

Edmen Holdings Pty Limited
ABN 78 109 763 653
and controlled entities

Financial Reports
Year Ended 30 June 2016

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Directors' Report
For the Year Ended 30 June 2016

Your directors present their report on the consolidated group for the financial year ended 30 June 2016.

Directors

The names of the directors in office at any time during or since the end of the year are:

Edward John DeGabriele, resigned 4 April 2017

David Cuda, appointed 4 April 2017

Thomas William Reardon, appointed 4 April 2017

Declan Andrew Sherman, appointed 26 April 2017

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The consolidated profit of the consolidated group for the financial year after providing for income tax amounted to \$3,967,248 (2015: \$3,604,386).

A review of the operations of the consolidated group during the financial year and the results of those operations reflect an increase in sales and cost of goods sold year on year. This is reflective of the acquisition of the Expect A Star business and the increased revenue from this business. The increase in sales has contributed to an increase in the company's operating profit before tax.

Significant Changes in the State of Affairs

No significant changes in the consolidated group's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the consolidated group during the financial year were the provision of short and long term staffing solutions to the public and private sector. This included the provision of supplementary trades and professional labour in heavy industrial sector, executive and office support, disability, aged & youth support staffing services and child care staffing services.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

On 4 April 2017 the group was sold to People Infrastructure Pty Ltd. As part of this transaction all director loans were settled via a dividend payment. A redundancy payment was also paid to Edward DeGabriele on the sale of the group.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Directors' Report
For the Year Ended 30 June 2016

Likely Developments and Expected Results of Operations

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

Environmental Regulation

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

Dividends paid or declared since the start of the financial year are as follows:

- a. A fully franked dividend of \$1,622,000 was paid during the year.

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnification of Officers

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Proceedings on Behalf of the 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.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Director.....

Declan Sherman

Dated this.....28.....day of.....June.....2017

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Auditor's Independence Declaration
Under S307C of the Corporations Act 2001



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY M CUTRI TO THE DIRECTORS OF EDMEN HOLDINGS PTY LIMITED

As lead auditor of Edmen Holdings Pty Limited for the year ended 30 June 2016 and 30 June 2015, 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 Edmen Holdings Pty Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'M Cutri'.

M Cutri
Director

BDO Audit Pty Ltd

Brisbane, 28 June 2017

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Consolidated Statement of Profit or Loss and Other
Comprehensive Income
For the Year Ended 30 June 2016

	Note	Consolidated Group	
		2016	2015
		\$	\$
Revenue and other revenue	2	68,023,101	62,297,331
Other income	3	-	1,568
Employee benefits expense		(58,938,227)	(54,309,068)
Depreciation and amortisation expense	4	(335,130)	(255,704)
Insurance expenses		(105,751)	(56,652)
Occupancy expenses		(572,935)	(484,063)
Communications and computer expenses		(709,459)	(583,345)
Marketing and sales expenses		(621,261)	(512,066)
Motor vehicle and travel expenses		(458,467)	(371,022)
Professional fees		(119,108)	(201,724)
Finance expenses		(93,214)	(88,651)
Other expenses		(199,413)	(214,588)
Impairment expenses	4	(174,450)	(23,702)
Profit before income tax		<u>5,695,686</u>	<u>5,198,314</u>
Income Tax Expense	5	<u>(1,728,438)</u>	<u>(1,593,928)</u>
Profit for the year		<u><u>3,967,248</u></u>	<u><u>3,604,386</u></u>
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		<u><u>3,967,248</u></u>	<u><u>3,604,386</u></u>

The accompanying notes form part of these financial statements.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Consolidated Statement of Financial Position
As at 30 June 2016

	Note	Consolidated Group	
		2016	2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	7	6,236,376	5,353,217
Trade and other receivables	8	7,518,216	7,544,971
Financial assets		-	4,358
Other current assets	9	136,394	76,155
TOTAL CURRENT ASSETS		<u>13,890,986</u>	<u>12,978,701</u>
NON-CURRENT ASSETS			
Property, plant and equipment	11	996,197	1,091,597
Deferred tax assets	13	319,192	213,798
Intangible assets	12	1,370,584	1,201,077
TOTAL NON-CURRENT ASSETS		<u>2,685,973</u>	<u>2,506,472</u>
TOTAL ASSETS		<u>16,576,959</u>	<u>15,485,173</u>
CURRENT LIABILITIES			
Trade and other payables	14	3,265,912	3,549,555
Borrowings	15	163,715	1,132,724
Current tax liabilities		231,865	538,177
Provisions	16	283,273	207,368
TOTAL CURRENT LIABILITIES		<u>3,944,765</u>	<u>5,427,824</u>
NON-CURRENT LIABILITIES			
Borrowings	15	694,276	452,953
Provisions	16	116,159	127,885
TOTAL NON-CURRENT LIABILITIES		<u>810,435</u>	<u>580,838</u>
TOTAL LIABILITIES		<u>4,755,200</u>	<u>6,008,662</u>
NET ASSETS		<u>11,821,759</u>	<u>9,476,511</u>
EQUITY			
Issued capital	17	500,160	500,160
Retained earnings		11,321,599	8,976,351
TOTAL EQUITY		<u>11,821,759</u>	<u>9,476,511</u>

The accompanying notes form part of these financial statements.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Consolidated Statement of Cash Flows
For the year ended 30 June 2016

	Note	Consolidated Group	
		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		74,318,349	67,730,085
Payments to suppliers and employees		(61,878,588)	(56,801,213)
Interest received		126,824	54,094
Finance costs		(93,214)	(88,651)
Income tax (paid)/refunded		(2,140,144)	(1,465,674)
GST paid		(6,239,007)	(5,732,678)
Net cash provided by operating activities	20 a.	<u>4,094,220</u>	<u>3,695,963</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	5,866
Purchase of property, plant and equipment		(126,557)	(132,926)
Acquisition of business	20 b.	-	(850,000)
Purchase of intangible assets		(207,573)	(2,400)
Loan payments made to related parties		(778,095)	(1,485,114)
Loan repayments received from related parties		431,489	79,025
Net cash (used in)/provided by investing activities		<u>(680,736)</u>	<u>(2,385,549)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		438,912	600,131
Repayment of borrowings		(1,347,238)	(225,445)
Dividends paid		(1,621,999)	(970,041)
Net cash provided by/(used in) financing activities		<u>(2,530,325)</u>	<u>(595,355)</u>
Net increase in cash held		883,159	715,059
Cash and cash equivalents at beginning of financial year		<u>5,353,217</u>	<u>4,638,158</u>
Cash and cash equivalents at end of financial year	7	<u><u>6,236,376</u></u>	<u><u>5,353,217</u></u>

The accompanying notes form part of these financial statements.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Consolidated Statement of Changes in Equity
For the year ended 30 June 2016

	Notes	Issued Capital \$	Retained Earnings \$	Total \$
Consolidated Group				
Balance at 1 July 2014		500,160	6,342,005	6,842,165
Comprehensive income				
Profit for the year		-	3,604,386	3,604,386
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year attributable to members of the entity		-	3,604,386	3,604,386
Transactions with owners, in their capacity as owners				
Dividends paid or provided for		-	(970,040)	(970,040)
Total transactions with owners		-	(970,040)	(970,040)
Balance at 30 June 2015		<u>500,160</u>	<u>8,976,351</u>	<u>9,476,511</u>
Comprehensive income				
Profit for the year		-	3,967,248	3,967,248
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year attributable to members of the entity		-	3,967,248	3,967,248
Transactions with owners, in their capacity as owners				
Dividends paid or provided for		-	(1,622,000)	(1,622,000)
Total transactions with owners		-	(1,622,000)	(1,622,000)
Balance at 30 June 2016		<u>500,160</u>	<u>11,321,599</u>	<u>11,821,759</u>

The accompanying notes form part of these financial statements.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Edmen Holdings Pty Limited and controlled entities (the "consolidated group" or "group"). Edmen Holdings Pty Limited is a company limited by shares, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Edmen Holdings Pty Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 27 June 2017 by the directors of the company.

Basis of Preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of distribution to the owners of Edmen Holdings Pty Limited and controlled entities. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of the Group.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 110 'Events After the Balance Date', AASB 117 'Leases', AASB 1031 'Materiality', AASB 1048 'Interpretation and Application of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Edmen Holdings Pty Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 10.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the consolidated statement of financial position and consolidated statement of profit and loss and other comprehensive income.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses, which results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

b. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. 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 as unused tax losses.

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

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability 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 and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

With respect to land and buildings measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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) a legally enforceable right of set-off exists; and (b) 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.

c. Fair Value of Assets and Liabilities

The Group measures some of its assets at fair value. Fair value is the price the Group would receive to sell an asset in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

Information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (ie the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group 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
- Property Improvements	20% diminishing value
- Vehicles	12.5% - 20% diminishing value
- Plant and equipment	15% - 40% diminishing value
- Office furniture and equipment	15% - 40% diminishing value
- Leased plant and equipment	12.5% - 20% diminishing value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

e. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the Group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

f. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than 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.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors (or a group of debtors) are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account, or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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 when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount 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.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

g. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and 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, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

h. Intangibles Other than Goodwill
Mobile Application Software

Mobile Application Software has been classified as an intangible asset with a finite life. It is amortised on a straight-line basis over the expected useful life of the software. The life is 5 years.

Customer Relationships

The identifiable net assets acquired as a result of a business combination may include intangible assets other than goodwill. Any such intangible assets are amortised straight line over their expected future lives. The estimated useful lives of customer relations is 5.5 years.

i. Employee Benefits
Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the consolidated statement of financial position.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

j. 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 at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

l. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where 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.

Revenue from contract hire and contract revenue is recognised in the accounting period in which the services are rendered.

Revenue from recruitment activities is recognised in the accounting period in which the services are rendered.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax.

m. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

n. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

p. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

q. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

r. 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

(i) *Impairment – general*

The consolidated group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the consolidated group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of goodwill at the end of the reporting period.

(ii) *Revenue*

The consolidated group uses the percentage of completion method in accounting for its fixed price contracts to deliver construction services. Use of the percentage of completion method requires the group to estimate the services performed to date as a proportion of the total services to be performed.

s. New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- *AASB 9: Financial Instruments* and associated Amending Standards (applicable to The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
As at 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2016

	Consolidated Group	
	2016	2015
	\$	\$
2. Revenue and other revenue		
Revenue		
Sales - On Hire	67,210,909	61,778,288
Sales - Permanent Placements	515,682	304,284
Sales - Outplacement	-	7,500
Sales - Roster Management	72,000	52,000
Other revenue	75,625	11,036
	<u>67,874,216</u>	<u>62,153,108</u>
Other revenue		
Government Subsidies	22,061	90,129
Interest revenue - third parties	79,477	54,094
Interest revenue - director loan	47,347	-
	<u>148,885</u>	<u>144,223</u>
Total revenue and other revenue	<u>68,023,101</u>	<u>62,297,331</u>
3. Other income		
Gain on sale of plant and equipment	-	1,568
	<u>-</u>	<u>1,568</u>
4. Profit for the year		
Profit before income tax includes the following specific expenses:		
Employee benefits expense:		
- Defined contribution superannuation expense	4,596,680	4,136,223
Depreciation and amortisation expense:		
- Depreciation expense	297,063	231,120
- Amortisation expense	38,067	24,584
	<u>335,130</u>	<u>255,704</u>
Impairment expense:		
- Receivables	118,533	23,702
- Plant and equipment	51,559	-
- Financial assets	4,358	-
	<u>174,450</u>	<u>23,702</u>
Occupancy expenses:		
- Rental expense on operating leases - minimum lease payments	423,983	365,960

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2016

	Consolidated Group	
	2016	2015
	\$	\$
5. Income tax expense		
a. The components of tax expense income comprise:		
Current tax	1,833,832	1,605,017
Deferred tax	(105,394)	(11,089)
Under-provision in respect of prior years		
	1,728,438	1,593,928
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2015: 30%):	1,708,706	1,559,494
- consolidated group		
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	89,412	71,148
- non-deductible entertainment	7,455	5,158
- other non-deductible expenses	12,449	29,432
	1,818,022	1,665,232
Less:		
Tax effect of:		
- deduction for decline in value of depreciating assets	(89,584)	(71,304)
R&D tax offset of 40%		
Income tax attributable to entity	1,728,438	1,593,928
The applicable weighted average effective tax rates are as follows:	30.35%	30.66%
The weighted average effective consolidated tax rate for 2016 is reflective of the 2015 as expected.		
6. Dividends		
Distributions paid:		
a. Declared fully franked ordinary dividend of \$8,110 (2015: \$4,850) per share.	1,622,000	970,040
b. Balance of franking account at year-end was:	5,304,386	4,165,817
7. Cash and cash equivalents		
Cash at Bank	6,236,214	5,353,055
Cash on Hand	162	162
	6,236,376	5,353,217
8. Trade and other receivables		
Trade Debtors	4,909,131	4,394,664
Accrued revenue	808,460	1,634,429
Other debtors	47,929	109,789
Loans to director	1,752,696	1,406,089
	7,518,216	7,544,971
9. Other current assets		
Prepayments	136,394	76,155

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2016

10. Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation or registration.

Name of Subsidiary	Ownership interest held by the Group		Principal Place of Business
Edmen Recruitment Pty Limited	100%	100%	Warrawong NSW
Edmen Community Staffing Solutions Pty Limited	100%	100%	Warrawong NSW
DMW Recruitment Group Pty Limited	100%	100%	Warrawong NSW
Expect A Star Services Pty Ltd	100%	100%	Warrawong NSW
Edmen Pty Limited	100%	100%	Warrawong NSW
Edmen Community Staffing Solutions NSW Pty Limited	100%	100%	Warrawong NSW
Expect Pty Limited	100%	100%	Warrawong NSW
Edmen Workforce Pty Limited	100%	100%	Warrawong NSW
Denjay Pty Limited	100%	100%	Warrawong NSW
Expect A Star Staffing Services Pty Ltd	100%	100%	Warrawong NSW
Disability Care Australia Services Pty Ltd	100%	100%	Warrawong NSW
Edmen Workforce Services Pty Limited	100%	100%	Warrawong NSW
Edmen Community Staffing Solutions Services Pty Ltd	100%	100%	Warrawong NSW
Edmen Workforce Staffing Services Pty Limited	100%	100%	Warrawong NSW

The ultimate parent company of the Group is Investco Services Pty Ltd.

	Consolidated Group	
	2016	2015
	\$	\$
11. Property, plant and equipment		
Property Improvements		
- At Cost	384,209	465,666
- Accum Depn	(158,299)	(160,326)
Total property improvements	<u>225,910</u>	<u>305,340</u>
Vehicles		
- At Cost	161,311	161,310
- Accum Depn	(127,939)	(121,959)
Total vehicles	<u>33,372</u>	<u>39,351</u>
Plant and equipment		
- At Cost	242,910	231,550
- Accum Depn	(222,672)	(208,403)
Total plant and equipment	<u>20,238</u>	<u>23,147</u>
Office furniture and equipment		
- At Cost	1,823,216	1,708,010
- Accum Depn	(1,315,137)	(1,166,293)
Total office furniture and equipment	<u>508,079</u>	<u>541,717</u>
Leased plant and equipment		
- At Cost	332,645	205,990
- Accum Depn	(124,047)	(23,948)
Total leased plant and equipment	<u>208,598</u>	<u>182,042</u>
Total property, plant and equipment	<u><u>996,197</u></u>	<u><u>1,091,597</u></u>
12. Intangible assets		
Goodwill - At cost	1,008,722	1,008,722
Mobile application software - At cost	198,476	-
Website		
- At Cost	14,998	27,850
- Accum Depn	(976)	(21,950)
Total Website	<u>14,022</u>	<u>5,900</u>
Customer relationships		
- At Cost	205,000	205,000
- Accum Depn	(55,636)	(18,545)
Total Customer relationships	<u>149,364</u>	<u>186,455</u>
Total intangible assets	<u><u>1,370,584</u></u>	<u><u>1,201,077</u></u>

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2016

	Consolidated Group	
	2016	2015
	\$	\$
13. Deferred tax assets		
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Provision for long service leave	119,830	100,576
Provision for annual leave	130,472	135,935
Accrued expenses	318,690	500,552
	568,992	737,063
 Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Accrued income	242,538	490,328
Workers Compensation Receivable	7,262	32,937
	249,800	523,265
 Net deferred tax asset	319,192	213,798
 14. Trade and other payables		
Trade Creditors	168,107	151,906
Accrued expenses	2,042,348	2,488,779
GST payable	620,550	455,753
Annual leave accrual	434,907	453,117
	3,265,912	3,549,555
 15. Borrowings		
<i>Current</i>		
Lease liabilities	63,715	32,724
Bank Loans	100,000	1,100,000
	163,715	1,132,724
 <i>Non Current</i>		
Lease liabilities	214,276	172,953
Bank Loan	480,000	280,000
	694,276	452,953
 16. Provisions		
<i>Current</i>		
Long Service Leave	283,273	207,368
	283,273	207,368
 <i>Non Current</i>		
Long Service Leave	116,159	127,885
	116,159	127,885
 17. Issued capital		
200 (2015: 200) fully paid ordinary shares	500,160	500,160
	500,160	500,160

The company has authorised share capital amounting to 200 ordinary shares of no par value.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2016

	Consolidated Group	
	2016	2015
	\$	\$
18. Capital and leasing commitments		
a. Finance leasing and hire purchase commitments		
Payable – minimum lease payments:		
– not later than 12 months	77,767	42,857
– between 12 months and five years	234,207	193,802
– later than five years	-	-
Minimum lease payments	311,974	236,659
Less future finance charges	(33,983)	(30,981)
Present value of minimum lease payments	277,991	205,677

Finance leases are on motor vehicles and computer equipment. The leases range from 3 to 5 years and have an interest rate of 4.7925% to 8.78%. The lease payments are paid monthly with some of the leases containing balloon payments at the end of the lease.

b. Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Payable – minimum lease payments:		
– not later than 12 months	326,125	262,151
– between 12 months and five years	853,065	761,156
– later than five years	-	95,145
	1,179,190	1,118,452

Property leases are non-cancellable leases with terms ranging from 2 to 10 years. Some contain options to renew and include annual review of rentals.

19. Contingent liabilities

There are no contingent assets or liabilities for the group for the year ended 30 June 2016 or 2015.

20. Cash flow information

Reconciliation of Cash Flows from Operating Activities with

a. Profit after Income Tax		
Profit after income tax	3,967,248	3,604,386
Non-cash flows in profit:		
– depreciation	335,130	255,704
– net gains on disposal of plant and equipment	51,559	(1,568)
– bad and doubtful debts	118,534	23,702
– impairment of non-current investments	4,358	-
Changes in assets and liabilities:		
– increase in receivables	(441,588)	(711,229)
– increase in other assets	25,345	(87,094)
– increase in payables	327,190	418,081
– increase in provisions	118,152	65,728
– increase/(decrease) in income taxes payable	(306,313)	139,343
– (decrease)/increase in deferred taxes payable	(273,466)	97,595
– (increase)/decrease in deferred taxes receivable	168,071	(108,685)
	4,094,220	3,695,963

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2016

	Consolidated Group	
	2016	2015
	\$	\$
20. Cash flow information (continued)		
b. Acquisition of Business		
During the 2015 year the assets and liabilities of Expect A Star were acquired. Details of the transaction are:		
Purchase consideration consisting of:		
Cash consideration		850,000
Total consideration		<u>850,000</u>
Assets and liabilities held at acquisition date:		
Motor vehicles		68,915
Lease liabilities		(68,915)
Customer relationships		<u>205,000</u>
		205,000
Goodwill on acquisition		<u>645,000</u>

21. Parent company information

Statement of Financial Position

ASSETS		
Current assets	186	186
Non-current assets	17,996,079	15,955,645
TOTAL ASSETS	<u>17,996,265</u>	<u>15,955,831</u>
LIABILITIES		
Current liabilities	-	-
Non-current liabilities	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
EQUITY		
Issued capital	500,160	500,160
Retained earnings	17,496,105	15,455,671
TOTAL EQUITY	<u>17,996,265</u>	<u>15,955,831</u>

Statement of Profit or Loss and Other Comprehensive Income

Total profit	2,044,792	4,131,688
Total comprehensive income	<u>2,044,792</u>	<u>4,131,688</u>

Guarantees

Edmen Holdings Pty Limited has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent liabilities

Edmen Holdings Pty Limited had no contingent liabilities at the 30 June 2016 nor 30 June 2015.

Contractual commitments

At 30 June 2016, Edmen Holdings Pty Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2015: Nil).

22. Post balance date events

On 4 April 2017 the group was sold to People Infrastructure Pty Ltd. As part of this transaction all director loans were settled via a dividend payment. A redundancy payment was also paid to Edward DeGabriele on the sale of the group.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Edmen Holdings Pty Limited
ABN 78 109 763 653
and Controlled Entities
Notes to the Financial Statements
For the year ended 30 June 2016

23. Company details

The registered office of the company is:

Azure Group Pty Ltd
Level 10,
171 Clarence Street
SYDNEY NSW 2000

The principal place of business is:

Kemblawarra Business Park'
241 Shellharbour Road
WARRAWONG NSW 2502

INDEPENDENT AUDITOR'S REPORT

To the Directors of Edmen Holdings Pty Limited

Report on the Financial Report

We have audited the accompanying financial report of Edmen Holdings Pty Limited, which comprises the statement of financial position as at 30 June 2016 and 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the years then ended, notes comprising a summary of significant accounting policies and other explanatory information, and directors' declaration of the consolidated entity comprising the entity and the entities it controlled at the year's end or from time to time during the financial years.

Directors' Responsibility for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion:

- (a) the financial report presents fairly, in all material respects, of the financial position of the consolidated entity as at 30 June 2016 and 30 June 2015, and its financial performance and its cash flows for the years then ended in accordance with Australian Accounting Standards; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Restriction on Distribution and Use

The financial report is prepared for use by the directors of Edmen Holdings Pty Limited in connection with the disclosure of its financial information in a prospectus to be issued by People Infrastructure Limited. People Infrastructure Limited is the ultimate holding entity of Edmen Holdings Pty Limited. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the directors of Edmen Holdings Pty Limited and should not be distributed to or used by parties other than Edmen Holdings Pty Limited or its directors.

BDO Audit Pty Ltd



M Cutri

Director

Brisbane, 28 June 2017