ahead

Following the significant investment in product the first half of FY19 the business is now back to steady-state investment levels and improved profit margins, and on track for a strong second half result. The outlook for the education technology market as a whole is positive with expected growth in the sector at 17% p.a. Janison is positioned well to take advantage of this expected growth in both the learning and student assessment segments.

I would like to thank you for your continued support and I also wish to thank our Board, the executive team, and staff who work tirelessly to continue to grow and expand our business and capitalise on this fantastic market opportunity.



Mike Hill

Chairman

Directors' Report

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

REVIEW OF OPERATIONS

Six Months ended 31 December 2018	2018 (\$'000s)	2017 (\$'000s)	Change
Platform Revenue	5,281	5,257	0%
Project Services Revenue	4,693	3,164	48%
Total operating revenues	9,974	8,421	18%
Cost of Sales	7,539	4,780	58%
Gross Profit	2,435	3,641	-33%
Gross Profit %	24%	43%	
Operating Expense	3,546	2,308	54%
R&D Tax Incentive Credit and Grant Income	(460)	(731)	-37%
Trading EBITDA	(651)	2,064	-132%
Trading EBITDA %	-7%	25%	
Non-Operating Expenses	699	27,558	-97%
EBITDA	(1,350)	(25,494)	-95%
Depreciation and Amortisation	209	147	42%
Financial Expense	(35)	66	-154%
Profit before Income Taxes	(1,524)	(25,707)	-94%
Income Tax	(246)	425	-158%
Net Results	(1,278)	(26,132)	95%

* GAAP means accepted accounting principles

The 18% growth in operating revenues during the six months ended 31 December 2018 was driven by a \$1.5m increase in project services revenues, primarily due to strong growth from the Group's large Assessment clients both domestically and overseas. Platform revenues remained consistent with those of the prior year reflecting the fact that a number of Assessment projects currently in progress are yet to enter the full licensing stage when they will deliver increased levels of platform fees.

Directors' Report	Financial Statements	Notes to the Financials
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Gross profit was 24% of revenue for the current period versus 43% in the prior year as a result of higher labour and hosting spend during the period reflecting the Group's strategy to invest in people and technology to improve the quality and security of Janison's products and infrastructure and prepare for future growth.

Trading EBITDA (a non-GAAP measure) decreased 132% during the six months ended 31 December 2018 reflecting the decrease in Gross Profit, higher selling, general and administrative costs and lower anticipated R&D tax incentive credit income.

As a result of growth in the Group's revenue, and as the scheme matures, the amount of R&D tax incentive that can be claimed by the group is expected to be lower in FY19 and future years.

Increases in general and administrative costs reflect the investment in board, executive, legal and audit costs of becoming an ASX listed company in December 2017. Selling expenses increased in-line with the Group's stated strategy to expand the business development and marketing function following the listing.

Non-trading expenses in the current period included share-based compensation granted to the board and depreciation and amortisation of tangible and intangible assets. Prior year non-trading expenses related to the Dec-17 acquisition and capital raising that resulted in the Group's listing.

CAPITAL RAISINGS AND ACQUISITIONS

In October 2018, the Group completed a \$5m capital raising (before costs) via a share placement with new and existing institutional and sophisticated investors. As a result, 12.5m new, fully-paid ordinary shares were issued at \$0.40. The proceeds of the capital raise were invested during the six months to 31 December 2018 in the Group's products and to support future growth in the higher education sector.

In addition, the Group's current year first half results include the impact of the 23 April 2018 purchase from Ascender Learn Pty Ltd assets and liabilities related to a bespoke e-learning content generation business unit for \$272,000 which now forms part of the Group's Learning segment. The revenues generated from this acquisition to-date are project services related to the creation of bespoke content for many major Australian corporates and financial institutions. The acquisition is part of Janison's strategy to provide a complete integrated learning solution for Australia's leading companies.

EARNINGS BEFORE, INTEREST, TAX, DEPRECIATION AND AMORTISATION

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

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

	2018	2017	
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)	Change
Net Results	(1,278)	(26,132)	95%
Add back: net Interest expense	(35)	66	-154%
Add back: depreciation and amortisation	209	147	42%
Add back: income tax expense	(246)	425	-158%
EBITDA	(1,350)	(25,494)	95%
Percentage of operating revenue	-14%	NM*	

	2018	2017	
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)	Change
EBITDA	(1,350)	(25,494)	95%
Add back: Transaction costs	-	27,542	100%
Add back: Non-cash share-based compensation	694	-	NM
Add back: foreign exchange fluctuations	6	16	-64%
Trading EBITDA	(651)	2,064	-132%
Percentage of operating revenue	-7%	25%	

* NM stands for not meaningful.

EBITDA for the six month period ended 31 December 2018 was negative \$1.4m. EBITDA in the prior year corresponding period was negative \$25.5m reflecting the \$27.5m impact of the reverse take-over transaction completed in December 2017 which resulted in the creation of the Group in its current form.

Trading EBITDA decreased significantly during the six months ended 31 December 2018 reflecting higher cost of sales and selling, general and administrative expenses required to meet the Group's contractual commitments, prepare the company for further growth and meet the requirements of becoming a listed company.

OPERATING REVENUE

Platform revenue includes three components:

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

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

Operating Revenue by Component

	2018	2017	
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)	Change
License and hosting fees	3,829	3,665	4%
Content license fees	682	791	-14%
Platform maintenance fees	769	801	-4%
Total platform revenue	5,281	5,257	0%
Number of platform customers during period	62	66	-6%
Average platform revenue per customer in \$000	85	80	7%
Project Services Revenue	4,693	3,164	48%
Total Operating Revenue	9,974	8,421	18%
Number of total customers during period	76	66	15%
Average total revenue per customer in \$000s	131	128	3%

Platform revenue in the six months ended 31 December 2018 remained stable with that of the prior year while the Group focused on product investment and also reflecting a small decrease in the number of platform customers offset by higher average platform revenue per customer.

Project services revenue increased 48% reflecting strong growth in the Group's large Assessment clients as well as approximately \$0.9m additional revenue derived from the acquisition of Ascender, an award-winning content generation business in April 2018, which also delivered a significant increase in customers during the period.

Operating Revenue by Market Sector

	2018	2017	
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)	Change
Schools (K-12)	3,914	3,502	12%
Higher Education	914	1,019	-10%
Workplace/Other	5,146	3,900	32%
Total Operating Revenue	9,974	8,421	18%

The current year 18% increase in operating revenue resulted from strong increases in the Schools and Workplace sectors, offset by a decrease in Higher Education when compared to the prior year corresponding period. The Schools market sector increased strongly during the six months ended 31 December 2018 primarily as a result of additional development projects with existing clients.

Operating Revenue by Geography

	2018	2017	
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)	Change
Australia and New Zealand (ANZ) Total	8,060	6,538	23%
Asia	1,267	993	28%
Rest of World	647	890	-27%
International Total	1,914	1,883	2%
Total Operating Revenue	9,974	8,421	18%
<i>International Revenue as percentage of total</i>	<i>19%</i>	<i>22%</i>	

Revenue growth during the six months ended 31 December 2018 resulted from increased project services revenues originating in ANZ. Bespoke content generation projects and new clients such as the Roads and Maritime Service of NSW were the principal items contributing to the increase. Asia revenues also increased strongly during the period but were offset by lower revenues in other regions of the world.

Despite international revenues growing 2% during the six months ended 31 December 2018, the strong growth in ANZ resulted in the international revenue as a percentage of total revenue decreasing to 19% compared to 22% in the prior year corresponding period.

GROSS PROFIT

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

Directors' Report	Financial Statements	Notes to the Financials
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	2018 (\$'000s)	2017 (\$'000s)	Change
Six Months ended 31 December 2018			
Total Operating Revenue	9,974	8,421	18%
Cost of Sales	(7,539)	(4,780)	58%
Gross profit	2,435	3,641	-33%
<i>Percentage of operating revenue</i>	24%	43%	

Cost of sales increased 58% during the six months ended 31 December 2018 reflecting significantly higher direct labour and hosting costs. Expenditures for personnel and contractors increased 61%, reflecting primarily increased use of off-shore contractors to assist in the delivery of projects in progress and on-going customer support. Hosting expenses totalled \$1.3m in the current period versus \$0.7m in the prior year corresponding period reflecting expanded use of the cloud-based hosting model with our clients and implementation of improved functionality and security in the hosting environment.

PRODUCT DESIGN AND DEVELOPMENT

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

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

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

	2018 (\$'000s)	2017 (\$'000s)	Change
Six Months ended 31 December 2018			
Product design & development costs (incl amounts capitalised)	1,785	1,219	46%
<i>Percentage of operating revenue</i>	18%	14%	
Less: capitalised development costs	(1,224)	(612)	100%
<i>Percentage of costs capitalised</i>	69%	50%	
Product design & development expense, net*	560	607	-8%
Add: amortisation of capitalised development costs	44	29	52%
Product design and development expense	604	636	-5%
<i>Percentage of operating revenue</i>	6%	8%	

**Net of capitalised development costs and amortisation expenses.*

The Group has significantly increased its product design and development activities during the current half year.

The focus has been to introduce new features and products particularly for the Assessment platform that will improve the capabilities of the software in the areas of task management, test authoring, delivery and marking.

Work is also continuing on technologies to enable greater reach to regional and remote schools and scaling to cater to the increased student numbers expected on the Group's platform later this year and next. Once completed, these investments will improve the attractiveness of the platform and be marketable as add-ons for existing customers.

Total product design and development costs were \$1.8m in the six months ended 31 December 2018, 46% above the prior year corresponding period reflecting the Group's strategy to invest more heavily in product development during the period. Out of the total product design and development costs of \$1.8m, \$1.2m was capitalised, with the balance of \$0.56m included as an expense in the Statement of Profit or Loss. In the prior year, the Group's product design and development efforts were more heavily weighted to the research phase of product developments.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

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

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

	2018	2017	
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)	Change
General and administrative expenses	2,358	1,494	58%
Business Development expenses	628	193	226%
Total SG&A	2,985	1,687	77%
<i>Percentage of operating revenue</i>	30%	20%	

General and administrative expenses were 58% (\$0.9m higher) in the current year reflecting the investment in board, legal, audit and other professional fees partly due to the Group becoming a listed company in December 2017. In addition, the increase in the number of full-time equivalent employees and contractors across the Group, impacted payroll taxes and other administrative expenses which are included within general and administrative expenses.

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

EMPLOYEES

Six Months ended 31 December 2018	2018 (\$'000s)	2017 (\$'000s)	Change
Total full-time equivalent (FTE) employees	94	70	34%

* Excluding non-executive directors and contractors.

The number of FTE employees increased 34% in the current year compared to the prior year corresponding period (11% since 30 June 2018). Additional executive, product owner and project manager positions have been added since the prior year to deliver the Group's current portfolio of contractual commitments. The Group utilises a mix of employees and third-party contractors to meet its service obligations to customers which allows flexibility in adjusting development capacity in-line with customer projects and investment projects.

CASH FLOWS

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

Six Months ended 31 December 2018	2018 (\$'000s)	2017 (\$'000s)	Change
Receipts from Customers	8,871	9,331	-5%
Payments to Suppliers and Employees	(11,305)	(7,279)	55%
Income Taxes Refunded	-	468	-100%
Total cash flows from (used in) operating activities	(2,434)	2,520	-197%
Investing Activities	(1,300)	(2,656)	-51%
Financing Activities	4,711	5,448	-14%
Net change in cash	977	5,312	-82%

Receipts from customers decreased slightly to \$8.9m compared to \$9.3m for the prior year corresponding period. Receipts from customers include instalment payments under development contracts whose timing varies. An increase in unbilled project receivables in the current year is the primary factor behind the decrease in customer receipts in relation to the prior year and also in relation to the growth in revenues. The Group's portfolio of projects-in-progress have \$3.5m of unbilled receivables as of 31 December 2018 versus \$1.0m in the prior year on the same date.

Cash flows used in investing activities totalled \$1.3m for the six months ended 31 December 2018, consisting entirely of capitalised software development costs and purchases of equipment. Prior year investing activities included \$2.2m of net cash outlays to complete the acquisition that resulted in Janison's public listing and \$0.6m of capitalised software development costs.

Cash provided by financing activities during the six month period ended 31 December 2018 was \$4.7m reflecting the net proceeds from the \$5m capital raising transaction completed in October 2018. Investing activities in the prior year corresponding period generated \$5.4m reflecting the net proceeds from a \$10m capital raising

transaction which was completed in December 2017, offset by repayments of loan obligations in the amount of \$2.9m and the payment of \$1.0m dividend to former Janison Solutions shareholders.

SEGMENT INFORMATION

The Group's activities are organised into two (2) operating segments: Assessment and Learning. Operating revenues are recorded to a segment depending on the platform and products sold. Cost of sales, gross margin and Trading EBITDA include the same components as the consolidated financial statements. Costs that can be directly attributed to a segment are recorded to that segment. Cost of sales and expenses that cannot be directly attributed to a segment are allocated.

Assessment Segment

Six Months ended 31 December 2018	2018 (\$'000s)	2017 (\$'000s)	Change
Platform Revenue	2,322	2,255	3%
Number of platform customers during period	7	8	-13%
Average platform revenue per customer (\$'000s)	332	282	18%
Project services revenue	3,147	2,745	15%
Total Segment Revenue	5,469	5,000	9%
Number of total customers during period	8	8	0%
Average total revenue per customer (\$'000s)	684	625	9%
Cost of Sales	5,255	3,416	54%
Segment Gross Profit	214	1,584	-87%
Percentage of operating revenue	4%	32%	-88%
Segment Trading EBITDA	(1,962)	487	NM
Percentage of operating revenue	-36%	10%	

Operating revenue for the six months ended 31 December 2018 grew by 9% reflecting relatively stable platform revenues and higher project services revenues (+15%) compared to the prior year corresponding period. No new customers progressed to the licensing stage of their contract during the current period. Instead, activities in this segment have been focused on delivering a number of enhancements to existing clients and completing the development stage of a number of contracts. Once the in-progress projects are complete, renewed growth in platform revenues is expected.

Gross profit for the six months ended 31 December 2018 was \$0.2m, a decrease from \$1.5m in the prior year corresponding period. Labour and hosting costs increased significantly during the period as the segment focused on progressing development efforts on a number of complex projects. As these projects near completion, the Group expects gross margin to improve as the number of customers whose contracts have reached full licensing stage grows.

Trading EBITDA for the six months ended 31 December 2018 was negative \$2.0m compared to positive \$0.5m in the prior year, reflecting the fact that the assessment product, *Insights* is in the investment stage of its commercial life cycle. Additionally, segment Trading EBITDA reflects the planned increase in selling, general and administrative expenses necessary for future growth.

Learning Segment

Six Months ended 31 December 2018	2018 (\$'000s)	2017 (\$'000s)	Change
Platform Revenue	2,959	3,002	-1%
<i>Number of platform customers during period</i>	55	58	-5%
<i>Average platform revenue per customer (\$'000s)</i>	54	52	3%
Project services revenue	1,546	419	269%
Total Segment Revenue	4,505	3,421	32%
<i>Number of total customers during period</i>	68	58	17%
<i>Average total revenue per customer (\$'000s)</i>	66	59	12%
Cost of Sales	2,284	1,364	67%
Segment Gross Profit	2,221	2,057	8%
<i>Percentage of operating revenue</i>	49%	60%	-18%
Segment Trading EBITDA	1,311	1,577	-17%
<i>Percentage of operating revenue</i>	29%	46%	

Operating revenue for the six months ended 31 December 2018 grew by 32% (up \$1.1m) reflecting an increase in platform services revenues principally due to content generation services revenues attributable to the acquisition the Ascender Learning business in April 2018. Platform revenues remained relatively stable reflecting the loss of a small number of clients offset by revenue growth from new and existing customers.

Gross profit for the six months ended 31 December 2018 was \$2.2m compared to \$2.1m in the prior year, an increase of \$0.2m, reflecting a decrease in gross margin as a percentage of revenue from 60% to 49% in the current period as a result of higher labour and hosting costs. The decreased profitability can be largely attributed to a greater proportion of revenues from project services relating to the production of bespoke content which has lower average margins than licensing revenue.

Trading EBITDA for the six months ended 31 December 2018 was \$1.3m in the current period compared to \$1.6m in the prior year corresponding period. In addition to the changes in the composition of revenues during the period, Segment Trading EBITDA reflects the increased investment in selling, general and administrative expenses necessary to support future growth.

AUDITOR INDEPENDENCE

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 29 of this Interim Financial Report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Tom Richardson, CEO and Director

Date: 26 February 2019

Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six Months ended 31 December 2018	Notes	2018 (\$'000s)	2017 (\$'000s)
Platform revenue	2	5,281	5,257
Project services revenue	2	4,693	3,164
Total operating revenue		9,974	8,421
Cost of sales	4	7,539	4,780
Gross Profit		2,435	3,641
Product development labour costs	5	560	607
General and administrative	6	2,358	1,494
Other operating income and expenses, net		-	14
Business development expenses		628	193
Total operating expenses		3,546	2,308
Research and development tax credit income	10	(460)	(731)
Capital raising and acquisition expenses	7	-	27,542
Share-based compensation		694	-
Depreciation and amortisation	8	209	147
Net financial expense / (income)	9	(35)	66
Foreign exchange gains and losses		6	16
Loss before income tax		(1,524)	(25,707)
Income tax (benefit) / expense	10	(246)	425
Net Loss		(1,278)	(26,132)
Other Comprehensive Income:			
Foreign currency translation, net of income tax		(1)	3
Total Comprehensive Loss		(1,279)	(26,129)
<i>Basic and Diluted Earnings Per Share (in cents)</i>		<i>(1)</i>	<i>(59)</i>
<i>Weighted Average Number of Shares Outstanding (in 000s)</i>		<i>136,937</i>	<i>43,942</i>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31-Dec-18 (\$'000s)	30-Jun-18 (\$'000s)
Assets:			
Cash and cash equivalents		4,596	3,619
Trade and other receivables	11	8,432	5,059
Prepaid expenses		828	648
Total current assets		13,857	9,327
Plant and equipment		568	557
Intangible assets	12	3,574	2,495
Deferred tax asset		5,392	5,146
Total non-current assets		9,534	8,197
Total Assets		23,391	17,524
Liabilities:			
Trade and other payables		2,574	1,851
Employee entitlements accrual		1,034	940
Income in advance		2,842	1,917
Total current liabilities		6,450	4,708
Employee entitlements		71	71
Total non-current liabilities		71	71
Total Liabilities		6,521	4,779
Net Assets		16,870	12,745
Equities:			
Share capital	14	39,815	35,104
Reserves	14	1,341	649
Accumulated losses		(24,286)	(23,008)
Total Equity		16,870	12,745

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Six Months ended 31 December 2018	Notes	2018 (\$'000s)	2017 (\$'000s)
Receipts from customers		8,871	9,331
Payments to suppliers and employees		(11,305)	(7,279)
Income taxes refunded		-	468
Net cash flows from (used in) operating activities		(2,434)	2,520
Acquisition consideration paid to Janison shareholders, net		-	(1,500)
Acquisition cash balances acquired		-	196
Acquisition transaction costs		-	(859)
Investment in software development		(1,225)	(612)
Proceeds from the sale of plant and equipment		-	153
Purchase of plant and equipment		(75)	(31)
Addition to term deposit		-	(3)
Net cash (used in) investing activities		(1,300)	(2,656)
Proceeds from capital raising, net of costs		4,711	9,343
Repayment of shareholder loans		-	(2,500)
Net (repayments) / drawings on financing obligation		-	(395)
Dividends paid		-	(1,000)
Net Cash from financing activities		4,711	5,448
Net change in cash and cash equivalents		977	5,312
Cash and cash equivalents, beginning of period		3,619	1,358
Cash and cash equivalents, end of period		4,596	6,670

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Accumulated Losses	Reserves	Total Equity
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)
Balance at 1 July 2018	35,104	(23,008)	649	12,745
Net Loss	-	(1,278)	-	(1,278)
Other comprehensive income	-	-	(1)	(1)
Total comprehensive loss	-	(1,278)	(1)	(1,279)
Transactions with owners:				
Contributions of capital	4,711	-	-	4,711
Share-based payments-advisers rights and options	-	-	-	-
Share-based payments-directors and officers	-	-	589	589
Share-based payments-employee share options	-	-	104	104
Dividends paid	-	-	-	-
Total transactions with owners	4,711	-	694	5,405
Balance at 31 December 2018	39,815	(24,286)	1,341	16,870

	Share Capital	Accumulated Losses	Reserves	Total Equity
Six Months ended 31 December 2017	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)
Balance at 1 July 2017	880	(130)	-	750
Net Loss	-	(26,132)	-	(26,132)
Other comprehensive income	-	-	3	3
Total comprehensive loss	-	(26,132)	3	(26,129)
Transactions with owners:				
Contributions of capital	34,224	-	-	34,224
Share-based payments-advisers rights and options	-	-	60	60
Share-based payments-directors	-	-	15	15
Share-based payments-employee share options	-	-	15	15
Dividends paid	-	(1,000)	-	(1,000)
Total transactions with owners	34,224	(1,000)	90	33,314
Balance at 31 December 2017	35,104	(27,262)	93	7,935

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

Condensed Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General Information and Nature of Operations

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

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

1.2 Capital Raisings and Acquisitions

In October 2018, Janison Education Group Limited completed a \$5m (before costs of \$0.3m) capital raising via a share placement with new and existing institutional and sophisticated investors. As a result, 12.5m new, fully-paid ordinary shares were issued at \$0.40. The proceeds of the capital raise will be primarily used to accelerate growth in the higher education sector of the Group's business.

In addition, the Group's current year first half results include the impact of the 23 April 2018 purchase from Ascender Learn Pty Ltd of assets and liabilities related to a content generation business unit for \$272 thousand which is now part of the Group's Learning Segment. The revenues generated from this acquisition to date are project services related to the creation of bespoke content for many major Australian corporates and financial institutions.

In the prior year corresponding period, HJB Corporation Ltd. (HJB) completed a capital raising and acquisition of 100% of an Australian business providing learning management systems and digital assessment platforms, Janison Solutions Pty Ltd (Janison). The full details of the prior year transaction that resulted in the creation of the Group as it exists today can be found in the 2018 Annual Financial Report and the 2018 Interim Financial Report.

1.3 Basis of Presentation

The half-year consolidated financial statements are a general purpose financial report in accordance with the requirements of the Corporations Act of 2001 and Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard 34: *Interim Financial Reporting*. The half-year financial report does not include all notes of the type normally included in the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the consolidated entity as the full year financial report.

The Group's financial year ends on 30 June and the financial statements are denominated in Australian dollars. The financial statements have been prepared on an accrual basis and are based on historical costs modified, where applicable by the revaluation of selected non-current assets for which the fair value basis of accounting has been applied. The Group is of a kind referred to in *ASIC Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial reports. Amounts in this interim financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Janison Education Group Limited as of 31 December 2018 and the results of all subsidiaries for the six months then ended.

1.4 Accounting Policies

The reviewed interim financial statements have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the audited financial statements of the Group for the year ended 30 June 2018.

The Group has considered the implications of new and amended accounting standards that became applicable for the reporting periods commencing after 1 January 2018 but determined that their application to the financial statements is either not relevant or not material. AASB15: *Revenue from Contracts with Customers*, which became applicable for reporting periods commencing after 1 January 2018, was early adopted by the Group as of 1 July 2015. A number of new or amended standards became applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

1.5 Impact of standards issued but not yet applied

AASB 16, *Leases*, was issued in February 2016. It will result in most leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Group's operating leases. However, the Group has not yet determined to what extent future commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

NOTE 2: SEGMENT REPORTING

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group's activities are organised into two (2) operating segments: the Assessment Segment and the Learning Segment.

The Assessment Segment implements and operates a leading global platform for the provision of digital exam authoring, testing and marketing which is sold to national education departments, tertiary institutions and independent educational institutions in Australia and around the globe.

The Learning Segment operates a learning management platform that manages the content and learning programs for major corporate and government clients. In addition, the segment now also includes a team of content developers.

Segment contribution is defined as earnings before interest, depreciation and amortisation, taxes and other non-operating items ("Segment Trading EBITDA").

2.1 Segment Contribution

	Assessment	Learning	Total
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)	(\$'000s)
License and hosting fees	1,746	2,083	3,829
Content license fees	-	682	682
Platform maintenance fees	576	194	769
Total platform revenue	2,322	2,959	5,281
Project services revenue	3,147	1,546	4,693
Total Segment Revenue	5,469	4,505	9,974
Cost of Sales	5,255	2,284	7,539
Segment Gross Profit	214	2,221	2,435
Segment Trading EBITDA (non-GAAP measure)	(1,962)	1,311	(651)

	Assessment	Learning	Total
Six Months ended 31 December 2017	(\$'000s)	(\$'000s)	(\$'000s)
License and hosting fees	1,628	2,038	3,666
Content license fees	-	790	790
Platform maintenance fees	627	174	801
Total platform revenue	2,255	3,002	5,257
Project services revenue	2,745	419	3,164
Total Segment Revenue	5,000	3,421	8,421
Cost of Sales	3,416	1,364	4,780
Segment Gross Profit	1,584	2,057	3,641
Segment Trading EBITDA (non-GAAP Measure)	487	1,577	2,064

2.2 Reconciliation from Segment Contribution to Net Loss after Tax

	Assessment	Learning	Total
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)	Change
Segment Trading EBITDA	(1,962)	1,311	(651)
Share-based compensation			(694)
Foreign exchange losses			(6)
Net interest (expense) income			35
Depreciation and amortisation			(209)
Income tax benefit			246
Net Loss after tax			(1,278)

2.3 Revenue by Market Sector

	2018	2017
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)
Schools (K-12)	3,914	3,502
Higher Education	914	1,019
Workplace	5,146	3,900
Total operating revenue	9,974	8,421

2.4 Revenue by Geographic Location

	2018	2017
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)
Australia and New Zealand	8,060	6,538
Asia	1,267	993
Rest of World	647	890
International Total	1,914	1,883
Total operating revenue	9,974	8,421
<i>International Revenue as percentage of total</i>	<i>19%</i>	<i>22%</i>

NOTE 3: TRADING REVENUE BY COMPONENT

	2018	2017
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)
License and hosting fees	3,829	3,665
Content license fees	682	791
Platform maintenance fees	769	801
Total platform revenue	5,281	5,257
Project services revenue	4,693	3,164
Total operating revenue	9,974	8,421

Platform revenue includes three components:

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

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

NOTE 4: COST OF SALES

	2018	2017
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)
Personnel costs	2,851	2,248
Contractors	2,929	1,345
Total direct labour	5,780	3,593
Hosting costs	1,342	720
Third Party Content	417	467
Total cost of sales	7,539	4,780

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

NOTE 5: PRODUCT DESIGN AND DEVELOPMENT EXPENSES

Product design and development expenses represent personnel and related expenses (including wages, benefits and bonuses) directly associated with product design and development. Overheads have not been allocated.

Product design and development expenses, net of amounts capitalised, totalled \$560 thousand in the six months ended 31 December 2018 compared to \$607 thousand in the prior year comparative period.

Capitalised product design and development costs were \$1.2m during the six months ended 31 December 2018 compared to \$612 thousand in the prior year corresponding period.

	2018	2017
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)
Personnel costs	794	500
Personnel costs-share based compensation	694	51
Unallocated employee costs	360	240
Office facility expenses	264	223
Travel	330	263
Software licenses	191	81
Professional services	272	54
Telecommunications	32	37
Other	115	44
General and administrative expenses, before reclass	3,051	1,494
Less: Share-based compensation classified as non-trading	694	-
Total general and administrative expenses	2,358	1,494

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

NOTE 7: CAPITAL RAISING AND ACQUISITION EXPENSES

During the six months ended 31 December 2018, no expenses (amounts recorded in the Statement of Profit and Loss) for capital raising or acquisitions were incurred.

In the prior year corresponding period, the expenses associated with completing the capital raising and acquisition transaction that created the Group in its current form (described further in Note 1.2 and in the audited financial statements for the year ended 30 June 2018) were \$27.5m.

See Note 14.1 which discloses capital raising costs which have been recorded in the share capital account, netted against the related proceeds of the capital raising.

NOTE 8: DEPRECIATION AND AMORTISATION EXPENSE

	2018	2017
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)
Office and computer equipment	41	26
Leasehold improvements	23	26
Intangible assets	145	95
Depreciation and amortisation expense	209	147

NOTE 9: NET FINANCIAL EXPENSE

	2018	2017
Six Months ended 31 December 2018	(\$'000s)	(\$'000s)
Interest expense	-	82
Interest income	(35)	(16)
Net financial expense / (income)	(35)	66

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

NOTE 10: INCOME TAXES

The Group has estimated its income tax expense for the six months ended 31 December 2018 assuming that Janison and JEG will file a consolidated group tax return. All calculations are subject to review by the ATO upon filing of the tax returns.

10.1 Components of Income Tax Expense

	2018 (\$'000s)	2017 (\$'000s)
Six Months ended 31 December 2018		
Current tax expense	(301)	1,076
Deferred tax expense / (benefit)	54	(651)
Income Tax Expense / (Benefit)	(246)	425

10.2 Reconciliation of Prima Facie Tax Expense to Income Tax Expense

	2018 (\$'000s)	2017 (\$'000s)
Six Months ended 31 December 2018		
Loss before income tax	(1,524)	(25,707)
Tax rate	30%	30%
Prima facie tax benefit	(457)	(7,712)
Adjusted for:		
Non-deductible research and development expenditure	220	293
Non-deductible acquisition costs	-	7,847
Permanent timing difference	(9)	(3)
Income Tax Expense / (Benefit)	(246)	425

10.3 Deferred Tax Assets and Liabilities

	31-Dec-18 (\$'000s)	30-Jun-18 (\$'000s)
Intellectual property valuation difference	4,054	4,138
Employee entitlements accruals	479	477
Capital raising and acquisition transaction costs	485	465
Tax Loss Carryforwards	301	-
Leasehold improvements amortisation	65	56
Other	8	10
Deferred Tax Asset	5,392	5,146

10.4 Income Tax (Payable) / Refund Receivable

	31-Dec-18 (\$'000s)	30-Jun-18 (\$'000s)
Income tax refund receivable - estimated R&D credit	460	1,397
Income tax refund receivable - prior year return	(47)	-
Income tax payable - estimated current tax	-	(1,444)
Franking deficit tax refund receivable against future tax profits	178	178
Income Tax (payable) refund receivable	591	131

NOTE 11: TRADE AND OTHER RECEIVABLES

	31-Dec-18 (\$'000s)	30-Jun-18 (\$'000s)
Trade receivables	4,361	2,367
Unbilled project revenue accruals	3,481	2,561
Income tax refund receivable (refer to Note 10.4)	591	131
Trade and other receivables	8,432	5,059

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

NOTE 12: INTANGIBLE ASSETS

Six Months ended 31 December 2018	30-Jun-18 (\$'000s)	Additions (\$'000s)	Deductions (\$'000s)	31-Dec-18 (\$'000s)
Capitalised Software Costs:				
Historical cost	1,858	1,224	-	3,082
Accumulated amortisation	(73)	-	(44)	(117)
Total capitalised software costs	1,785	1,224	(44)	2,965
Other Intangibles:				
Historical cost	882	-	-	882
Accumulated amortisation	(402)	-	(101)	(503)
Total other Intangibles	480	-	(101)	379
Goodwill:				
Historical cost	230	-	-	230
Accumulated amortisation	-	-	-	-
Total goodwill	230	-	-	230
Total intangible assets	2,495	1,224	(145)	3,574

During the six months ended 31 December 2018, the Group capitalised \$1,224 thousand of development costs related to the development of new features to be included in future versions of the Assessment platform. Once completed these assets will be amortised over a three year period.

NOTE 13: DIVIDENDS

No dividends were declared or paid in the six months ended 31 December 2018. In the prior year corresponding period, (prior to the Acquisition transaction), a dividend was declared and paid to former shareholders of Janison Solutions Pty Ltd in the amount of \$1.0m.

NOTE 14: SHARE CAPITAL AND CAPITAL RESERVES

The table below details movements in share capital and reserves for the six months ended 31 December 2018:

	Share Capital		Reserves	
	2018 (\$'000s)	No. Shares	2018 (\$'000s)	No. Units
Six Months ended 31 December 2018				
Balance at 1 July 2018	35,104	131,026,283	649	11,086,676
Capital Raising, net of costs	4,711	12,500,000	-	-
Loan Funded Shares	-	-	188	1,050,000
Performance Rights	-	-	401	800,000
Nil Priced Options	-	-	104	(20,001)
Advisor Options and Rights	-	-	-	-
Foreign Currency Translation	-	-	(1)	-
Balance at 31 December 2018	39,815	143,526,283	1,341	12,916,675

The table below details movements in share capital and reserves for the year ended 30 June 2018:

	Share Capital		Reserves	
	2018		2018	
Year ended 30 June 2018	(\$'000s)	No. Shares	(\$'000s)	No. Units
Balance at 1 July 2017	880	89	-	-
Elimination of shares upon acquisition	-	(89)	-	-
Share-based Acquisition payment	24,500	81,666,667	-	-
Share Conversion (3 JAN for 100 HJB)	-	9,356,304	-	-
Conversion Offer to HJB shareholders	315	1,050,001	-	-
Capital Raising	9,343	33,333,333	-	-
Employee Gift Offer Shares	66	219,978	-	-
Loan Funded Shares	-	5,400,000	175	5,400,000
Performance Rights	-	-	263	4,500,000
Nil Priced Options	-	-	171	946,676
Advisor Options and Rights	-	-	38	240,000
Foreign Currency Translation	-	-	2	-
Balance at 30 June 2018	35,104	131,026,283	649	11,086,676

14.1 Capital Raising and Acquisition transaction

In October 2018, Janison Education Group Limited completed a \$5m (before costs of \$289 thousand) capital raising via a share placement with new and existing institutional and sophisticated investors. As a result, 12.5m new, fully-paid ordinary shares were issued at \$0.40. The proceeds of the capital raise will be primarily used to accelerate growth in the higher education sector of the Group's business.

In the prior year corresponding period, on 15 December 2017, the Group completed a capital raising and acquisition transaction. The prior year transaction included the issuance of 33.3m shares via public offer and raised \$9.3m in proceeds, net of issuance costs. In addition, in the prior year, a reverse take-over transaction that created the Group as it exists today resulted in the payment of \$1.5m in cash and issuance of 92m shares with a share capital value of \$24.8m as well as various instruments to provide share-based compensation to the board, employees and advisors.

14.2 Share-based compensation

Six Months ended 31 December	Loan Funded Shares No. Units	Performance Rights No. Units	Nil Priced Options No. Units	Advisor Options & Rights No. Units	Total No. Units
As of 1 July 2018	5,400,000	4,500,000	946,676	240,000	11,086,676
Average exercise price in dollars	\$0.32	Nil	Nil	\$0.30	-
Units granted during the period	1,050,000	800,000	-	-	1,850,000
Units exercised during the period	-	-	-	-	-
Units forfeited during the period	-	-	(20,001)	-	(20,001)
Balance at 31 December	6,450,000	5,300,000	926,675	240,000	12,916,675

As of 31 December 2018, share-based compensation instruments provided to board members, employees and advisors were outstanding as follows:

- Loan Funded Shares are fully paid ordinary shares of the Company issued to executive board members. The subscription prices of the various grants range between \$0.30 and \$0.415 and are funded by way of a 5-year limited recourse, non-interest bearing loan from the Company. The shares are subject to continuous employment and a performance hurdle defined as the point at which the 5-day Volume Weighted Average Price (VWAP) of the Group's shares exceeds \$0.60 for more than 30 days. Each attribution of loan funded shares is valued and is being recorded as share-based entitlements expense over 24 months or the actual vesting period, whichever is shorter.
- Performance Rights have been issued to the Group's board members and selected executive management under a long-term incentive plan. Each performance right provides a right to receive one fully paid share upon vesting. The grant price and exercise price for the rights issued was nil. The performance rights are subject to continuous employment and performance hurdles. The rights expire if unvested two years from the date of grant. Each attribution of rights is valued and is being recorded as share-based entitlements expense over the 24 months vesting period or the actual vesting period, whichever is shorter.
- Nil Priced Options were issued to employees in December 2017. No additional options were issued during the period. The outstanding nil priced options were issued with a grant and exercise price of nil and vested on 21 December 2018, for all recipients remaining in the employ of Janison on that date. If unexercised one year from the vesting date, the options expire. The vested options were valued and have been fully amortised to share-based entitlements expense over the one year vesting period which ended on 21 December 2018.
- Advisor Options and Rights No additional options were issued during the six months ended 31 December 2018. Advisor options give the holder the right to subscribe for one share per option held. The options have an exercise price of \$0.30 per option and expire 3-years from the date of grant if

Directors' Report	Financial Statements	Notes to the Financials
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unvested or unexercised. The options are subject to a performance hurdle defined as the point at which the 5-day VWAP of the Group's shares exceeds \$0.60 for more than 30 days.

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

NOTE 15: CONTINGENT LIABILITIES

There are no contingent liabilities as of 31 December 2018.

NOTE 16: EVENTS AFTER THE REPORTING DATE

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

Directors' Declaration

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

1. In the opinion of the Directors:

- a) the financial statements and condensed notes of Janison Education Group Limited for the half-year ended 31 December 2018 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and of its performance for the period ended on that date; and
 - ii. complying with Accounting Standards AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- b) the condensed financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.3.

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

On behalf of the Board



Tom Richardson
Chief Executive Officer and Director

Dated: 26 February 2019

Auditor's Independence Declaration

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

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

26 February 2019

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

Dear Sirs

RE: JANISON EDUCATION GROUP LIMITED

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

As Audit Director for the review of the financial statements of Janison Education Group Limited for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



Samir Tirodkar
Director

Liability limited by a scheme approved
under Professional Standards Legislation

Member of Russell Bedford International



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Janison Education Group Limited, which comprises the consolidated statement of financial position as at 31 December 2018, 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 half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for Janison Education Group Limited (the consolidated entity). The consolidated entity comprises both Janison Education Group Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Janison Education Group Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Janison Education Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Review Report

Stantons International

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

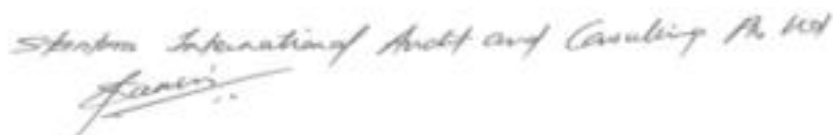
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Janison Education Group Limited on 26 February 2019.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Janison Education Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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



Samir Tirodkar
Director

West Perth, Western Australia
26 February 2019

Corporate Directory

COMPANY:

Janison Education Group Limited

ASX CODE: JAN

REGISTERED OFFICE:

c/-Automic Group
Level 5, 126 Phillip Street,
Sydney, NSW 2000

TELEPHONE:

+61 2 8072 1400

WEB SITE:

www.janison.com

COMPANY SECRETARY:

Mr Andrew Whitten

BOARD OF DIRECTORS*:

Mr Mike Hill, Non-Executive Chairman

Mr Brett Chenoweth, Non-Executive Director

Mr David Willington, Non-Executive Director

Ms Allison Doorbar, Non-Executive Director

Mr Tom Richardson, CEO and Managing Director

Mr Wayne Houlden, Commercial Director

** the above individuals were Directors of Janison Education Group for the whole of the financial half-year and up to the date of this report.*

AUDITOR:

Stantons International Audit & Consulting Pty Ltd

Level 2, 22 Pitt Street

Sydney, NSW 2000

SHARE REGISTRY:

Automic Group

126 Phillip Street, Level 5

Sydney, NSW 2000