



People Infrastructure Ltd

Appendix 4D and Consolidated Financial Statements

For the half-year ended 31 December 2017

ABN: 39 615 173 076

PEOPLE INFRASTRUCTURE LTD

Appendix 4D

Half Year Report for the six months ended 31 December 2017

1. Results for announcement to the market

	Up/Down	Movement %	1H FY 2017 \$ '000	1H FY 2016 \$ '000
Revenues from ordinary activities	Up	467%	106,673	22,850
Profit after tax from ordinary activities	Up	420%	1,932	460

2. Dividends

The company does not intend to pay an interim dividend

3. Net tangible assets per security

	31 December 2017 Amount per share (Cents)	30 June 2017 Amount per share (Cents)
Net tangible assets backing per ordinary share	7.4	-58.3

4. Entities over which control has been gained or lost during the period

On the 11 December 2017, a new subsidiary was incorporated Supreme Nursing Global Pty Ltd. This entity is a 100% owned subsidiary of AWX Pty Ltd and its results from incorporation have been included.

5. Dividend Re-investment plan

Not applicable

6. Details of Associates

Not applicable

Additional supporting information supporting Appendix 4D disclosure requirements can be found in the Director's report and the consolidated statements for the half year ended 31 December 2017. This report is based on the consolidated financial statements for the half year ended 31 December 2017 which have been reviewed by BDO.

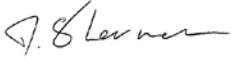
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Rounding of amounts

The consolidated interim financial statements is presented in Australian dollars with all values rounded to the nearest thousand unless otherwise stated, in accordance with ASIC Corporations Instrument 2016/191.

This report is made in accordance with a resolution of the directors and is signed off on behalf of the Directors.



Declan Sherman
Managing Director

22 February 2018

PEOPLE INFRASTRUCTURE LTD

ACN 615 173 076

and its controlled entities

Interim Financial Report

For the half year ended 31 December 2017

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This interim financial report does not include all the notes of the type normally included in annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by People Infrastructure Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Releases, financial reports and other information are available on our website: www.peopleinfrastructure.com

The financial statements were authorised for issue by the directors of the responsible entity on 22 February 2018. The directors have the power to amend and reissue the financial statements.

Corporate Information

AUSTRALIAN BUSINESS NUMBER

ABN 39 615 173 076

DIRECTORS

Glen Richards
Declan Sherman
Thomas Reardon
Elizabeth Savage

COMPANY SECRETARY

Zoe Levendel

REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE

69/75 Sandgate Road,
Albion, QLD 4010

COUNTRY OF INCORPORATION

Australia

SHARE REGISTRY

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

SOLICITORS

Talbot Sayer
Level 11, 241 Adelaide Street,
Brisbane QLD 4000

AUDITORS

BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane QLD 4000

Directors' Report

The Directors of People Infrastructure Ltd present their report together with the financial statements of the consolidated entity, being People Infrastructure Ltd ('the Company') and its controlled entities ('Group') for the half year ended 31 December 2017.

Directors and company secretary details

The Directors of People Infrastructure Ltd during the half year and up to the date of this report, unless otherwise stated:

Glen Richards	Non-Executive Chairman	Appointed 18 October 2017
Elizabeth Savage	Non-Executive Director	Appointed 18 October 2017
Declan Sherman	Managing Director	
Thomas Reardon	Executive Director	
Timothy Sayer	Non-Executive Director	Appointed 15 July 2017, Resigned 18 October 2017
Zoe Levendel	Company Secretary	Appointed 18 October 2017

Principal Activity

The principal activities of the Group during the financial period were the provision of contracted staffing and human resources (HR) outsourcing services. Services provided by People Infrastructure include recruiting, on-boarding, rostering, timesheet management, payroll, and workplace health and safety management.

There have been no significant changes in the nature of these activities during the period.

Review and Results of Operations

People Infrastructure Ltd was incorporated on the 5 October 2016. Since then two major acquisitions have occurred. AWX Pty Ltd in October 2016 and Edmen Holdings Pty Ltd in April 2017. The results presented include the operations of these two groups from the dates of acquisitions. The results of these groups have been included for the full six months ended 31 December 2017 however the comparative information only includes the AWX Group from October 2016 and excludes the Edmen Group due to the timing of the acquisitions.

The revenue of the Group for the financial period was \$106,673,853 (2016: \$22,850,781). This reflected continued demand for staffing services in the sectors in which the group operates, including disability care, childcare, infrastructure, mining, agriculture and hospitality. The profit before income tax expense of the group for the financial period was \$3,049,180 (2016: \$396,959). Included in this result is a non-cash expense of \$578,460 which is the fair value of the convertible notes. The profit of the group for the financial period after providing for income tax amounted to \$1,982,378 (2016: \$459,863). Both businesses that are consolidated under People Infrastructure Ltd, AWX Pty Ltd and Edmen Holdings Pty Ltd, contributed significant profit to the group.

On the 11 December 2017, a new subsidiary was incorporated Supreme Nursing Global Pty Ltd. This entity is a 100% owned subsidiary of AWX Pty Ltd and its results from incorporation have been included.

Significant Changes in the State of Affairs

On the 15 July 2017, the company changed from a proprietary limited company to an unlisted public company.

In August 2017, 1,900,000 of the convertible notes were renegotiated to extend the repayment to October 2018. All of the convertible notes were converted to shares on the 30 November 2017 for \$15,700,844.

On the 21 November 2017, People Infrastructure Ltd was admitted to the Official List of ASX Limited. Securities commenced trading on the 22 November 2017. Under the prospectus 25 million shares were issued for \$1 on this day.

There have been no other significant changes in the state of affairs during the financial year that could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial periods.

After Balance Date Events

On 11 January 2018, People Infrastructure Ltd acquired 50% of Recon Solutions Pty Ltd and Recon Technology Pty Ltd (together "Recon"). The acquisition price for 50% of Recon is \$2.8 million and is comprised of an upfront payment of \$2.3 million in cash and \$0.5 million worth of People Infrastructure Ltd ordinary shares. There will also be an opportunity for the vendors to receive a further 1,498,128 million ordinary shares in People Infrastructure Ltd based on Recon achieving EBITDA for either FY19 or FY20 of \$4.0 million.

There are no other significant matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity, in future periods.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the board of directors of People Infrastructure Ltd.



Declan Sherman
Managing Director

Dated this 22nd day of February 2018



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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF PEOPLE INFRASTRUCTURE LTD

As lead auditor for the review of People Infrastructure Ltd for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of People Infrastructure Ltd and the entities it controlled during the period.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 22 February 2018

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2017**

		Half year	
	Note	6 months ended 31 December 2017 \$	3 months ended 31 December 2016 \$
Revenue	2	106,673,853	22,850,781
Employee benefits expense		(96,467,892)	(21,136,961)
Occupancy expenses		(779,853)	(195,536)
Depreciation and amortisation expense		(1,160,628)	(206,326)
Finance costs		(939,510)	(299,602)
Other expenses		(4,276,790)	(615,397)
Profit before income tax expense	2	3,049,180	396,959
Income tax (expense) / benefit		(1,066,802)	62,904
Profit for the half year		1,982,378	459,863
Other comprehensive income for the half year, net of income tax		(50,512)	-
Total comprehensive income for the half year		1,931,866	459,863
 Profit for the half year is attributable to:			
Owners of People Infrastructure Ltd		1,982,378	459,863
 Total comprehensive profit for the half year is attributable to:			
Owners of People Infrastructure Ltd		1,931,866	459,863
 Basic profit per unit attributable to the unitholders of People Infrastructure Ltd			
Basic profit per unit (cents per unit)	3	6.26	4.10
 Diluted profit per unit attributable to the unitholders of People Infrastructure Ltd			
Diluted profit per unit (cents per unit)	3	6.06	4.10

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

Consolidated Statement of Financial Position
As at 31 December 2017

	Note	31 December 2017 \$	30 June 2017 (Restated) \$
ASSETS			
Current assets			
Cash and cash equivalents		6,300,087	4,852,185
Trade and other receivables		25,734,518	24,492,243
Other current assets		900,510	548,476
Total current assets		32,935,115	29,892,904
Non-current assets			
Trade and other receivables		60,000	-
Property, plant and equipment		2,221,503	1,863,139
Intangible assets	4	34,430,884	35,262,823
Total non-current assets		36,712,387	37,125,962
Total assets		69,647,502	67,018,866
LIABILITIES			
Current liabilities			
Trade and other payables		15,707,865	13,040,311
Financial liabilities	5	9,411,205	25,509,361
Current tax liabilities		170,188	943,451
Employee benefits		1,542,619	1,376,189
Total current liabilities		26,831,877	40,869,312
Non-current liabilities			
Financial liabilities	5	2,522,372	27,156,266
Deferred tax liabilities		932,104	868,354
Employee benefits		172,263	224,558
Total non-current liabilities		3,626,739	28,249,178
Total liabilities		30,458,616	69,118,490
Net assets		39,188,886	(2,099,624)
Equity			
Shared capital	6	39,266,392	10
Accumulated losses		(115,150)	(2,097,528)
Reserves		37,644	(2,106)
Total equity		39,188,886	(2,099,624)

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

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2017

	Half year	
	6 months ended 31 December 2017	3 months ended 31 December 2016
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	116,185,012	28,481,840
Payments to suppliers and employees	(109,381,983)	(27,910,018)
Interest received	5,312	-
Finance costs paid	(939,510)	(299,602)
Income taxes paid	(1,776,316)	(115,620)
Net cash provided by operating activities	4,092,515	156,600
Cash flows from investing activities		
Purchase of property, plant and equipment	(490,325)	(181,305)
Proceeds from sale of property, plant and equipment	-	1,769
Purchase of intangible assets	(3,309)	-
Funding employee loan	(60,000)	-
Purchase of subsidiaries	160,442	(15,565,482)
Net cash (used in) investing activities	(393,192)	(15,745,018)
Cash flows from financing activities		
Proceeds from borrowings	1,849,690	17,894,756
Repayments of borrowings	(27,616,137)	(184,959)
Capital raised	6 25,000,000	-
Equity transaction costs	6 (1,434,462)	-
Net cash provided by financing activities	(2,200,909)	17,709,797
Net change in cash and cash equivalents held	1,498,414	2,121,379
Effects of foreign exchange on cash	(50,512)	-
Cash and cash equivalents at the beginning of the half year	4,852,185	-
Cash and cash equivalents at end of the half year	6,300,087	2,121,379

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

**Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2017**

	Share Capital	Accumulated losses	Share options reserve	Foreign currency reserve	Total
	\$	\$	\$	\$	\$
Balance at 5 October 2016	-	-	-	-	-
Comprehensive Income					
Profit for the half year	-	459,863	-	-	459,863
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the half year	-	459,863	-	-	459,863
Transactions with owners in their capacity as owners					
Issue of share capital	10	-	-	-	10
Share issue transaction costs	-	-	-	-	-
Employee share-based payment options	-	-	-	-	-
Sub-total	10	-	-	-	10
Balance at 31 December 2016	10	459,863	-	-	459,873
Balance at 1 July 2017	10	(1,965,250)	955	(3,061)	(1,967,346)
Adjustments (refer Note 4)	-	(132,278)	-	-	(132,278)
Balance at 1 July 2017 (Restated)	10	(2,097,528)	955	(3,061)	(2,099,624)
Comprehensive Income					
Profit for the half year	-	1,982,378	-	-	1,982,378
Other comprehensive income	-	-	-	(50,512)	(50,512)
Total comprehensive income for the half year	-	1,982,378	-	(50,512)	1,931,866
Transactions with owners in their capacity as owners					
Issue of share capital	40,700,844	-	-	-	40,700,844
Share issue transaction costs	(1,434,462)	-	-	-	(1,434,462)
Employee share-based payment options	-	-	90,262	-	90,262
	39,266,382	-	90,262	-	39,356,644
Balance at 31 December 2017	39,266,392	(115,150)	91,217	(53,573)	39,188,886

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

Notes to the Financial Statements for the half-year ended 31 December 2017

About this report

These consolidated interim financial statements as at and for the six months ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the 'Group'). They have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

People Infrastructure Ltd is a Public Company, incorporated and domiciled in Australia. The company was incorporated on the 5 October 2016 and therefore these financials represent the 6-month period from 1 July 2017 to 31 December 2017 with the comparatives being for the 3-month period from the 5 October 2016 to the 31 December 2016. The company changed from a proprietary limited company to an unlisted public company on 15 July 2017 and then a listed public company on the 21 November 2017.

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the group as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2017 and any public announcements made by People Infrastructure Ltd during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements. There have been no new accounting policies adopted for the first time in these financial statements. However, the acquisition accounting adopted in the 30 June 2017 annual report was provisional accounting. The acquisition accounting has been finalised during the half year with amendments to intangible assets and applicable tax implications. The comparatives have been restated for these changes.

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current half-year period. The adoption of these new and revised Standards and Interpretations did not have any material impact on the amounts recognised in the financial statements of the group for the current or prior periods.

New accounting standards and interpretations that are not mandatory for the interim reporting period have not been early adopted. The effect of these new standards has yet to be determined.

Key judgements and estimates

The preparation of the interim financial report required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported assets and liabilities, income and expenses. The significant judgements made by management in applying Group accounting policies were same as those applied to the annual financial report for the year ended 30 June 2017. Judgements and estimates which are material to the interim financial report relate to:

Acquisition of subsidiaries / Intangible assets	Note 4
Financial liabilities	Note 5
Share based payments	Note 6

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the group. Information is considered relevant and material if for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the group;
- it helps to explain the impact of significant changes in the group's business for example, acquisitions and impairment write-downs; or
- it is related to an aspect of the group's operations that is important to its future performance.

Note 1: Segment Reporting

The group operates in one segment, being the provision of contracted staffing and human resources (HR) outsourcing services. The group has determined its one operating segment based on the internal information that is provided to the chief operating decision maker and which is used in making strategic decisions. The Managing Director of the Responsible Entity has been identified as the group's chief operating decision maker.

The financial results from the segment are equivalent to the financial statements of the group as a whole.

Notes to the Financial Statements for the half-year ended 31 December 2017

Note 2: Revenue and expenses

Revenue for the half year ended 31 December 2017 is \$106,673,853 compared to \$22,850,781 in prior half-year. The increase of \$83,823,072 is as a result of the Edmen Group being included in the 2017 half year as the acquisition of this group occurred in April 2017. Also, the results for the half-year ended 31 December 2016 are for a 3-month period.

Total expenditure has increased from \$22,477,213 to \$103,666,158 for similar reasons.

Note 3: Earnings per share

	Half year	
	31 December 2017	31 December 2016
	\$	\$
Profit attributable to the unitholders of People Infrastructure Ltd:		
Profit from continuing operations	1,982,378	459,863
Weighted average number of ordinary shares used in the calculation of basic profit per unit	31,680,899 *	11,225,220 *
Weighted average number of ordinary shares used in the calculation of diluted profit per unit	32,710,407 *	11,225,220 *

* Calculated based on share split incurring at incorporation.

Note 4: Intangible assets

	31 December 2017	30 June 2017 (Restated)
	\$	\$
Goodwill – at cost	25,586,980	25,550,342
Brand names – at cost	2,245,950	2,245,950
Customer relationships		
Cost	5,648,835	5,648,835
Accumulated amortisation	(1,122,039)	(559,110)
Total customer relationships	4,526,796	5,089,725
Candidate database		
Cost	2,199,323	2,199,323
Accumulated amortisation	(462,880)	(187,965)
Total candidate database	1,736,443	2,011,358
Mobile application software		
Cost	342,840	339,531
Accumulated amortisation	(44,143)	(11,223)
Total mobile application software	298,697	328,308
Website		
Cost	12,992	21,169
Accumulated amortisation	(5,141)	(4,019)
Total website	7,851	17,150
Patents and trademarks		
Cost	36,510	28,333
Accumulated amortisation	(8,343)	(8,343)
	28,167	19,990
Total intangible assets	34,430,884	35,262,823

Notes to the Financial Statements for the half-year ended 31 December 2017

Note 4: Intangible assets (cont.)

At 30 June 2017 provisional accounting was applied for the acquisitions of the AWX Group and Edmen Group. During the reporting period this accounting has been finalised with another identifiable asset being identified and valued. This is the candidate database. The valuation was performed by an external party. The cost of recreation approach was used to value the candidate database. The valuation has been retrospectively applied to the dates of acquisitions and therefore comparative disclosures have been restated for this identified intangible asset. A 4-year useful life has been determined and amortisation of this intangible asset will occur over that period.

	AWX	Edmen	Total
Candidate database	440,788	1,758,535	2,199,323
Amortisation to 30 June 2017	(78,056)	(109,909)	(187,965)
Written down value at 30 June 2017	362,732	1,648,626	2,011,358

The above table shows the adjustments that have been made retrospectively to the acquisition accounting for these two acquisitions. Retained earnings has been adjusted for the amortisation and goodwill for the cost of the candidate database.

The following table details the restatement of Goodwill because of the recognition of the candidate database.

	AWX	Edmen	Other	Total
Goodwill 30 June 2017 (reported)	4,815,731	21,251,427	1,008,722	27,075,880
Recognition of candidate database	(440,788)	(1,758,535)	-	(2,199,323)
Recognition of deferred tax liability on brand names	374,850	298,935	-	673,785
Goodwill 30 June 2017 (restated)	4,749,793	19,791,827	1,008,722	25,550,342

Movements in carrying amount

31 December 2017	Balance at 1 July 2017 (Restated)	Additions – through business combinations	Additions – through ordinary course	Disposals	Transfers between classes	Amortisation expense	Carrying amount at 31 December 2017
	\$	\$	\$	\$	\$	\$	\$
Goodwill	25,550,342	36,638*	-	-	-	-	25,586,980
Brand names	2,245,950	-	-	-	-	-	2,245,950
Customer relationships	5,089,725	-	-	-	-	(562,929)	4,526,796
Candidate database	2,011,358	-	-	-	-	(274,915)	1,736,443
Mobile application software	328,308	-	3,308	-	-	(32,919)	298,697
Website	17,150	-	-	-	(8,177)	(1,122)	7,851
Patents and trademarks	19,990	-	-	-	8,177	-	28,167
Total	35,262,823	36,638	3,308	-	-	(871,885)	34,430,884

* This represents the net adjustments to the purchase consideration for both Edmen and AWX Groups. These adjustments were part of the purchase agreements and in regard to working capital adjustments.

30 June 2017	Balance at 5 October 2016	Additions – through business combinations	Additions – through ordinary course	Disposals	Amortisation expense	Carrying amount at 30 June 2017 (Restated)
	\$	\$	\$	\$	\$	\$
Goodwill	-	25,550,342	-	-	-	25,550,342
Brand names	-	2,245,950	-	-	-	2,245,950
Customer relationships	-	5,565,381	-	-	(475,656)	5,089,725
Candidate database	-	2,199,323	-	-	(187,965)	2,011,358
Mobile application software	-	338,343	1,187	-	(11,222)	328,308
Website	-	17,896	-	-	(746)	17,150
Patents and trademarks	-	20,145	-	(155)	-	19,990
Total	-	35,937,380	1,187	(155)	(675,589)	35,262,823

Notes to the Financial Statements for the half-year ended 31 December 2017

Note 5: Financial liabilities

	31 December 2017	30 June 2017
	\$	\$
<i>Current</i>		
Credit cards	34,246	37,282
Debtor finance account	8,609,676	6,763,715
Commercial bills	710,000	3,044,000
Premium funding	-	451,843
Lease liabilities	57,283	90,137
Convertible notes	-	15,122,384
Total current borrowings	9,411,205	25,509,361
<i>Non-current</i>		
Shareholder loans	-	7,200,000
Commercial bills	2,130,000	19,711,000
Lease liabilities	392,372	245,266
Total non-current borrowings	2,522,372	27,156,266
Total borrowings	11,933,577	52,665,627

Under the terms of the convertible notes, these notes converted to shares upon notification to the noteholders of People Infrastructure Ltd's public offering. Upon receipt of the notice, the Noteholders were deemed to have elected to convert their Convertible Notes into Shares with the conversion taking place on the 21 November 2017.

The Shareholder loans were repaid during the period with cash within the business. The proceeds received from the public offer were used to reduce the balance of the commercial bills. These were further reduced with quarterly payments throughout the half-year.

Facilities

On the 16 October 2017 the facilities were reviewed with the following facilities now existing:

	Available facility	Facility used	Remaining Facility
31 December 2017			
Credit cards	325,000	34,246	290,754
Debtor finance / invoice discounting facility	16,000,000	8,609,676	7,390,324
Commercial bills	3,017,500	2,840,000	177,500
	19,342,500	11,483,922	7,858,578
30 June 2017			
Credit cards	60,000	37,282	22,718
Debtor finance / invoice discounting facility	12,500,000	6,763,715	5,736,285
Commercial bills	23,060,000	22,755,000	305,000
	35,620,000	29,555,997	6,064,003

Security

St George Bank provided the above facilities and as a result has first registered general security over the assets and undertaking of the group. The guarantees from shareholders were removed in November 2017.

Notes to the Financial Statements for the half-year ended 31 December 2017

Note 6: Share capital

	31 December	30 June
	2017	2017
	\$	\$
64,044,200 (30 June 2017: 10) fully paid ordinary shares	39,266,392	10

Ordinary Shares

	Date	31 December	30 June	31 December	30 June
		2017	2017	2017	2017
		Number	Number	\$	\$
At the beginning of the period		10	-	10	-
Issue of new ordinary shares	5 October 2016	-	10	-	10
Share split *	9 October 2017	7,199,990	-	-	-
Share split **	18 October 2017	16,143,356	-	-	-
Issue of ordinary shares under public offering	21 November 2017	25,000,000	-	25,000,000	-
Issue of shares to settle convertible notes	21 November 2017	15,700,844	-	15,700,844	-
Costs to issue shares		-	-	(1,434,462)	-
At reporting date		64,044,200	10	39,266,392	10

*Share split (1:720,000)

** Share split (1:3.242)

Options and rights

Unissued ordinary shares of People Infrastructure Ltd under option at the end of the reporting period are:

	Date options granted	Expiry date	Exercise price of shares	Number under option
Reardon Options	14 October 2017	14 November 2020	\$1.00	340,000
Reardon Options	14 October 2017	14 November 2021	\$1.00	340,000
NED Options	22 November 2017	22 November 2018	\$1.00	300,000
Performance Rights (Tranche 1)	22 November 2017	22 November 2021	\$0.00	1,000,000
Performance Rights (Tranche 2)	22 November 2017	22 November 2021	\$0.00	1,025,000
Performance Rights (Tranche 3)	22 November 2017	22 November 2021	\$0.00	348,000
Total under option				3,353,000

During the reporting period, no options held by employees of the group expired due to expiration of the options and no options were forfeited.

Reardon Options

Reardon options were cancelled and reissued with modified terms on the 14 October 2017. The number of options increased from 108,000 to 340,000 and the exercise price reduced from \$4.16 to \$1.00 per share.

The options have vesting conditions attached to them and expire 30 days after the exercise date. These options were issued during the period to key management personnel as part of the People Infrastructure Ltd's Employee Share Option Scheme.

NED Options

These options were issued to the non-executive directors on the completion of the public offer. They are exercisable by the relevant holder on and from the date that is 12 months after the Listing date until the earlier of:

- (a) the date that is 36 calendar months after the Listing Date; and
- (b) the date that the holder ceases to be a Director.

The exercise of the NED Options is not subject to any vesting conditions.

Notes to the Financial Statements for the half-year ended 31 December 2017

Note 6: Share capital (cont.)

Performance Rights - Tranche 1

These Performance Rights vest equally over FY18, FY19, FY20 and FY21 (each a Vesting Period). 50% of the Performance Rights in any given Vesting Period will vest if CAGR of total shareholder return and earnings per share growth (Growth Metric) over the relevant Vesting Period is greater than 10% and a further 50% vest if the Growth Metric, over the relevant Vesting Period is greater than 15%. Additionally, in order to have their Performance Rights vest, the relevant participant must remain employed by People Infrastructure at the time of vesting.

Performance Rights - Tranche 2

These Performance Rights vest equally over FY19, FY20 and FY21 (each a Vesting Period). The Performance Rights in any given Vesting Period will vest if CAGR of total shareholder return, over the relevant Vesting Period, is greater than 15% and earnings per share growth over the relevant Vesting Period is greater than 10%. Additionally, in order to have their Performance Rights vest, the relevant participant must remain employed by People Infrastructure at the time of vesting.

Performance Rights - Tranche 3

These Performance Rights vest in FY19. The Performance Rights will vest if CAGR of total shareholder return, over the relevant Vesting Period, is greater than 15% and earnings per share growth, over the relevant Vesting Period is greater than 10%. Additionally, in order to have their Performance Rights vest, the relevant participant must remain employed by People Infrastructure at the time of vesting.

The following principal assumptions were used in the valuation:

	Reardon Options - Tranche 1	Reardon Options - Tranche 2	NED Options	Performance Rights - Tranche 1	Performance Rights - Tranche 2	Performance Rights - Tranche 3
Grant date	14/10/2017	14/10/2017	22/11/2017	22/11/2017	22/11/2017	22/11/2017
Number of options	340,000	340,000	300,000	1,000,000	1,025,000	348,000
Vesting period end	14/10/2020 50% 14/10/2021	14/10/2020 50% 14/10/2021	22/11/2018	25% each year 22/11/2018, 2019, 2020, 2021	33% each year 22/11/2019, 2020, 2021	22/11/2019
Share price at grant date	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Volatility	50%	50%	50%	50%	50%	50%
Option life	50% 3 years 50% 4 years	50% 3 years 50% 4 years	1 year	4 years	4 years	2 years
Dividend yield	Continuous	Continuous	Continuous	Continuous	Continuous	Continuous
Fair value at grant date	50% \$0.2636 50% \$0.2857	50% \$0.2636 50% \$0.2857	\$0.1755	25% \$0.281, 25% \$0.253, 25% \$0.197, 25% \$0.156	33% \$0.234, 33% \$0.179, 33% \$0.139	\$0.2340
Exercise price at grant date	\$1.00	\$1.00	\$1.00	\$0.00	\$0.00	\$0.00
Exercisable from	50% 14/10/2020 50% 14/10/2021	50% 14/10/2020 50% 14/10/2021	22/11/2018	At end of each vesting period	At end of each vesting period	22/11/2019
Exercisable to	30 days after the exercise date	30 days after the exercise date	22/11/2021	30 days after the exercise date	30 days after the exercise date	30 days after the exercise date

Notes to the Financial Statements for the half-year ended 31 December 2017

Note 6: Share capital (cont.)

Share based payment expense

The amount included in profit or loss is as follows:

	Half Year	
	31 December 2017	31 December 2017
	\$	\$
Employee benefits expense	90,262	-

These amounts have been recognised in equity in the Consolidated Statement of Financial Position as follows:

	31 December 2017	30 June 2017
	\$	\$
Share capital	-	-
Share based payment reserve	90,262	955

Note 7: Contingent assets and contingent liabilities

The group has no contingent assets and no contingent liabilities.

Note 8: Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Parent entity and ultimate controlling entity

The parent entity is People Infrastructure Ltd, which is incorporated in Australia.

Subsidiaries

There have been no changes to the interest in subsidiaries except that Supreme Nursing Global Pty Ltd was incorporated on 11 December 2017. This is a 100% owned subsidiary of the group.

Other related party transactions

The following related party transactions occurred with entities related to the directors in addition to those relating to options set out in Note 6: Share Capital:

	31 December 2017	30 June 2017
	\$	\$
Thomas Reardon		
Convertible notes (face value of 500,000)	-	823,136
Shareholder loans	-	1,000,000
Shares issued	2,431,599	-
Declan Sherman		
Shareholder loans	-	870,000
Shares issued	7,951,331	-
Timothy Sayer		
Amounts paid to Talbot Sayer Lawyers whilst a director (15 July 2017 to 18 October 2017) *	158,155	-
Amount outstanding at the 18 October 2017 (date of resignation) **	135,686	-

* All services are provided on normal terms and conditions.

** These amounts had been settled in full at 31 December 2017.

There were no other transactions with other related parties during the period.

Notes to the Financial Statements for the half-year ended 31 December 2017

Note 9: Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The Group has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying value of a significant portion of all financial assets and financial liabilities approximate their fair values due to their short-term nature.

Financial Liabilities at fair value through the profit and loss

	Level 1	Level 2	Level 3
	\$	\$	\$
31 December 2017			
Contingent consideration	-	-	-
Convertible notes	-	-	-
Total Financial Liabilities	-	-	-
30 June 2017			
Contingent consideration	-	-	1,750,000
Convertible notes	-	-	15,122,384
Total Financial Liabilities	-	-	16,872,384

There were no transfers between the levels of fair value hierarchy during the half-year ended 31 December 2017. There were no other financial assets or liabilities valued at fair value at 31 December 2017 and 30 June 2017.

Contingent consideration

The fair value of contingent consideration related to the acquisition of AXW Pty Ltd and controlled entities and is estimated using a present value technique. The value is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting. The probability was assessed as highly likely that the contract's target level will be achieved. Given the short term of the outstanding payment the discounting had no impact on the value. The contingent consideration is no longer contingent as the conditions have been met and the contract's target levels achieved and therefore is no longer carried at fair value.

Convertible notes

The convertible notes had a face value of \$10,120,000 which carried an interest rate of 10% per annum and \$900,000 which carried an interest rate of 15% per annum. The fair value of the notes was estimated using a present value technique. The value is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting. The probability was assessed as highly likely that the conditions for conversion will be achieved. The movement in the fair value was expensed to the profit and loss. These notes have converted during the half-year.

Note 10: Events arising since the end of the reporting period

On 11 January 2018, People Infrastructure Ltd acquired 50% of Recon Solutions Pty Ltd and Recon Technology Pty Ltd (together "Recon"). The acquisition price for 50% of Recon is \$2.8 million and is comprised of an upfront payment of \$2.3 million in cash and \$0.5 million worth of People Infrastructure Ltd ordinary shares. There will also be an opportunity for the vendors to receive a further 1,498,128 million ordinary shares in People Infrastructure Ltd based on Recon achieving EBITDA for either FY19 or FY20 of \$4.0 million.

The directors have determined that People Infrastructure Ltd does not control Recon and therefore the share purchase does not fall under the scope of AASB 3 Business Combinations.

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

Directors' Declaration

In the opinion of the Directors of People Infrastructure Ltd (the 'Company'):

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
- there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable, after taking into consideration the extent to which such debts are limited-recourse in nature or owing to the responsible entity.

Signed in accordance with a resolution of directors of People Infrastructure Ltd.



Declan Sherman
Managing Director

Dated this 22nd day of February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of People Infrastructure Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of People Infrastructure Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the 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 Standard 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial 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 the Group, 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.

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*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink that reads 'T J Kendall'.

T J Kendall
Director

Brisbane, 22 February 2018