PEOPLE
INFRASTRUCTURE

People Infrastructure Ltd

Appendix 4E and Consolidated Financial Statements

For the year ended 30 June 2018

ABN: 39 615 173 076

PEOPLE INFRASTRUCTURE LTD

Appendix 4E – Preliminary Final Report

for the year ended 30 June 2018

1. Report period ("current period"): Year ended 30 June 2018
   Previous corresponding period: 9 months ended 30 June 2017

2. Results for announcement to the market

	Up/Down	Movement %	FY 2018 $ '000	FY 2017 $ '000
Revenue	Up	103%	219,401	108,227
Profit/(loss) from ordinary activities after tax attributable to members	Up	343%	5,112	(2,101)
Net profit/(loss) for the period attributable to members	Up	343%	5,112	(2,101)

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 twelve months ended 30 June 2018 however the comparative information only includes the AWX Group from October 2016 and Edmen Group from April 2017 due to the timing of the acquisitions.

	Amount per Share (Cents)	Franked Amount per Share (Cents)	Tax Rate for Franking Credit
Dividends			
Financial year ended 30 June 2018			
Final dividend	4.0	4.0	30%
Financial year ended 30 June 2017			
Final dividend	-	-	-

Dividend payments

Date the final 2018 dividend is payable: 28 September 2018

Record date to determine entitlements to the dividend: 4 September 2018

Date final dividend was declared: 24 August 2018

No dividends were declared or paid during the current or prior financial reporting period.

3. Dividend Re-investment plan

A dividend reinvestment plan was established on the 2 August 2018. Therefore, this plan will be in operation for the proposed dividend.

The last date for receipt of election notices for the dividend reinvestment plan 5 September 2018.

4. Net tangible assets per security

	30 June 2018 Amount per share (Cents)	30 June 2017 Amount per share (Cents)
Net tangible assets backing per ordinary share	14.55	(160.06)

5. 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.

6. Details of Associates

On 11 January 2018, People Infrastructure Ltd acquired 50% of Recon Solutions Pty Ltd and Project Partners Corporation Pty Ltd (formerly Recon Technology Pty Ltd). These investments have been accounted for by using the equity method.

Name of entity	**Ownership interest held by the group**	
	2018	**2017**
Recon Solutions Pty Ltd and Recon Executive Pty Ltd	50%	-
Project Partners Corporation Pty Ltd (formerly Recon Technology Pty Ltd)	50%	-

Additional supporting information supporting Appendix 4E disclosure requirements can be found in the Director's report and the consolidated statements for the year ended 30 June 2018. This report is based on the consolidated financial statements for the year ended 30 June 2018 which have been audited by BDO.

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

24 August 2018

People Infrastructure Ltd

and its controlled entities

Financial Report

For the year ended 30 June 2018

ACN 615 173 076

Corporate Information

AUSTRALIAN BUSINESS NUMBER
ABN 39 615 173 076

DIRECTORS
Glen Richards
Elizabeth Savage
Declan Sherman
Thomas Reardon

COMPANY SECRETARY
Zoe Levendel
Company Matters Pty Limited
Level 12, 680 George Street
Sydney NSW 2000

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
69-75 Sandgate Road
Albion QLD 4010

COUNTRY OF INCORPORATION
Australia

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Phone: +61 7 3160 2900

AUDITOR
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SHARE REGISTRY
Link Market Services Limited
Level 12, 680 George Street,
Sydney NSW 2000
Phone: +61 2 8280 7100

Directors' Report

For the year ended 30 June 2018

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 ('the group') for the year ended 30 June 2018.

Directors' information

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

Glen Richards Appointed 18 October 2017

Non-Executive Director and Chairman

Qualifications: B.V.Sc.(Hons), M.Sc., F.A.I.C.D.

Mr Richards has over 26 years of experience in the retail and professional services sectors with extensive operational experience in fast growing companies, especially in health care and allied health sectors. Mr Richards was the founding Managing Director of Greencross Limited and Co-Founder of Mammoth Pet Holdings Pty Ltd, prior to its merger with Greencross Limited in 2014. He is currently Chairman of Healthia Limited and a director of Greencross Limited, Smart Clinics General Medical Practices and Regeneus Ltd and an advisory board member of MB Healthcare Pty Ltd. Mr Richards is also a shareholder, advisor and mentor of a number of innovative technology companies.

Directorships of other listed companies in the last 3 years: Greencross Limited, Regeneus Ltd, and 1300Smiles Limited.

Elizabeth Savage Appointed 18 October 2017

Non-Executive Director

Qualifications: BEng(Hons), MSc, MAICD

Ms Savage has extensive commercial leadership and strategic development experience, having held senior executive roles scaling international corporations easyJet Plc, Monarch Travel Group and, most recently, as Group Executive Commercial of Virgin Australia Airlines Pty Ltd.

In 2012, Ms Savage established a successful consulting practice advising well-recognised corporations in the travel and tourism, retail, automotive, telecommunications and technology sectors.

Ms Savage is currently Non-Executive Director of Swissport ANZ Pty Ltd, Brisbane Marketing Pty Ltd, Triathlon Australia Pty Ltd as well as the following North Queensland Airports group companies, being North Queensland Airports No. 2 (Mackay) Pty Ltd, Cairns Airport Holding Company Pty Ltd, Mackay Airport Holding Company Pty Ltd, Cairns Airport Pty Ltd, Mackay Airport Pty Ltd, NQ Airports Finance Pty Ltd, MAPL Hotel Holdings Pty Ltd and MAPL Hotel Pty Ltd.

Liz is currently an advisory board member of Noah Facial Recognition Pty Ltd, Appster Pty Ltd and Madison Technologies Pty Ltd.

Directorships of other listed companies in the last 3 years: Mantra Group Limited

Directors' Report (cont.)

For the year ended 30 June 2018

Directors' information (cont.)

Declan Sherman Appointed 5 October 2016

Managing Director
Company Secretary (resigned 18 October 2017)

Qualifications: B.Comm (Hons), Finance

Mr Sherman commenced with People Infrastructure in 2015 and has been Managing Director of the Company since 2016. Mr Sherman has a distinguished history in financial services and operational consulting. In 2010, Mr Sherman founded Everlight Capital in New York, a leading boutique consulting and investment firm operating throughout the Americas. Between 1999 and 2010, Mr Sherman worked in the private equity and investment banking divisions of Macquarie Group in both Sydney and in New York.

Directorships of other listed companies in the last 3 years: None

Thomas Reardon Appointed 9 January 2017

Executive Director and Chief Executive Officer

Qualifications: BBus

Mr Reardon is an Executive Director of People Infrastructure and is CEO of AWX. Mr Reardon commenced with AWX in 2003, became a director in 2006 and proceeded to significantly grow the business into a leading labour hire and workforce management group in Australia. He is recognised throughout Australia as a leader in the workforce management sector. Mr Reardon has been responsible for major growth and also launched other workforce brands including Mobilise and Timberwolf, which have grown to be successful labour hire brands of People Infrastructure.

Directorships of other listed companies in the last 3 years: None

Timothy Sayer Appointed 15 July 2017, Resigned 18 October 2017

Non-executive Director

Qualifications: LLB, BA, LLM (Corporate Law)

Mr Sayer is a lawyer for Talbot Sayer specialising in mergers and acquisitions, capital raising, joint ventures, shareholding arrangements, corporate reorganisations and corporate governance.

Directorships of other listed companies in the last 3 years: None

Company secretary

Zoe Levendel Appointed 18 October 2017

Company Secretary

Qualifications: BInSt, JD, MIB

Ms Levendel was appointed to the position of Company Secretary on 18th October 2017. Zoe joined Company Matters Pty Limited from Suncorp Group Limited, where she spent four years in the Legal and Secretariat team. Prior to Suncorp, Zoe was a Policy Advisor at AMA Queensland.

Directors' Report (cont.)

For the year ended 30 June 2018

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) held during the year and the number of meetings attended by each Director was as follows:

	Board Meetings		Audit and Risk Committee		Nomination and Remuneration Committee		Other Committees*	
	Held+	Attended	Held+	Attended	Held+	Attended	Held+	Attended
Glen Richards***	9	9	1	1	-	-	1	1
Elizabeth Savage***	9	9	1	1	-	-	-	-
Declan Sherman	10	10	1	1	-	-	1	1
Thomas Reardon	10	10	-	-	-	-	-	-
Timothy Sayer**	1	1	-	-	-	-	-	-

+ Held and eligible to attend.
* Committee of Directors meeting formed with Board delegation.
** Timothy Sayer – appointed 15 July 2017, resigned 18 October 2017.
*** Glen Richards and Elizabeth Savage appointed 18 October 2017.

The board committees were formed during the year as a result of listing in November 2017. As a result, the Nomination and Remuneration Committee did not meet during the current financial year as there was no agenda items. It is scheduled to meet in August/September 2018.

Principal activities

The principal activities of the Group during the financial year 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 year.

Review of operations and financial results

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 twelve months ended 30 June 2018 however the comparative information only includes the AWX Group from October 2016 and Edmen Group from April 2017 due to the timing of the acquisitions.

The revenue of the Group for the financial period was $219,400,642 (2017: $108,227,299). This reflected continued demand for staffing services in the sectors in which the group operates, including disability care, childcare, infrastructure, mining, agriculture and hospitality. In particular, People Infrastructure continued to grow its number of payrolled employees, reaching 13,695 in 2018 (2017: 10,740). People Infrastructure attributes this growth to its key competitive advantages which include:

- Leading Technology
    - Significant investment in creating an industry leading technology platform
    - Proprietary end-to-end workforce management system; digital operating platform for the community care sector
- Quality database of workers
    - Developed one of the largest databases of workers in Australia over the past 20 years
    - Active pool of over 15,000 candidates and a total database of over 45,000 candidates

Directors' Report (cont.)

For the year ended 30 June 2018

Review of operations and financial results (cont.)

- Focus on SMEs
    - A focus on providing contracted workforce solutions to small to medium sized organisations has facilitated greater client diversity and higher margins
- Excellent safety record
    - Industry-leading safety record, driven by a relentless focus on safety for employees, has served to attract and retain clients
    - Work-cover rates below industry average, providing insurance premium savings and enhancing the company's margin
- Longstanding client relationships
    - Client relationships built on quality of service, close relationships with key stakeholders, and strong branding
    - Low client churn rate, and average tenure of the top 20 clients of over five years
- National branch network
    - National footprint across Australia and New Zealand with a branch network of 19 sites
    - People Infrastructure's scale allows it to service large national clients while retaining close relationships with local businesses

The profit before income tax expense of the group for the financial period was $7,751,042 (2017: loss $1,042,141). Included in this result is a non-cash expense of $578,460 (2017: $4,102,384) 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 $5,170,863 (2017: loss $2,097,529).

Both businesses that are consolidated under People Infrastructure Ltd, AWX Pty Ltd and Edmen Holdings Pty Ltd, contributed significant profit to the group. During the period, these businesses were further integrated to operate as one business unit, with various roles being expanded to take on a group responsibility. For example, People Infrastructure now has a central health and safety team, a central HR team and a central accounts team across the business whereas previously there were two teams providing these roles. This integration resulted in cost savings in the business as well as creating more selling opportunities.

On 11 January 2018, People Infrastructure Ltd acquired 50% of Recon Solutions Pty Ltd and Project Partners Corporation Pty Ltd (previously 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. The share of profit from Recon during the period of ownership (approximately 5.5months) was $549,918 which was ahead of expectations. Recon has benefitted from investment in its personnel as well as strong industry conditions. The vendors of Recon will have the opportunity 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.

Pro forma NPAT which represents the statutory NPAT adjusted for one off expenses including costs associated with acquisitions, costs associated with the capital structure prior to IPO (including fair value movement in convertible notes and finance costs), IPO costs, costs of employee options and performance shares issued at IPO and the associated tax deduction of these expenses was $6,649,217.

Directors' Report (cont.)

For the year ended 30 June 2018

Review of operations and financial results (cont.)

	2018
	$'000
Statutory NPAT	**5,171**
Acquisition costs	40
Fair value movement in convertible notes	578
Net finance costs adjustment	432
IPO costs expensed	479
Employee optins issued at IPO	234
Tax adjustment	(285)
Pro forma NPAT	**6,649**
Pro forma NPATA	**8,394**

Cash Flow

Operating cash flow was positive throughout the year resulting in $6,457,939 in net cash provided by operating activities. This was due to strong earnings contribution and strong management of working capital. Capital expenditure at $0.6 million was at a similar level to the prior year. Outflow from financing activities of $1.9 million was the net result of repayment of borrowings and the proceeds of share issuance under the IPO.

Balance Sheet

The Group balance sheet has strengthened overall by $45 million, with net assets at $42.9 million (30 June 2017: -$2.1 million).

People Infrastructure had $18.8m in lending facilities at 30 June 2018 of which $11.9m was drawn. These lending facilities have been increased since as outlined in the events arising since the end of the reporting period.

Future Prospects

People Infrastructure sees a continuation of current trends in its business. The market that it services continues to grow and People Infrastructure is well placed to take advantage of this market growth. A number of the sectors that People Infrastructure services are growing at a rate that is higher than the GDP growth rate. Furthermore, People Infrastructure continues to manage costs to maximise profitability.

Outlook

People Infrastructure continues to pursue organic growth across the industries and geographies it operates. The organic growth will be driven by exposure to industries with positive tailwinds and People Infrastructure leveraging its systems, geographic footprint and ongoing investment into sales teams. The organic growth will be supported by integration of acquisitions which provide the group strong exposure to industries with strong growth prospects including healthcare (Network Nursing Agency) and information technology (Recon Solutions and Technology). Furthermore the group will continue to seek acquisitions which fit a disciplined criteria and can generate significant upside through being part of People Infrastructure group.

Directors' Report (cont.)

For the year ended 30 June 2018

Significant changes in state of affairs

On the 19 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.

The convertible 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 year.

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

Environmental legislation

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

Dividends paid or recommended

No dividends were declared or paid during the financial year.

A dividend of 4 cents per share was declared subsequent to the end of the financial year.

Unissued Shares under options

Unissued ordinary shares of People Infrastructure Ltd under option at the date of this report are:

	Date options granted	Expiry date	Exercise price of shares	Number under option
Reardon Options	14 October 2017	14 October 2020	$1.00	340,000
Reardon Options	14 October 2017	14 October 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) – five highest paid executives not KMP	22 November 2017	22 November 2021	$0.00	600,000
Performance Rights (Tranche 2) – other employees	22 November 2017	22 November 2021	$0.00	425,000
Performance Rights (Tranche 3) – other employees	22 November 2017	22 November 2021	$0.00	348,000
Total under option				**3,353,000**

All unissued shares are ordinary shares of the Company.

All options/performance rights expire on the earlier of their expiry date or termination of the employee's employment. In addition, the ability to exercise the options/performance rights is conditional on a number of items. These conditions are set out in Note 17.

Further details about share-based payments to directors and KMP are included in the remuneration report. Performance rights (Tranches 2 & 3) were granted to staff members who are not KMP and hence are not disclosed in the remuneration report. No options have been exercised during the year.

Directors' Report (cont.)

For the year ended 30 June 2018

Events arising since the end of the reporting year

A dividend of 4 cents per share was declared on 24 August 2018.

The group acquired 100% of Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd with a completion date of 20 August 2018. Network Nursing Agency was established in 1997 and is a leading nursing agency specialising in supplying general, critical care, mental health, midwifery, aged care nurses and facilitation to private and public healthcare clients across Australia. Australian Healthcare Academy is a Registered Training Organisation providing premium healthcare training and education to healthcare professionals in Australia.

The acquisition price for Network Nursing Agency and Australian Healthcare Academy is $8 million payable in cash on closing. There will also be an opportunity for the vendors to receive further consideration as follows:

- If the EBITDA for FY 19 exceeds $2.65m than a further $0.55m in cash consideration; or
- If the EBITDA for FY 19 exceeds $2.8m then a further $1.1m in cash consideration.

On the 3 August 2018, NNA Hco Two Pty Ltd was incorporated. This entity is a wholly owned subsidiary of People Infrastructure Ltd and will be the acquiring entity for the above acquisition.

Two new borrowing facilities were entered into in August 2018. The borrower will be the newly incorporated entity, NNA Hco Two Pty Ltd. These facilities will be two bank bill business loans totalling $8 million with a term of 5 years. The funds will be used for the acquisition of Network Agency Pty Ltd and Australian Healthcare Academy Pty Ltd.

Additionally, the terms of the existing invoice discounting facility were modified to increase the facility from $16 million to $18 million and the commercial bill facility was restated for 5 years, extending the maturity date to August 2022.

On the 20 July 2018, an additional 13 shares were acquired by People Infrastructure Ltd Project Partners Corporation Pty Ltd (formerly Recon Technology Pty Ltd) for $19,500.

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 group, the results of those operations, or the state of affairs of the group in future financial periods.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

The group was not a party to any such proceedings during the year.

Indemnities given to, and Insurance premiums paid for, auditor and officers Insurance of officers

During the year, the group paid a premium to insure officers of the group. The officers of the group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

Directors' Report (cont.)

For the year ended 30 June 2018

Indemnities given to, and Insurance premiums paid for, auditor and officers Insurance of officers (cont.)

The group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the group against a liability incurred as such by an officer.

No indemnification has been provided to the auditor.

Non-audit services

During the year BDO, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and

- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, BDO, and its network firms for audit and non-audit services provided during the year are set out below:

	2018
	$
Services other than audit and review of financial statements:	
- Corporate services	236,065
- Taxation compliance services	117,582
Total non-audit services	353,647
Audit and review of financial statements	
- Current year	120,000
- Prior year	39,629
Total paid to BDO	513,276

Directors' Report (cont.)

For the year ended 30 June 2018

Remuneration report - audited

Remuneration Policy

The remuneration policy of People Infrastructure Ltd has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of People Infrastructure Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is as follows:

– The remuneration policy has been developed by the board. However, the newly formed nomination and remuneration committee will take over this task.

– All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.

– Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.

– Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

– The board reviews KMP packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors. This task will be taken over by the newly formed nomination and remuneration committee.

The performance of KMP is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which is currently 9.5% of the individual's average weekly ordinary time earnings (AWOTE).

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. KMP are paid a percentage of between 24%-50% of their salary in the event of redundancy. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. Currently, the board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting. This will become the responsibility of the nominations and remuneration committee.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Directors' Report (cont.)

For the year ended 30 June 2018

Remuneration Policy (cont.)

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using the Monte Carlo or Black Scholes methodology, depending on whether market conditions are attached to them.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits directors and KMP from using People Infrastructure Ltd shares as collateral in any financial transaction, including margin loan arrangements.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually. Following the assessment, the KPIs are reviewed by the board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, People Infrastructure Ltd bases the assessment on audited figures; however, where the KPI involves comparison of the Group, or a division within the Group, to the market, independent reports are obtained from organisations such as Standard & Poor's.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. To achieve this aim, the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy was effective in increasing shareholder wealth since listing.

The following table shows the gross revenue, profits and dividends since listing, as well as the share prices at the end of the respective financial periods. Analysis of the actual figures shows an increase in profits each period. The improvement in the group's performance since listing has been reflected in the company's share price with an increase since the entity listed. The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy and is satisfied with the overall upwards trend in shareholder wealth since listing.

	22 November 2017	31 December 2017	30 June 2018
		6 months	12 months
	$	$	$
Revenue	n/a	106,673,853	219,400,642
Net profit/(loss) after tax	n/a	1,982,378	5,170,863
Share price at year-end	1.38	1.36	1.60
Dividends paid	nil	nil	nil
Basic EPS	n/a	6.26	10.81

Directors' Report (cont.)

For the year ended 30 June 2018

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group, specifically the incorporation of performance rights based on the achievement of earnings per share targets, share price targets and continued employment with the Group. Performance rights payments result where the Group earnings per share returns is greater than 10% from the prior year. This condition provides management with a performance target which focuses upon organic sales growth utilising existing group resources.

The performance-related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders. There has been no alteration to the terms of the bonuses paid since grant date.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Group and publicly available market indices, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with any other measures or factors external to the Group at this time.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the group.

Group KMP	Position Held as at 30 June 2018	Contract Details (Duration and Termination)	Annual Base Salary
Glen Richards	Non-Executive Director and Chairman	No service contracts	$100,000
Elizabeth Savage	Non-Executive Director	No service contracts	$65,000
Declan Sherman	Managing Director	13 weeks' notice period	$350,000
Thomas Reardon	Executive Director and Chief Executive Officer	13 weeks' notice period	$350,000
Timothy Sayer	Non-Executive Director, Appointed 15 July 2017, Resigned 18 October 2017	n/a	n/a

The employment terms and conditions of the Managing Director and Chief Executive Officer are formalised in contracts of employment.

Terms of employment require that the relevant group entity provide an executive contracted person with a minimum of 3 months' notice prior to termination of contract. Termination payments of between 25%–50% of their salary are generally payable. A contracted person deemed employed on a permanent basis may terminate their employment by providing at least 3 months' notice. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Non-executive directors have been issued appointment letters but do not have a formal contract of employment. There is no termination notice period stipulated in these letters.

Changes in Directors and Executives during the year

On 18 October 2017 the following changes occurred:

- Timothy Sayer retired as a non-executive director.

- Glen Richards commenced as a non-executive director and chairman.

- Elizabeth Savage commenced as a non-executive director.

- Declan Sherman retired as company secretary.

There has been no changes in directors and executives subsequent to year end.

Directors' Report (cont.)

For the year ended 30 June 2018

Remuneration Expense Details for the Year Ended 30 June 2018

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Table of Benefits and Payments for the Year Ended 30 June 2018

		Short-term Benefits				Post-employment Benefits		Long-term Benefits		Equity-settled Share-based Payments		Cash-settled Share-based Payments	Termination Benefits	Total	Portion of remuneration performance related
		Salary, Fees and Leave	Profit Share and Bonuses	Non-monetary	Other	Super-annuation	Other	Incentive Plans	LSL	Shares/ Units	Options/ Performance Rights				
		$	$	$	$	$	$	$	$	$	$	$	$	$	%
Group KMP															
Glen Richards	2018	82,500	-	-	-	-	-	-	-	-	21,156	-	-	103,656	20.41
	2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elizabeth Savage	2018	45,500	-	-	-	4,323	-	-	-	-	10,578	-	-	60,401	17.51
	2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Declan Sherman	2018	328,639	-	-	-	27,934	-	-	4,586	-	38,588	-	-	399,747	9.65
	2017	143,314	-	-	-	12,642	-	-	1,657	-	-	-	-	157,613	-
Thomas Reardon	2018	376,923	-	-	-	33,250	-	-	5,657	-	76,988	-	-	492,818	15.62
	2017	358,580	-	-	-	31,606	-	-	3,867	-	955	-	-	395,008	0.24
Timothy Sayer #	2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total KMP	2018	833,562	-	-	-	65,507	-	-	10,243	-	147,310	-	-	1,056,622	13.94
	2017	501,894	-	-	-	44,248	-	-	5,524	-	955	-	-	552,621	0.17

Timothy Sayer retired from the position of non-executive director on 18 October 2017 and was appointed on the 15 July 2017. Given the short period he was a director no remuneration was paid to him as a director. Refer to page 16 for details of amounts paid to Talbot Sayer Lawyers.

Directors' Report (cont.)

For the year ended 30 June 2018

Securities Received that Are Not Performance-related
No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-based Payments
The terms and conditions relating to options and bonuses granted as remuneration during the year to KMP are as follows:

	Remuneration Type	Grant Date	Grant Value $	Percentage Vested/Paid during Year % #	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment
Group KMP							
Glen Richards	NED Options	22/11/2017	35,100	60.27%	-	39.73%	22/11/2020
Elizabeth Savage	NED Options	22/11/2017	17,550	60.27%	-	39.73%	22/11/2020
Declan Sherman	Performance Rights (Tranche 1)	22/11/2017	110,875	34.80%	-	65.20%	22/11/2021
Thomas Reardon	Reardon Options	14/10/2017	186,762	20.56%	-	79.44%	14/10/2021
Thomas Reardon	Performance Rights (Tranche 1)	22/11/2017	110,875	34.80%	-	65.20%	22/11/2021
Timothy Sayer	-	-	-	-	-	-	-

The dollar value of the percentage vested/paid during the period has been reflected in the Table of Benefits and Payments for the year ended 30 June 2018.

NED Options

These options were issued to the non-executive directors on the completion of the public offer. The exercise of the NED Options is not subject to any vesting conditions. 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.

Reardon Options

Reardon options were modified and reissued with modified terms on the 14 October 2017. The number of options increased from 216,000 to 680,000 and the exercise price reduced from $4.16 to $1.00 per share. The incremental fair value as a result of these modifications is $177,625 across the 5-year vesting period. These options were valued using the Monte Carlo method using the inputs described under the section headed Description of Options/Rights Issued as Remuneration.

The options have vesting conditions attached to them and expire 30 days after the exercise date. 50% of the options in any given Vesting Period will vest if FY18 EBITDA is equal or greater than $12m and FY19 EPS growth is greater than or equal to 15%. These options were issued during the period to key management personnel as part of the People Infrastructure Ltd's Employee Share Option Scheme.

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 Ltd at the time of vesting.

All options were issued by People Infrastructure Ltd and entitle the holder to one ordinary share in People Infrastructure Ltd for each option exercised.

There have not been any alterations to the terms or conditions of any grants since grant date.

Directors' Report (cont.)

For the year ended 30 June 2018

Options and Performance Rights Granted as Remuneration

		Grant Details			Exercised		Lapsed		Vested			Unvested
	Balance at Beginning of Year	Issue Date	No.	Value #	No.	Value	No.	Balance at End of Year	Exercisable	Unexercisable	Total at End of Year	Total at End of Year
				$		$		No.	No.	No.	No.	No.
Group KMP												
Glen Richards	-	22/11/2017	200,000	35,100	-	-	-	200,000	-	-	-	200,000
Elizabeth Savage	-	22/11/2017	100,000	17,550	-	-	-	100,000	-	-	-	100,000
Declan Sherman	-	22/11/2017	500,000	110,875	-	-	-	500,000	-	-	-	500,000
Thomas Reardon	216,000	14/10/2017	680,000##	186,762	-	-	-	680,000	-	-	-	680,000
Thomas Reardon	-	22/11/2017	500,000	110,875	-	-	-	500,000	-	-	-	500,000
Timothy Sayer	-	-	-	-	-	-	-	-	-	-	-	-
	216,000		1,980,000	461,162	-	-	-	1,980,000	-	-	-	1,980,000

The fair value of options granted as remuneration and as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

This is the modified amount of options granted. Changed from the opening balance of 216,000. Refer above under Reardon Options for further details.

Directors' Report (cont.)

For the year ended 30 June 2018

Description of Options/Rights Issued as Remuneration

Details of the options granted as remuneration to those KMP listed in the previous table are as follows:

	Reardon Options - Tranche 1	Reardon Options - Tranche 2	NED Options	Performance Rights - Tranche 1
Grant date	14/10/2017	14/10/2017	22/11/2017	22/11/2017
Number of options	340,000	340,000	300,000	1,000,000
Vesting period end	50% 14/10/2020 50% 14/10/2021	50% 14/10/2020 50% 14/10/2021	22/11/2018	25% each year 22/11/2018, 2019, 2020, 2021
Share price at grant date	\$1.00	\$1.00	\$1.00	\$1.00
Option life	50% 3 years 50% 4 years	50% 3 years 50% 4 years	1 year	4 years
Fair value at grant date	50% \$0.2636 50% \$0.2857	50% \$0.2636 50% \$0.2857	\$0.1755	25% \$0.2810, 25% \$0.2530, 25% \$0.1970, 25% \$0.1560
Exercise price at grant date	\$1.00	\$1.00	\$1.00	\$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
Exercisable to	30 days after the exercise date	30 days after the exercise date	22/11/2020	30 days after the exercise date

Option values at grant date were determined using the Monte Carlo method for those with market conditions and Black Scholes for those without.

Details relating to service and performance criteria required for vesting have been provided in the Cash Bonuses, Performance-related Bonuses and Share-based Payments table on page 12.

KMP Shareholdings

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

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year #	Balance at End of Year
Glen Richards	-	-	-	500,000	500,000
Elizabeth Savage	-	-	-	-	-
Declan Sherman	-	-	-	7,951,331	7,951,331
Thomas Reardon	-	-	-	3,270,035	3,270,035
Timothy Sayer	-	-	-	-	-
	-	-	-	11,721,366	11,721,366

These are amounts acquired at arm's length and are subject to voluntarily escrow.

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

Directors' Report (cont.)

For the year ended 30 June 2018

Other Transactions with KMP and/or their Related Parties

Amounts paid to Talbot Sayer Lawyers whilst Timothy Sayer was a director (15 July 2017 to 18 October 2017) was $158,155.

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

END OF AUDITED REMUNERATION REPORT.

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 19 and forms part of this Directors' Report.

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

Declan Sherman

Director

Dated this 24th day of August 2018

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

As lead auditor of People Infrastructure Limited for the year ended 30 June 2018, 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 People Infrastructure Limited and the entities it controlled during the period.

Tim Kendall

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 24 August 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	12 months ended 30 June 2018	9 months ended 30 June 2017 (Restated)
		$	$
Revenue	2	219,400,642	108,227,299
Other income		-	18,104
Employee benefits expense	3	(199,111,514)	(98,555,780)
Occupancy expenses		(1,677,125)	(796,752)
Depreciation and amortisation expense	3	(2,487,840)	(1,052,026)
Other expenses	3	(7,493,172)	(7,860,187)
Finance costs		(1,429,867)	(1,022,799)
Share of profit of equity-accounted investees, net of tax		549,918	-
Profit / (loss) before income tax expense		7,751,042	(1,042,141)
Income tax expense	5	(2,580,179)	(1,055,388)
Profit / (loss) for the period		**5,170,863**	**(2,097,529)**
Other comprehensive income for the period, net of income tax		(59,299)	(3,061)
Total comprehensive profit / (loss) for the period		**5,111,564**	**(2,100,590)**
Profit / (loss) for the period is attributable to:			
Owners of People Infrastructure Ltd		**5,170,863**	**(2,097,529)**
Total comprehensive profit / (loss) for the period is attributable to:			
Owners of People Infrastructure Ltd		**5,111,564**	**(2,100,590)**
Basic profit / (loss) per share attributable to the shareholders of People Infrastructure Ltd			
Basic profit / (loss) per share (cents per share)	4	10.81	(12.19)
Diluted profit / (loss) per share attributable to the shareholders of People Infrastructure Ltd			
Diluted profit / (loss) per share (cents per share)	4	10.33	(12.19)

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 30 June 2018

	Note	2018	2017 (Restated)
		$	$
CURRENT ASSETS			
Cash and cash equivalents	6	4,806,541	4,852,185
Trade and other receivables	10	28,392,927	24,492,243
Other current assets		552,677	548,476
TOTAL CURRENT ASSETS		**33,752,145**	**29,892,904**
NON-CURRENT ASSETS			
Investments accounted for using the equity method	9 (b)	3,256,831	-
Property, plant and equipment	11	2,048,551	1,863,139
Intangible assets	12	33,572,290	35,262,823
TOTAL NON-CURRENT ASSETS		**38,877,672**	**37,125,962**
TOTAL ASSETS		**72,629,817**	**67,018,866**
CURRENT LIABILITIES			
Trade and other payables	13	13,780,222	13,040,311
Financial liabilities	14	10,287,370	25,509,361
Current tax liabilities		138,213	943,451
Employee benefits	15	1,765,417	1,376,189
TOTAL CURRENT LIABILITIES		**25,971,222**	**40,869,312**
NON-CURRENT LIABILITIES			
Financial liabilities	14	2,172,747	27,156,266
Deferred tax liabilities	5 (d)	1,321,190	868,355
Employee benefits	15	220,025	224,558
TOTAL NON-CURRENT LIABILITIES		**3,713,962**	**28,249,179**
TOTAL LIABILITIES		**29,685,184**	**69,118,491**
NET ASSETS		**42,944,633**	**(2,099,625)**
EQUITY			
Share capital	16	39,698,791	10
Retained earnings (accumulated losses)		3,073,334	(2,097,529)
Reserves		172,508	(2,106)
TOTAL EQUITY		**42,944,633**	**(2,099,625)**

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Note	12 months ended 30 June 2018 $	9 months ended 30 June 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		236,827,191	119,592,630
Payments to suppliers and employees		(226,116,661)	(116,199,439)
Interest received		9,858	3,996
Dividends received		100,000	-
Finance costs paid		(1,429,867)	(1,022,799)
Income taxes paid		(2,932,582)	(875,555)
Net cash provided by operating activities	7 (a)	**6,457,939**	**1,498,833**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,500	-
Purchase of property, plant and equipment		(646,431)	(644,329)
Purchase of intangible assets		(17,855)	(1,187)
Purchase of subsidiaries (net of cash acquired)	8	(1,589,558)	(43,758,659)
Purchase of investment in equity accounted investees	9 (i)	(2,306,913)	-
Net cash (used in)/provided by investing activities		**(4,559,257)**	**(44,404,175)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,630,060	48,130,998
Repayments of borrowings		(28,013,022)	(261,469)
Proceeds from share issue		25,000,000	-
Equity transaction costs		(1,502,063)	-
Bank guarantee		-	(109,670)
Net cash used in financing activities		**(1,885,025)**	**47,759,859**
Net change in cash and cash equivalents held		**13,657**	**4,854,517**
Effects of foreign exchange on Cash		(59,301)	(2,332)
Cash and cash equivalents at beginning of financial period		**4,852,185**	**-**
Cash and cash equivalents at end of financial period	6	**4,806,541**	**4,852,185**

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2018

	Share capital $	Retained earnings / (accumulated losses) $	Shared option reserve	Foreign currency reserve	Total $
Balance at 1 July 2017 (Restated)	10	(2,097,529)	955	(3,061)	(2,099,625)
Profit for the period	-	5,170,863	-	-	5,170,863
Other comprehensive loss for the period	-	-	-	(59,299)	(59,299)
Total comprehensive loss for the period	-	5,170,863	-	(59,299)	5,111,564
Transactions with owners, in their capacity as owners					
Issue of share capital	41,200,844	-	-	-	41,200,844
Share issue transaction costs	(1,502,063)	-	-	-	(1,502,063)
Employee share-based payment options	-	-	233,913	-	233,913
Sub-total	39,698,781	-	233,913	-	39,932,694
Balance at 30 June 2018	**39,698,791**	**3,073,334**	**234,868**	**(62,360)**	**42,944,633**
Balance at 5 October 2016	**-**	**-**	**-**	**-**	**-**
Loss for the period (reported)	-	(1,965,250)	-	-	(1,965,250)
Other comprehensive loss for the period	-	-	-	(3,061)	(3,061)
Total comprehensive loss for the period	-	(1,965,250)	-	(3,061)	(1,968,311)
Transactions with owners, in their capacity as owners					
Issue of share capital	10	-	-	-	10
Employee share-based payment options	-	-	955	-	955
Sub-total	10	-	955	-	965
Balance at 30 June 2017 (reported)	**10**	**(1,965,250)**	**955**	**(3,061)**	**(1,967,346)**
Adjustments (refer to Note 8)	-	(132,279)	-	-	(132,279)
Balance at 30 June 2017 (Restated)	**10**	**(2,097,529)**	**955**	**(3,061)**	**(2,099,625)**

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

Notes to the Financial Statements for the year ended 30 June 2018

About this report

The financial statements of People Infrastructure Ltd for the year ended 30 June 2018 covers the Consolidated Entity consisting of People Infrastructure Ltd and its controlled entities (together referred to as the "Group") as required by the Corporations Act 2001.

The financial statements are presented in the Australian currency.

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 12-month period from 1 July 2017 to 30 June 2018 with the comparatives being for the 9-month period from the 5 October 2016 to the 30 June 2017. The company changed from a proprietary limited company to an unlisted public company on 19 July 2017 and then a listed public company on the 21 November 2017.

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 Ltd include recruiting, on-boarding, rostering, timesheet management, payroll, and workplace health and safety management.

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

The consolidated general purpose financial report of the group for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 24 August 2018. The Directors have the power to amend and reissue the financial report. The financial report is a general purpose financial report which:

- has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB and IFRS that are relevant to the operations of the group and effective for reporting periods beginning on or after 1 July 2017. Refer to note 28 for further details; and
- does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective, except for those described in Note 28. Refer to Note 28 for details on standards not early-adopted.

The financial statements have been prepared on a historical cost basis, except for convertible notes which has been measured at fair value. The entity is a for-profit entity for the purposes of Australian Accounting Standards.

Key judgements and estimates

In the process of applying the group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Note 5: Income taxes	Page 28
Note 8: Acquisition of subsidiaries / intangible assets	Page 32
Note 9: Investments accounted for using the equity method	Page 34
Note 11: Property, plant and equipment	Page 38
Note 12: Intangible assets	Page 41
Note 14: Financial liabilities	Page 42
Note 15: Employee benefits	Page 45
Note 17: Share based payments	Page 47

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Basis of consolidation

Subsidiaries are all those entities (including special purpose entities) over which the Company has control. The group controls an entity when the group is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

In the group's financial statements, all assets, liabilities and transactions of group entities with a functional currency other than the Australian Dollars ($AUD) are translated into $AUD upon consolidation. The functional currency of the entities in the group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into $AUD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into $AUD at the closing rate. Income and expenses have been translated into $AUD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

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.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

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 has been identified as the group's chief operating decision maker. Further, no geographical segments have been identified. The financial results from the segment are equivalent to the financial statements of the group as a whole.

Note 2: Revenue and other revenue

	12 months ended 30 June 2018 $	9 months ended 30 June 2017 $
Sales revenue		
Contract hire revenue	215,125,003	105,720,915
Facilities maintenance revenue	2,536,842	1,937,415
Recruitment revenue	751,015	167,986
Permanent placements	-	46,864
Roster management	-	22,000
Other revenue	220,764	98,168
Total sales revenue	**218,633,624**	**107,993,348**
Other revenue		
Government subsidies	569,848	224,861
Consultancy	187,312	5,095
Interest revenue – third parties	9,858	3,996
Total other revenue	**767,018**	**233,952**
Total revenue and other revenue	**219,400,642**	**108,227,299**

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and 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 from contract hire, recruitment, and consultancy services is recognised in the accounting period in which the services are rendered.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 3: Expenses

	12 months ended 30 June 2018 $	9 months ended 30 June 2017 (Restated) $
Employee benefits expense include:		
Defined contribution superannuation expense	14,165,229	6,906,370
Share based payments expense	233,913	955
Depreciation and amortisation expense		
Depreciation expense - plant and equipment	742,969	376,437
Amortisation expense - intangibles	1,744,871	675,589
	2,487,840	**1,052,026**
Other expenses include:		
Fair value of convertible notes	578,460	4,102,384
Impairment expense - receivables	53,542	487,325
Minimum lease payments made under operating leases	1,011,174	456,957
Net loss on disposal of property, plant and equipment	16,387	149,746

Recognition and measurement

Post-employment benefits plans

The group provides post-employment benefits through defined contribution plans.

Defined contribution plans

The group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Note 4: Earnings per share

	12 months ended 30 June 2018 $	9 months ended 30 June 2017 (Restated) $
Profit attributable to the unitholders of People Infrastructure Ltd:		
Profit (loss) from continuing operations	5,170,863	(2,097,529)
Weighted average number of ordinary shares used in the calculation of basic profit per unit	47,818,218 *	17,203,734 *
Adjustments for calculation of diluted earnings per share:		
Options	2,241,863	-
Weighted average number of ordinary shares used in the calculation of diluted profit per unit	50,060,081 *	17,203,734 *

* Calculated based on share split incurring at incorporation.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 4: Earnings per share (cont.)

Information concerning the classification of securities

Options

Options granted to employees under the People Infrastructure Ltd Employee Option Plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required TSR and EPS growth hurdles would have been met based on the company's performance up to the reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 16.

Note 5: Income taxes

	12 months ended 30 June 2018 $	9 months ended 30 June 2017 (Restated) $
(a) The components of income tax expense comprise:		
Current tax	2,132,294	1,110,429
Deferred tax	452,835	(55,041)
Under provision in respect of prior years	(4,950)	-
	2,580,179	**1,055,388**
(b) Reconciliation prima facie income tax on the profit / (loss) is reconciled to the income tax expense as follows:		
Prima facie tax expense on loss before income tax at 30%	2,325,313	(312,642)
Tax effect of:		
- non-deductible entertainment	106,944	61,275
- non-deductible fair value movement in convertible notes	173,538	1,230,715
- non-deductible share-based payments	70,174	-
- other non-deductible expenses	11,507	76,040
- blackhole expenditure	(102,347)	-
- under-provision in respect of prior years	(4,950)	-
Income tax expense attributable to the group	**2,580,179**	**1,055,388**
The applicable weighted average effective tax rates are:	**33.29%**	**(101.27)%**
(c) Franking Account		
The balance of the franking account at year end adjusted for franking credits or debits arising from payment of the provision for income tax or receipt of dividends receivable at the end of the reporting date based on a tax rate of 30%	**2,502,766**	**1,110,429**

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 5: Income taxes (cont.)

(d) Deferred taxes

	Opening Balance (Restated)	Recognised in Profit or loss	Closing Balance	Deferred Tax Asset	Deferred Tax liability
2018					
Provision for doubtful debts	66,055	(38,584)	27,471	27,471	-
Provision for long service leave	142,230	37,483	179,713	179,713	-
Provision for annual leave	324,413	109,651	434,064	434,064	-
Accrued expenses	957,290	(19,838)	937,452	937,452	-
Amortisation of intangibles	-	31,882	31,882	31,882	-
Candidate database	55,686	138,234	193,920	193,920	-
Blackhole expenses	43,637	157,357	200,994	200,994	-
Accrued income	(285,923)	(1,015,362)	(1,301,285)	-	(1,301,285)
Equity accounted Investments	-	(164,975)	(164,975)	-	(164,975)
Customer relationships	(1,493,236)	326,630	(1,166,606)	-	(1,166,606)
Brand names	(673,785)	-	(673,785)	-	(673,785)
Workers compensation receivable	(4,722)	(15,313)	(20,035)	-	(20,035)
TOTAL	**(868,355)**	**(452,835)**	**(1,321,190)**	**2,005,496**	**(3,326,686)**

	Opening Balance	Acquired through business combinations	Recognised in Profit or loss	Closing Balance	Deferred Tax Asset	Deferred Tax liability
2017 (Restated)						
Provision for doubtful debts	-	448,644	(382,589)	66,055	66,055	-
Provision for long service leave	-	137,078	5,152	142,230	142,230	-
Provision for annual leave	-	276,892	47,521	324,413	324,413	-
Accrued expenses	-	656,888	300,402	957,290	957,290	-
Candidate database	-	55,686	-	55,686	55,686	
Blackhole expenses	-	-	43,637	43,637	43,637	-
Accrued income	-	-	(285,923)	(285,923)	-	(285,923)
Prepayments	-	(129,141)	129,141	-	-	-
Customer relationships	-	(1,633,151)	139,915	(1,493,236)	-	(1,493,236)
Brand names	-	(673,785)	-	(673,785)	-	(673,785)
Workers compensation receivable	-	(6,820)	2,098	(4,722)	-	(4,722)
TOTAL	**-**	**(867,709)**	**(646)**	**(868,355)**	**1,589,311**	**(2,457,666)**

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 5: Income taxes (cont.)

Recognition and measurement

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

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination. 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 ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled

People Infrastructure Ltd and its wholly-owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial period. People Infrastructure Ltd is the head entity in the tax consolidated group. These entities are taxed as a single entity. The stand-alone taxpayer/separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated group. People Infrastructure Ltd has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial period. The amounts receivable/payable under tax funding arrangements is due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly-owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

The group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 6 October 2016.

Key judgements

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 6: Cash and cash equivalents

	2018 $	2017 $
Cash on hand	462	462
Cash at bank	4,806,079	4,851,723
	4,806,541	**4,852,185**

Cash at bank bear floating interest rates between 0.05% and 2.15% (2017: 1.50% and 1.74%).

Reconciliation of Cash

The above figures are reconciled to the cash at the end of the financial period as shown in the consolidated statement of cashflows as follows:		
Cash at bank and in hand	**4,806,541**	**4,852,185**

Recognition and measurement

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Note 7: Cash flow information

	2018 $	2017 $ (Restated)
(a) Reconciliation of cash flow from operations with profit/(loss) after income tax		
Loss after income tax	5,170,863	(2,097,529)
Non-cash flows in profit/(loss):		
• Depreciation and amortisation	2,487,840	1,052,026
• Bad and doubtful debts	53,542	487,325
• Net loss on disposal of property, plant and equipment	16,542	149,746
• Net gain on acquisition of subsidiary	-	(18,104)
• Fair value of convertible notes	578,460	4,102,384
• Share based payments expense	233,913	955
• Share of profit of equity-accounted investees	(449,918)	-
Changes in assets and liabilities:		
• Change in trade and other receivables	(4,151,305)	(1,696,065)
• Change in net deferred taxes	452,835	(55,041)
• Change in other assets	(4,201)	672,674
• Change in trade and other payables	2,429,430	(1,530,637)
• Change in income taxes payable	(805,238)	234,874
• Change in employee benefits	445,176	196,225
Net cash provided by operating activities	**6,457,939**	**1,498,833**

(b) Non-cash financing and investing activities

Acquisitions of plant and equipment through finance leases of $299,837 (2017: $103,105) occurred during the year.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 7: Cash flow information (cont.)

(c) Cash and Non-Cash Movements in Liabilities arising from Financing Activities

The following table reconciles the cash and non-cash movements in liabilities arising from financing activities.

	2017	Cash flows	Non-cash changes: Acquisition of leased assets	Non-cash changes: Conversion to Equity	Non-cash changes: Fair Value Adjustments	2018
	$	$	$	$	$	$
Borrowings						
Credit cards	37,282	(3,232)	-	-	-	34,050
Debtor finance accounts	6,763,715	2,630,060	-	-	-	9,393,775
Commercial bills	22,755,000	(20,270,000)	-	-	-	2,485,000
Premium funding	451,843	(451,843)	-	-	-	-
Lease labilities	335,403	(87,947)	299,837	-	-	547,293
Convertible notes	15,122,384	-	-	(15,700,844)	578,460	-
Shareholder loans	7,200,000	(7,200,000)	-	-	-	-
	52,665,627	**(25,382,962)**	**299,837**	**(15,700,844)**	**578,460**	**12,460,118**

Note 8: Acquisition of subsidiaries

Provisional accounting and restatement of prior year balances

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 was 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. The comparatives have been restated for these changes.

	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 retained earnings.

	$
Retained earnings 30 June 2017 (reported)	(1,965,250)
Amortisation on recognition of candidate database	(187,965)
Income tax expense on recognition of deferred tax asset of candidate database	55,686
Total adjustments	(132,279)
Retained earnings 30 June 2017 (restated)	**(2,097,529)**

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 8: Acquisition of subsidiaries (cont.)

The following table details the restatement of amortisation.

	$
Retained earnings 30 June 2017 (reported)	487,624
Amortisation on recognition of candidate database	187,965
Retained earnings 30 June 2017 (restated)	**675,589**

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**

Summary of cashflows of acquisitions

	2018 $	2017 $
Cash paid for subsidiaries acquired (net of cash acquired)		
AWX Pty Ltd	(1,552,920)	(14,944,905)
The Recruitment Company	-	119,720
Edmen Holdings Pty Ltd	(36,638)	(28,933,473)
Total cash paid for subsidiaries acquired (net of cash acquired)	**(1,589,558)**	**(43,758,658)**

The cashflows in the current period relate to the payment of deferred consideration and working capital adjustments made in the current period under the original contract.

Subsequent to year end acquisitions

On the 20 August 2018, 100% of the shares in Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd (together “Network Nursing Agency”) were acquired.

Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	30 June 2018
Purchase consideration	**$**
Cash consideration	8,000,000
Contingent cash consideration	1,1000,000
Total consideration	**9,100,000**
Assets and liabilities acquired:	
Cash and cash equivalents	1,409,779
Trade and other receivables	1,677,371
Property, plant and equipment	232,782
Trade and other payables	(792,341)
Employee entitlements	(256,662)
Current tax liabilities	(364,877)
Fair value of assets and liabilities acquired	1,906,052
Identifiable assets acquired including goodwill on acquisition	**7,193,948**

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 8: Acquisition of subsidiaries (cont.)

Subsequent to year end acquisitions (cont.)

Provisional accounting has been applied given how recent this acquisition is and the fair values reflected above are balances as at 30 June 2018 being the position that existed at the time of purchase consideration was determined. Identifiable intangible assets are still being identified and valued. It is expected that these will consist of brand names and customer relationships with the resulting balance being goodwill.

Probabilities and discounting for the contingent consideration are also yet to be determined.

Cashflows have not been presented as there have been none to date. The consideration has been reflected above.

Recognition and measurement

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share- based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where the group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Contingent Consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the group's controlling shareholder's consolidated financial statements.

Key judgements and estimations

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability (see Note 13).

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 9: Interests in other entities

(a) 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.

Name of Subsidiary	Country of Incorporation	Ownership interest held by the group	
		2018	2017
E AWX Holdco Pty Ltd	Australia	100%	100%
E Hco Two Pty Ltd	Australia	100%	100%
AWX Hco Two Pty Ltd	Australia	100%	100%
AWX Pty Ltd	Australia	100%	100%
Retail Staff Pty Ltd	Australia	100%	100%
Xeus Pty Ltd (formerly AWX Labour Hire Pty Ltd)	Australia	100%	100%
AWX Labour Pty Ltd	Australia	100%	100%
First People Group Pty Ltd	Australia	100%	100%
Mobilise Group Pty Ltd	Australia	100%	100%
Tribe Workforce Solutions Pty Ltd	Australia	100%	100%
Timberwolf Planting Pty Ltd	Australia	100%	100%
The Recruitment Company	New Zealand	100%	100%
Edmen Holdings Pty Limited	Australia	100%	100%
Edmen Recruitment Pty Limited	Australia	100%	100%
Edmen Community Staffing Solutions Pty Limited	Australia	100%	100%
DMW Recruitment Group Pty Limited	Australia	100%	100%
Expect A Star Services Pty Ltd	Australia	100%	100%
Edmen Pty Limited	Australia	100%	100%
Edmen Community Staffing Solutions NSW Pty Limited	Australia	100%	100%
DMW Recruitment Service Pty Ltd (formerly Expect Pty Limited)	Australia	100%	100%
Edmen Workforce Pty Limited	Australia	100%	100%
Expect A Star Staffing Services Pty Ltd	Australia	100%	100%
Disability Care Australia Services Pty Ltd	Australia	100%	100%
Edmen Workforce Services Pty Limited	Australia	100%	100%
Edmen Community Staffing Solutions Services Pty Ltd	Australia	100%	100%
Edmen Workforce Staffing Services Pty Limited	Australia	100%	100%
Supreme Nursing Global	Australia	100%	-

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 9: Interests in other entities (cont.)

(b) Interests in associates

Set out below are the associates of the group as at 30 June 2018. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of Incorp - oration	Ownership interest held by the group		Nature of relationship	Measurement method	Carrying amount	
		2018	2017			2018	2017
Recon Solutions Pty Ltd and Recon Executive Pty Ltd	Australia	50%	-	Associate (1)	Equity method	2,797,178	-
Project Partners Corporation Pty Ltd (formerly Recon Technology Pty Ltd)	Australia	50%*	-	Associate (2)	Equity method	459,653	-
						3,256,831	**-**

* On the 20 July 2018, an additional 13 shares were acquired by People Infrastructure Ltd in Project Partners Pty Ltd for $19,500, bringing the percentage ownership up to 63% in this entity.

(1) Recon Solutions Pty Ltd and Recon Executive Pty Ltd on-hire Information Technology professionals.

(2) Project Partners Corporation Pty Ltd provide Information Technology consulting services.

Key judgements

Through the shareholder agreement, People Infrastructure Ltd is guaranteed one seat on the board of Recon and participates in all significant financial and operating decisions. The group has therefore determined that it has significant influence over this entity. However, it has been determined that control does not exist as the shareholder agreement sets out guidelines on decision making which stipulates that all shareholders have a board representation and the original shareholders remain responsible for the operations and financial decision making whilst being overseen by the board. This assessment remains with the subsequent to year end purchase of additional shares as there has been no change to the original shareholders agreement and therefore the decision making process.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 9: Interests in other entities (cont.)

(i) Summarised financial information for associates

The tables below provide summarised financial information for those associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not People Infrastructure Ltd's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Recon Solutions Group		Project Partners Pty Ltd	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Statement of financial position				
ASSETS				
Current assets	1,658,527	-	888,948	-
Non-current assets	70,955	-	7,094	-
Total assets	1,729,482	-	896,042	-
LIABILITIES				
Current liabilities	1,070,951	-	526,411	-
Non-current liabilities	41,348	-	-	-
Total liabilities	1,112,299		526,411	
Net assets	**617,183**	**-**	**369,631**	**-**
Reconciliation to carrying amounts:				
Opening net assets 11 January	51,351	-	35,627	-
Profit for the period	765,832	-	334,004	-
Other comprehensive income	-		-	
Dividends paid	(200,000)	-	-	-
Closing net assets	**617,183**	**-**	**369,631**	**-**
Group's share in %	50%	-	50%	-
Group's share in $ *	282,916	-	167,002	-
Goodwill	2,514,262	-	292,651	-
Carrying amount	**2,797,178**	**-**	**459,653**	**-**

* Note this is the share from date of acquisition being 11 January 2018.

	Recon Solutions Group		Project Partners Pty Ltd	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Reconciliation of carrying amounts				
Opening balance 1 July 2017	-	-	-	-
Acquisition of investment in entity – cash	2,043,078	-	263,835	-
Acquisition of investment in entity – equity issue	471,184	-	28,816	-
Share of operating profits	382,916	-	167,002	-
Dividends received	(100,000)	-	-	-
Closing balance 30 June 2018	**2,797,178**	**-**	**459,653**	**-**

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 9: Interests in other entities (cont.)

(i) Summarised financial information for associates (cont.)

	Recon Solutions Group		Project Partners Pty Ltd	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Summarised statement of comprehensive income				
Revenue	6,386,717	-	2,495,214	-
Profit from continuing operations	765,832	-	334,004	-
Profit from discontinued operations	-	-	-	-
Profit for the period	765,832	-	334,004	-
Other comprehensive income	-	-	-	-
Total comprehensive income	765,832	-	334,004	**-**

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 $2,806,913 million and is comprised of an upfront payment of $2,306,913 in cash and $500,000 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. However, the deferred consideration has not been recognised as part of the carrying value of Recon as the Directors have assumed, based on the forecasts and year to date results that the targets will not be met.

None of the above associates have any commitments nor contingent liabilities.

Note 10: Trade and other receivables

	2018	2017
Current	**$**	**$**
Trade receivables	24,121,670	20,605,149
Allowance for impairment of receivables	(91,569)	(220,184)
	24,030,101	20,384,965
Accrued revenue	4,337,620	3,768,051
Other debtors	25,206	339,227
	28,392,927	**24,492,243**

Recognition and measurement

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 7 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor and default payments. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the Directors, sufficient to require the de-recognition of the original instrument.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 10: Trade and other receivables (cont.)

Movement in provision for impairment

	2018 $	2017 $
Opening balance	(220,184)	-
Balance at acquisition	-	(1,495,482)
Charge for the year	(53,542)	(487,325)
Amounts written off	182,157	1,762,623
Closing balance	**(91,569)**	**(220,184)**

Refer to Note 19 for disclosures surrounding credit risk.

Note 11: Property, plant and equipment

	2018 $	2017 $
Property improvements		
At cost	637,739	586,520
Accumulated depreciation	(276,470)	(219,165)
Total property improvements	**361,269**	**367,355**
Vehicles		
At cost	589,330	655,682
Accumulated depreciation	(434,800)	(406,981)
Total vehicles	**154,530**	**248,701**
Plant and equipment		
At cost	194,905	296,439
Accumulated depreciation	(134,676)	(218,945)
Total plant and equipment	**60,229**	**77,494**
Office furniture and equipment		
At cost	2,800,779	2,263,314
Accumulated depreciation	(1,771,640)	(1,348,117)
Total office furniture and equipment	**1,029,139**	**915,197**
Leased plant and equipment		
At cost	759,954	459,743
Accumulated depreciation	(316,570)	(205,351)
Total leased plant and equipment	**443,384**	**254,392**
Total property, plant and equipment	**2,048,551**	**1,863,139**

Recognition and measurement

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses. The cost of fixed assets constructed within the group includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 11: Property, plant and equipment (cont.)

Movements in carrying amount

2018	Property Improvement $	Vehicles $	Plant and equipment $	Office equipment $	Leased equipment $	Total $
Balance at the beginning of the year	367,355	248,701	77,494	915,197	254,392	1,863,139
Transfers	-	(45,792)	-	-	45,792	-
Foreign exchange movements	3	8	-	89	-	100
Additions – through ordinary course	52,267	5,977	20,151	718,308	254,045	1,050,748
Disposals	-	(3,505)	(624)	(118,338)	-	(122,467)
Depreciation expense	(58,356)	(50,859)	(36,792)	(486,117)	(110,845)	(742,969)
Carrying amount at the end of the year	**361,269**	**154,530**	**60,229**	**1,029,139**	**443,384**	**2,048,551**

2017	Property Improvement $	Vehicles $	Plant and equipment $	Office equipment $	Leased equipment $	Total $
Balance at the beginning of the year	-	-	-	-	-	-
Additions – through business combinations	391,297	108,551	80,054	881,235	179,223	1,640,360
Additions – through ordinary course	119,881	203,668	28,993	299,304	97,462	749,308
Disposals	(123,677)	-	(1,333)	(25,082)	-	(150,092)
Depreciation expense	(20,146)	(63,518)	(30,220)	(240,260)	(22,293)	(376,437)
Carrying amount at the end of the year	**367,355**	**248,701**	**77,494**	**915,197**	**254,392**	**1,863,139**

Depreciation

The depreciable amount of all fixed assets is depreciated on either a straight-line or diminishing value basis over their useful lives to the group commencing from the time the asset is held ready for use. Leased assets and leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

The depreciation rates used for each class of depreciable assets are:

Property improvements	5 – 40 years
Vehicles	5 – 8 years
Plant and equipment	5 – 20 years
Office furniture and fittings	3 – 17 years
Lease plant and equipment	5 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date. 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 included in profit or loss.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 11: Property, plant and equipment (cont.)

Impairment

At the end of each reporting period the group assesses whether there is any indication that property, plant and equipment assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Key judgements

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the group. Actual results, however, may vary due to technical obsolescence, particularly relating to IT equipment.

Note 12: Intangible assets

	2018	2017 (Restated)
	$	$
Goodwill – at cost (Refer to Note 8)	**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	(1,684,968)	(559,110)
Total customer relationships	**3,963,867**	**5,089,725**
Candidate database		
Cost	2,199,323	2,199,323
Accumulated depreciation	(737,795)	(187,965)
Total candidate database	**1,461,528**	**2,011,358**
Mobile application software		
Cost	357,386	339,531
Accumulated amortisation	(78,162)	(11,223)
Total mobile application software	**279,224**	**328,308**
Website		
Cost	12,992	21,169
Accumulated amortisation	(6,263)	(4,019)
Total website	**6,729**	**17,150**
Patents and trademarks		
Cost	36,355	28,333
Accumulated amortisation	(8,343)	(8,343)
	28,012	**19,990**
Total intangible assets	**33,572,290**	**35,262,823**

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 12: Intangible assets (cont.)

Movements in carrying amount

2018	Balance at 1 July 2017 (Restated)	Additions – through business combinations	Additions – through ordinary course	Disposals	Transfers between classes	Amortisation expense	Carrying amount at 30 June 2018
	$	$	$	$	$	$	$
Goodwill	25,550,342	36,638*	-	-	-	-	25,586,980
Brand names	2,245,950	-	-	-	-	-	2,245,950
Customer relationships	5,089,725	-	-	-	-	(1,125,858)	3,963,867
Candidate database	2,011,358	-	-	-	-	(549,830)	1,461,528
Mobile application software	328,308	-	17,855	-	-	(66,939)	279,224
Website	17,150	-	-	-	(8,177)	(2,244)	6,729
Patents and trademarks	19,990	-	-	(155)	8,177	-	28,012
Total	**35,262,823**	**36,638**	**17,855**	**(155)**	**-**	**(1,744,871)**	**33,572,290**

* 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.

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 year ended 30 June 2018 (cont.)

Note 12: Intangible assets (cont.)

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Goodwill represents the two acquisitions which occurred during the prior reporting period.

Brand names

Brand names are measured initially at their cost of acquisition. Brand names are an indefinite useful life intangible asset as there is no expiry date associated with the underlying assets in terms of its generation of future economic benefits to the group and are therefore tested for impairment annually. The carrying amount of brand names is supported by a value in use calculation.

Impairment tests for goodwill

The group tests whether goodwill has suffered any impairment on an annual basis. Goodwill is monitored by management at the group level. The following table sets out the key assumptions used in performing the value-in-use calculations:

	2018
Sales volume (% annual growth rate)	2.75%
Budgeted earnings before interest and tax	3.96%
Long term growth rate	2.75%
Pre-tax discount rate	16.69%

Management has determined the values assigned to each of the above key assumptions as follows:

Sales volume (% annual growth rate)	Industry average and CPI
Budgeted earnings before interest and tax	Growth rates from the current year and budgeted growth rates
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budgeted period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	Based on the weighted average costs of capital

Significant estimate: key assumptions used for value-in-use calculations

The recoverable amount of a (cash generating unit) CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cashflow projections based on financial budgets approved by management covering a one-year period.

Cashflows beyond the one-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates.

Key Judgement: One Cash Generating Unit (CGU)

Management have determined that there is one CGU and accordingly impairment assessments have been done at the consolidated level. One CGU has been identified as, since the acquisition of the two business (AWX and Edmen), there has been significant restructuring of the group. These include moving business units from Edmen to AWX and streamlining corporate overheads and staffing to the People Infrastructure Ltd level rather than at subsidiary level.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 12: Intangible assets (cont.)

Other intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from derecognition of an intangible asset is measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Customer relationships and candidate database are amortised straight line over their expected future lives. The estimated useful lives of customer relationships and candidate database are 5 years.

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.

Impairment of assets – with finite lives

Customer relationships, candidate database, mobile application software and website all have a finite life.

At the end of each reporting period the group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Note 13: Trade and other payables

	2018 $	2017 $
Current		
Trade payables	9,521,485	4,662,738
Accrued expenses	1,216,055	4,690,392
GST payable	2,531,531	1,713,711
Other payables	511,150	223,470
Deferred consideration	-	1,750,000
	13,780,211	**13,040,311**

Deferred consideration

During the business combination of AWX Pty Ltd, AASB 3 Business Combination required the recognition of contingent consideration. The contingent consideration relates to amounts payable under the purchase contract should certain conditions be met. The conditions surround the EBITDA of the acquired AWX Group for the 12 months following the acquisition. This was paid during the current financial year.

Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the group prior to the year end and which are unpaid. These amounts are unsecured and have 7 to 30-day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. No assets of the group have been pledged as security for the trade and other payables.

After initial recognition, loans and borrowings are subsequently recognised at amortised cost.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 14: Financial liabilities

	2018 $	2017 $
Current		
Credit cards	34,050	37,282
Debtor finance account	9,393,775	6,763,715
Commercial bills	710,000	3,044,000
Premium funding	-	451,843
Lease liabilities	149,545	90,137
Convertible notes	-	15,122,384
Total current borrowings	**10,287,370**	**25,509,361**
Non-current		
Shareholder loans	-	7,200,000
Commercial bills	1,775,000	19,711,000
Lease liabilities	397,747	245,266
Total non-current borrowings	**2,172,747**	**27,156,266**
Total borrowings	**12,460,117**	**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 year.

Recognition and measurement

Borrowings are initially recognised at fair value, net of any transactions costs incurred.

Facilities

2018	**Available facility**	**Facility used**	**Remaining Facility**
Credit cards	395,000	34,050	360,950
Debtor finance / invoice discounting facility *	16,000,000	9,393,775	6,606,225
Commercial bills	2,485,000	2,485,000	-
	18,880,000	**11,912,825**	**6,967,175**

* This facility limit has been increased subsequent to the end of the reporting period.

2017	**Available facility**	**Facility used**	**Remaining Facility**
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 the following security:

- first registered general security over the assets and undertaking of the group; and
- guarantees from shareholders.

The guarantees from shareholders were removed in November 2017.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 14: Financial liabilities (cont.)

Covenants

The following covenants have been imposed by St George Bank:

- Interest Cover Ratio – not less than 3.0 times;
- Financial Debt/EBITDA Ratio – less than 3x from 30 June 2018.

These covenants were not breached during the reporting period.

Key judgements and estimations – Fair value of financial instruments – convertible notes

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Note 15: Employee benefits

	2018 $	2017 $
Current		
Annual leave	1,386,400	1,097,958
Long services leave	379,017	249,541
Other leave	-	28,690
	1,765,417	**1,376,189**
Non-current		
Long service leave	220,025	224,558
	220,025	**224,558**

Recognition and measurement

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.

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.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 15: Employee benefits (cont.)

Key judgements and estimations – leave entitlements

Management judgement is applied in determining the key assumptions use in the calculation of the liability for leave provisions at balance date. These are future increases in salaries and wages, future on-cost rates, experience of employee departures and period of service and discount rates.

Note 16: Share capital

	2018 $	2017 $
64,418,732 (2017: 10) fully paid ordinary shares	39,698,791	10

Ordinary shares participate in dividends and the proceeds on winding up of People Infrastructure Ltd in proportion to the number of shares held. At 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.

Ordinary shares have no par value and People Infrastructure Ltd does not have a limited amount of authorised capital.

Ordinary Shares

	Date	2018 Number	2017 Number	2018 $	2017 $
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	-
Issue of shares to acquire investment in associate	11 January 2018	374,532	-	500,000	-
Costs to issue shares		-	-	(1,502,063)	
At reporting date		**64,418,732**	**10**	**39,698,791**	**10**

*Share split (1:720,000)

** Share split (1:3.242)

Options and performance 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 October 2020	$1.00	340,000
Reardon Options	14 October 2017	14 October 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.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 16: Share capital (cont.)

Reardon Options

Reardon options were cancelled and reissued with modified terms on the 14 October 2017. The number of options increased from 216,000 to 680,000 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. 50% of the options in any given Vesting Period will vest if FY18 EBITDA is equal or greater than $12m and FY19 EPS growth is greater than or equal to 15%.

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.

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 Ltd 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 Ltd 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 Ltd at the time of vesting.

Share based payment expense

The amount included in profit or loss is as follows:

	2018	2017
	$	$
Employee benefits expense	233,913	955

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

	2018	2017
	$	$
Share capital	-	-
Share based payment reserve	234,868	955

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 16: Share capital (cont.)

Dividends

No dividends were declared or paid during the current or prior financial reporting period.

	2018 $	2017 $
Dividends not recognised at the end of the reporting period		
Since year end the directors have recommended the payment of a final dividend of 4 cents per fully paid ordinary share. The aggregate amount of the proposed dividend expected to be paid on 28 September 2018 out of retained earnings at 30 June 2018, but not recognised as a liability at year end, is:	2,576,749	-
Franked dividends		
The final dividend recommended after 30 June 2018 will be fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 30 June 2018.		
Franking credits available for subsequent reporting periods based on a tax rate of 30%	1,729,741	n/a

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

Capital management

The capital of the group is managed to provide capital growth to shareholders and ensure the group can fund its operations and continue as a going concern.

The group's capital comprises equity as shown in the Consolidated Statement of Financial Position. There are no externally imposed capital requirements.

Management manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues and debt.

There have been no changes in the strategy adopted by management to control the capital of the group during the reporting period.

Recognition and measurement

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 17: Share-based payments

The following share-based payment arrangements existed at 30 June 2018.

Share-based payments to Directors, executives and employees

Shares

During the year ended 30 June 2018 and 2017, no shares were granted to KMP as share-based payments.

Options

The following movements in options granted to KMP as share- based payments occurred.

	2018		2017	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	No.	$	No.	$
Outstanding at beginning of the period	216,000	4.16	-	-
Modified *	(216,000)	(4.16)	-	-
Granted	1,980,000	0.49	216,000	4.16
Outstanding at year-end	1,980,000	0.49	216,000	4.16
Exercisable at year-end	-	-	-	-

*Reardon options were modified and reissued with modified terms on the 14 October 2017. The number of options increased to 680,000 and the exercise price reduced from $4.16 to $1.00 per share.

During the period ended no options are exercisable at year end as there are conditions attached which are not yet satisfied. During the period ending 30 June 2018 and 2017, no options were exercised.

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	50% 14/10/2020 50% 14/10/2021	50% 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	22/11/2020	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 year ended 30 June 2018 (cont.)

Note 17: Share-based payments (cont.)

Recognition and measurement

The group operates equity-settled share-based remuneration plans for its employees. None of the group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

Key estimates – share-based payments

The group uses estimates to determine the fair value of equity instruments issued to Directors, executives and employees. The estimates include volatility, risk free rates and consideration of satisfaction of performance criteria for recipients of equity instruments. Options were issued as outlined above and the cost of these rights represents the valuation and the accounting impact of prior issuances and determinations remains unchanged.

Note 18: Financial assets and liabilities

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into loans and receivables upon initial recognition. No other categories of financial assets are currently held.

All financial assets except for those at fair value through profit or loss (FVTPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 18: Financial assets and liabilities (cont.)

Classification and subsequent measurement of financial assets (cont.)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The group's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

The group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities designated at fair value through profit or loss (FVTPL), that are carried subsequently at fair value with gains or losses recognised in profit or loss.

Categories of financial assets and liabilities

	2018 $	2017 $
Financial assets at amortised cost		
Cash and cash equivalents	4,806,541	4,852,185
Trade and other receivables	28,392,927	24,492,243
Total financial assets	**33,199,468**	**29,344,428**
Financial liabilities at amortised cost		
Trade and other payables	13,780,221	11,290,311
Credit cards	34,050	37,282
Debtor finance accounts	9,393,775	6,763,715
Commercial bills	2,485,000	22,755,000
Shareholder loans	-	7,200,000
Premium funding	-	451,843
Lease liabilities	547,293	335,403
	26,240,339	48,833,554
Financial liabilities at fair value through the profit and loss		
Deferred consideration	-	1,750,000
Convertible notes	-	15,122,384
	-	17,595,778
Total financial liabilities	**26,240,339**	**66,429,332**

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 18: Financial assets and liabilities (cont.)

Borrowings at amortised cost

The current interest rate on the commercial bill is 5.95% (2017: 4.97% to 5.65%) at 30 June 2018. A number of bills were repaid during the current financial year using proceeds received from the public offer. There is one remaining bill with a current maturity date of 10 October 2018. These bills rollover on a 3-monthly basis and are reduced with quarterly payments. They are fully repayable within 3 years of the original drawdown date being March 2020. They are held with St George Bank. Refer to Note 14 for further details around security provided.

The Shareholder loans had a term of 10 years and no interest is payable on the loan. The shareholder loans were provided by 6 different parties and were repaid in full during the current financial year using the cash within the business.

For details on the repayment periods and interest rates for lease liabilities refer to Note 22.

Borrowings at fair value through the profit and loss

Deferred consideration was payable on completion of the audited results of the AWX Group for the year ended 30 June 2017. It was contingent on the EBITDA of this group reaching stipulated amounts. This was paid in January 2018.

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.

Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables
- cash and cash equivalents
- trade and other payables
- credit cards
- debtor finance accounts

Note 19: Financial risk management

(a) General objectives, policies and processes

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements

The group's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and borrowings.

The Board has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the group where such impacts may be material.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 19: Financial risk management (cont.)

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the group. The group's objective is to minimise the risk of loss from credit risk exposure.

The group's maximum exposure to credit risk at the end of the reporting period, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

	2018 $	2017 $
Cash and cash equivalents	4,806,541	4,852,185
Trade and other receivables	28,484,496	24,712,427
	33,291,037	**29,564,612**

Credit risk is reviewed regularly by the Board through the monthly board reporting.

Bank deposits are held with the following parties:

	2018 $	2017 $
St George Bank	3,959,104	2,932,824
Australian and New Zealand Banking Group Limited	546,041	1,684,708
National Australia Bank Limited	245,800	178,229
Westpac Banking Corporation	55,134	55,962
Cash on hand	462	462
	4,806,541	**4,852,185**

In respect of trade and other receivables, the group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is nil.

Some of the trade receivables are past due as at the reporting date. Information on financial assets past due are as follows:

	2018 $	2017 $
Past due and impaired:		
Not more than 3 months	-	-
More than 3 months but not more than 6 months	-	-
More than 6 months but not more than 1 year	91,569	220,184
More than 1 year	-	-
	91,569	**220,184**
Past due and not impaired:		
More than 3 months but not more than 6 months	1,408,438	753,150
More than 6 months but not more than 1 year	137,756	221,518
More than 1 year	-	-
	1,546,194	**974,668**

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 19: Financial risk management (cont.)

(c) Liquidity risk

Liquidity risk is the risk that the group may encounter difficulties raising funds to meet financial obligations as they fall due. The object of managing liquidity risk is to ensure, as far as possible, that the group will always have sufficient liquidity to meets its liabilities when they fall due, under both normal and stressed conditions. Liquidity risk is reviewed regularly by the Board.

The group manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The group's working capital, being current assets less current liabilities is $7,780,923 at 30 June 2018 (2017: deficiency of $10,976,408).

Maturity analysis – Financial liabilities

Consolidated	Carrying Amount	Contractual Cash flows	within 1 year	1 – 5 years
2018	**$**	**$**	**$**	**$**
Trade and other payables	13,780,221	13,780,221	13,780,221	-
Credit cards	34,050	34,050	34,050	-
Debtor finance accounts	9,393,775	9,393,775	9,393,775	-
Commercial bills	2,485,000	2,896,890	752,246	2,144,644
Lease liabilities	547,292	600,649	156,033	444,616
2017				
Trade and other payables	11,290,311	11,290,311	11,290,311	-
Credit cards	37,282	37,282	37,282	-
Deferred consideration	1,750,000	1,750,000	1,750,000	-
Debtor finance accounts	6,763,715	6,763,715	6,763,715	-
Commercial bills	22,755,000	26,706,924	4,308,757	22,398,167
Convertible notes	15,122,384	15,122,384	15,122,384	-
Shareholder loans	7,200,000	7,200,000	7,200,000	-
Premium funding	451,843	451,843	451,843	-
Lease liabilities	335,403	368,658	102,910	265,748

Further information regarding commitments is included in Note 22.

(d) Currency risk

The Australian dollar (AUD) is the functional currency of the group and as a result currency exposure arising from the transactions and balances in currencies other than the AUD.

The group's potential currency exposures comprise:

- The Recruitment Company is a subsidiary based in New Zealand. Therefore, this company's functional currency is New Zealand Dollars (NZD). The results for the company are converted to AUD for consolidation and reporting purposes. Given the entity is very small part of the operations of the group as a whole this exposure is very minor.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 19: Financial risk management (cont.)

(e) Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The Group does not have any material exposure to market risk other than as set out below.

Interest rate risk

Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.

Interest rate risk is managed with a mixture of fixed and floating rate investments. For further details on interest rate risk refer to the tables below:

Consolidated	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**
2018	**$**	**$**	**$**	**$**	**%**
Financial assets					
Cash and cash equivalents	4,806,541	-	-	4,806,541	0.18%
Trade and other receivables	-	-	28,392,927	28,392,927	n/a
Total financial assets	**4,806,541**	**-**	**28,392,927**	**33,199,468**	
Financial liabilities					
Trade and other payables	-	-	13,780,221	13,780,221	n/a
Credit cards	-	34,050	-	34,050	Nil
Debtor finance accounts	-	9,393,775	-	9,393,775	7.17%
Commercial bills	-	2,485,000	-	2,485,000	4.78%
Lease liabilities	-	547,293	-	547,293	3.68%
Total financial liabilities	**-**	**12,460,118**	**13,780,221**	**26,240,339**	

Consolidated	**Floating interest rate**	**Fixed interest rate**	**Non-interest bearing**	**Total carrying amount**	**Weighted average effective interest rate**
2017	**$**	**$**	**$**	**$**	**%**
Financial assets					
Cash and cash equivalents	4,852,185	-	-	4,852,185	0.08%
Trade and other receivables	-	-	24,492,243	24,492,243	n/a
Total financial assets	**4,852,185**	**-**	**24,492,243**	**29,344,428**	
Financial liabilities					
Trade and other payables	-	-	11,290,311	11,290,311	n/a
Credit cards	-	37,282	-	37,282	5.18%
Deferred consideration	-	1,750,000	-	1,750,000	n/a
Debtor finance accounts	-	6,763,715	-	6,763,715	5.51%
Commercial bills	-	22,755,000	-	22,755,000	1.52%
Convertible notes	-	15,122,384	-	15,122,384	Nil
Shareholder loans	-	7,200,000	-	7,200,000	Nil
Premium funding	-	451,843	-	451,843	1.62%
Lease liabilities	-	335,403	-	335,403	1.13%
Total financial liabilities	**-**	**54,415,627**	**11,290,311**	**65,705,938**	

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 19: Financial risk management (cont.)

(e) Market risk (cont.)

The group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current year results and equity which could result from a change in these risks. Given the majority of the exposure is fixed rate the impact of changing in interest rates has been assessed as minimal.

Foreign Exchange Risk

Foreign exchange risk (FX risk) arises principally from cash and cash equivalents. The objective of FX risk management is to manage and control FX risk exposures within acceptable parameters while optimising the return. The company has cash and cash equivalents in NZD. The balance at the 30 June 2018 was NZD 452,819 (2017: NZD 364,494). Due to the small amount of exposure the impact on profit has not been disclosed.

Note 20: 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 2018	**Level 1**	**Level 2**	**Level 3**
Contingent consideration	-	-	-
Convertible notes	-	-	-
Total Financial Liabilities	**-**	**-**	**-**

Financial Liabilities at fair value through the profit and loss 2017	**Level 1**	**Level 2**	**Level 3**
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 year ended 30 June 2018. There were no other financial assets or liabilities valued at fair value at 30 June 2018 and 2017.

Reconciliation of Level 3 fair value movements	**Contingent Consideration**	**Convertible Notes**
Opening balance at 5 October 2016	-	-
Recognition on acquisition / funding	1,750,000	11,020,000
Gains and losses recognised in profit or loss	-	4,102,384
Closing balance at 30 June 2017	1,750,000	15,122,384
Repayments	(1,750,000)	-
Conversion to equity	-	(15,700,844)
Gains and losses recognised in profit or loss	-	578,460
Closing balance at 30 June 2018	-	-

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 20: Fair value measurement (cont.)

Contingent consideration

The fair value of contingent consideration related to the acquisition of AXW Pty Ltd and controlled entities (see Note 8) 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 have a face value of $10,120,000 which carry an interest rate of 10% per annum and $900,000 which carry an interest rate of 15% per annum. The fair value of the notes has been 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 (80%) 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 year.

Note 21: Events arising since the end of the reporting period

A dividend of 4 cents per share was declared on 24 August 2018.

The Group acquired 100% of Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd on 20 August 2018. Network Nursing Agency was established in 1997 and is a leading nursing agency specialising in supplying general, critical care, mental health, midwifery, aged care nurses and facilitation to private and public healthcare clients across Australia. Australian Healthcare Academy is a Registered Training Organisation providing premium healthcare training and education to healthcare professionals in Australia.

The acquisition price for Network Nursing Agency and Australian Healthcare Academy is $8 million payable in cash on closing. There will also be an opportunity for the vendors to receive further consideration as follows:

- If the EBITDA for FY 19 exceeds $2.65m than a further $0.55m in cash consideration; or
- If the EBITDA for FY 19 exceeds $2.8m then a further $1.1m in cash consideration.
- On the 3 August 2018, NNA Hco Two Pty Ltd was incorporated. This entity is a wholly owned subsidiary of People Infrastructure Ltd and will be the acquiring entity for the above acquisition.

Refer to note 8 for further information regarding this acquisition.

On the 20 July 2018, an additional 13 shares were acquired by People Infrastructure Ltd Project Partners Corporation Pty Ltd (formerly Recon Technology Pty Ltd) for $19,500.

Two new borrowing facilities were entered into in August 2018. The borrower will be the newly incorporated entity, NNA Hco Two Pty Ltd. These facilities will be two bank bill business loans totalling $8 million with a term of 5 years. The funds will be used for the acquisition of Network Agency Pty Ltd and Australian Healthcare Academy Pty Ltd.

Additionally, the terms of the existing invoice discounting facility were modified to increase the facility from $16 million to $18 million and the commercial bill facility was restated for 5 years, extending the maturity date to August 2022.

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.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 22: Commitments

(a) Finance leases

The commitments to be undertaken are as follows:

	2018 $	2017 $
Payable – minimum lease payments:		
- not later than 12 months	177,395	105,905
- between 12 months and 5 years	423,254	262,753
- greater than 5 years	-	-
Minimum lease payments	600,649	368,658
Less future finance charges	(53,356)	(33,255)
Present value of minimum lease payments	547,293	335,403

Finance leases are on motor vehicles and computer equipment. The leases range from 3 to 5 years and have an interest rate of 4.78% 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 leases

The commitments to be undertaken are as follows:

	2018 $	2017 $
Payable		
- not later than 12 months	638,855	759,323
- between 12 months and 5 years	1,374,201	662,356
- greater than 5 years	209,575	686,640
	2,222,631	2,108,319

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.

Recognition and measurement

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

See Note 11 for the depreciation methods and useful lives for assets held under finance lease. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Note 23: Contingent assets and contingent liabilities

The group has no contingent assets and no contingent liabilities.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 24: Auditor's Remuneration

	2018 $	2017 $
Audit services		
Amounts paid/payable to BDO for audit or review of the financial statements for the entity or any entity in the group		
- Current year	120,000	127,000
- Prior year	39,629	-
Non-audit services		
Amounts paid/payable to BDO or related entities of BDO for non-audit services performed for the entity or any entity in the group as follows:		
- Taxation services	117,582	79,792
- Corporate services	236,065	140,480
	513,276	**347,272**

Note 25: 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

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

Subsidiaries and associates

Interests in subsidiaries and associates are disclosed in Note 9: Investments in other entities.

Key Management Personnel

	2018 $	2017 $
Short-term employee benefits (including annual leave accruals)	833,562	501,894
Long-term employee benefits – long service leave	10,243	5,524
Post-employment benefits – superannuation	65,507	44,248
Share-based payments	147,310	955
Total key management personnel (KMP) compensation	**1,056,622**	**552,621**

Detailed renumeration disclosures are provided in the remuneration report on pages 8 to 16. Note 17: Share Based Payments expense sets out details around options issued to KMP.

Other related party transactions

The following related party transactions occurred with entities related to the directors:

	2018 $	2017 $
Glen Richards		
Shares issued	500,000	-
Declan Sherman		
Shareholder loans	-	870,000
Shares issued	7,951,331	-

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 25: Related party transactions (cont.)

Other related party transactions (cont.)

	2018 $	2017 $
Thomas Reardon		
Convertible notes (face value of 500,000)	-	823,136
Shareholder loans	-	1,000,000
Shares issued	3,270,035	-
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 30 June 2018.

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

Note 26: Parent entity information

The Corporations Act 2001 requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following limited disclosure in regard to the parent entity (People Infrastructure Ltd). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the group accounting policy. The financial information for the parent entity, People Infrastructure Ltd, has been prepared on the same basis as the consolidated financial statements.

	2018 $	2017 $
Statement of financial position		
ASSETS		
Current assets	154,292	1,622,115
Non-current assets	41,411,486	17,910,792
Total assets	41,565,778	19,532,907
LIABILITIES		
Current liabilities	359,904	15,722,423
Non-current liabilities	9,605,580	8,468,600
Total liabilities	9,965,484	24,191,023
EQUITY		
Issued capital	39,698,791	10
Reserves	234,868	955
Retained earnings/(accumulated losses)	(8,333,365)	(4,659,081)
Total equity	**31,600,294**	**(4,658,116)**

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 26: Parent entity information (cont.)

	2018 $	2017 $
Statement of profit or loss and other comprehensive income		
Other revenue	3,167	-
Other expenses	(1,551,434)	(432,211)
Finance costs	(446,197)	(260,280)
Share of profit of equity-accounted investees, net of tax	549,918	-
Fair value of convertible notes	(578,460)	(4,102,384)
Share based payments expense	(233,913)	(955)
Loss before income tax expense	**(2,256,919)**	**(4,795,830)**
Income tax benefit	(1,417,366)	136,749
Loss for the year	**(3,674,285)**	**(4,659,081)**
Other comprehensive income	-	-
Total comprehensive income / (loss)	**(3,674,285)**	**(4,659,081)**

Guarantees

Under the terms of the Secured Financing Facility entered in with St George Bank, People Infrastructure Ltd has provided certain guarantees in relation to the arrangements between the Financier and the borrowing entities. These guarantees relate primarily to payment performance.

There are cross guarantees given by People Infrastructure Ltd and other subsidiaries as described in note 27. No deficiencies of assets exist in any of these companies.

Contingent liabilities

The parent entity has no contingent liabilities.

Capital commitments

The parent entity has no capital commitments.

Note 27: Deed of cross guarantee

People Infrastructure Ltd and all subsidiaries listed in note 9, with the exception of The Recruitment Company and Supreme Nursing Global Pty Ltd, are parties to a deed of cross guarantee under which each company guarantees the debts of others. The deed was entered into on the 23 June 2017. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

a. Consolidated statement of profit or loss, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by People Infrastructure Ltd, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2018 of the closed group.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 27: Deed of cross guarantee (cont.)

	2018	2017
	$	$
Statement of profit or loss and other comprehensive income		
Revenue	210,717,040	106,710,662
Other income	-	18,103
Employee benefits expense	(191,094,279)	(97,142,776)
Occupancy expenses	(1,638,733)	(796,752)
Depreciation and amortisation expense	(2,475,478)	(864,061)
Other expenses	(7,170,374)	(7,839,870)
Finance costs	(1,423,843)	(1,022,354)
Share of profit of equity-accounted investees, net of tax	549,918	-
Profit / (loss) before income tax expense	7,464,251	(937,048)
Income tax expense	(2,557,356)	(1,111,074)
Profit / (loss) for the period	**4,906,895**	**(2,048,122)**
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive profit / (loss) for the period	**4,906,895**	**(2,048,122)**
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**(2,198,394)**	**(17,139)**
Profit for the period	4,906,895	(2,048,122)
Retained earnings at the end of the financial year	**2,708,501**	**(2,065,261)**

b. Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2018 of the closed group.

	2018	2017
	$	$
CURRENT ASSETS		
Cash and cash equivalents	4,292,055	4,505,048
Trade and other receivables	27,067,593	23,982,810
Other current assets	545,024	547,235
TOTAL CURRENT ASSETS	**31,904,672**	**29,035,092**
NON-CURRENT ASSETS		
Trade and other receivables	601,272	443,262
Investments accounted for using the equity method	3,256,831	-
Property, plant and equipment	1,946,695	1,861,717
Intangible assets	33,572,290	34,777,003
TOTAL NON-CURRENT ASSETS	**39,377,088**	**37,081,982**
TOTAL ASSETS	**71,281,760**	**66,117,074**

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 27: Deed of cross guarantee (cont.)

b. **Consolidated balance sheet (cont.)**

	2018 $	2017 $
CURRENT LIABILITIES		
Trade and other payables	12,992,433	12,767,524
Financial liabilities	10,272,547	25,509,361
Current tax liabilities	138,213	943,451
Employee benefits	1,585,407	1,330,919
TOTAL CURRENT LIABILITIES	**24,988,600**	**40,551,254**
NON-CURRENT LIABILITIES		
Financial liabilities	2,125,229	27,156,266
Deferred tax liabilities	1,305,856	250,256
Employee benefits	220,025	224,558
TOTAL NON-CURRENT LIABILITIES	**3,651,110**	**27,631,081**
TOTAL LIABILITIES	**28,639,710**	**68,182,335**
NET ASSETS	**42,642,050**	**(2,065,261)**
EQUITY		
Share capital	39,698,681	(101)
Retained earnings (accumulated losses)	2,708,501	(2,066,115)
Reserves	234,868	955
TOTAL EQUITY	**42,642,050**	**(2,065,261)**

Note 28: Other accounting policies

GST

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 28: Other accounting policies (cont.)

Equity, reserves and dividend payments

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

Other components of equity include the following:

- foreign currency translation reserve: comprises foreign currency translation differences arising on the translation of financial statements of the group's foreign entities into Australian Dollars.

- share based payments reserve: records items recognised as expenses on valuation of employee share options.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

New and amended standards and interpretations not yet adopted

New Accounting Standards and Interpretations not yet mandatory or early adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2018. The group's assessment of the impact of these new or amended Australian Accounting Standards and Interpretations, most relevant to the group, where assessed are set out below:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance.

Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The group is still in the process of completing the impact assessment but based on preliminary assessment the effects are not expected to have significant or material impact on the group.

Notes to the Financial Statements for the year ended 30 June 2018 (cont.)

Note 28: Other accounting policies (cont.)

New and amended standards and interpretations not yet adopted (cont.)

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. When effective, the Standard will replace current accounting requirements applicable to leases in AASB 117. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changed introduced by the new standard include: recognition of a right-to-use asset and liability for all leases; depreciation of right-to-use assets in line with AASB 116 in profit or loss and unwinding of the liability in principal and interest components; and additional disclosure requirements. The group will adopt this standard from 1 January 2019, but the impact of its adoption is yet to be assessed by the group.

AASB 15 Revenue from contracts with customers

This standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The standard is applicable to annual reporting periods beginning on or after 1 January 2018. The group is still in the process of completing the impact assessment but based on preliminary assessment the effects are not expected to have significant or material impact on the group.

New, revised or amending Accounting Standards and Interpretations adopted

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Australian Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

Directors' Declaration
For the Period Ended 30 June 2018

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

   a. The consolidated financial statements and notes of People Infrastructure Ltd are in accordance with the *Corporations Act 2001*, including:

      i. Giving a true and fair view of the financial position as at 30 June 2018 and of its performance for the period ended on that date; and

      ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations), which as stated in notes to the financial statements constitutes compliance with International Financial Reporting Standards and the Corporations Regulations 2001; and

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

   c. At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 27 will be able to meet any obligation or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 27.

2. The directors have been given the declarations by the Managing Director and Chief Executive Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.

Declan Sherman

Director

Dated this 24th day of August 2018

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INDEPENDENT AUDITOR'S REPORT

To the members of People Infrastructure Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of People Infrastructure Limited (the Company) and its subsidiaries (the Group), which comprises the Consolidated Statement of Financial Position as at 30 June 2018, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and intangible assets

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 12 - Intangible Assets. The group has recognised intangible assets resulting from business combinations. The impairment assessment of the Group's intangible asset balances incorporated significant judgment in respect of factors such as discount rates, revenue growth and cost assumptions. We have focussed on this area as a key audit matter due to amounts involved being material, the inherent subjectivity associated with critical judgements being made in relation to forecast future revenue and costs, discount rates and terminal growth.	Our procedures, amongst others, included: • Obtaining the Group's value in use model and agreed amounts to a combination of budgets and future plans. • Performing tests over the mathematical accuracy of the model and underlying calculations. • Challenging key assumptions, including forecast growth rates by comparing them to historical results, business trends, and economic and industry forecasts, evaluated discount rates used by assessing the cost of capital for the group and comparable organisations by comparison to market data and industry research. • Agreeing the forecasted cashflow inputs of the models to the latest board approved budgets. • Assessing the adequacy of the Group's disclosures.

Accounting for the acquisition of Recon group

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 9(b) – Interests in associates. As disclosed in note 9 of the financial report, during the year the company acquired 50% of Recon Solutions Pty Ltd and Recon Technology Pty Ltd (together Recon). The audit of the accounting for this acquisition is a key audit matter due to the significant judgment and complexity involved in assessing whether the group has control over Recon and the determination of the final purchase price which included contingent deferred consideration.	Our procedures, amongst others, included: • Obtaining an understanding of the transaction including management's assessment of whether the Group has control over Recon. • Challenging key assumptions and arguments in management's assessment that the group does not control Recon. • Assessing the estimation of the contingent consideration by challenging the key assumptions including the probability of achievement of future profit targets. This included comparing the actual performance since acquisition against the forecast performance. • Assessing the adequacy of the Group's disclosures of the acquisition.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 18 of the directors’ report for the year 30 June 2018.

In our opinion, the Remuneration Report of People Infrastructure Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Tim Kendall

T J Kendall
Director

Brisbane, 24 August 2018

SHAREHOLDER INFORMATION AS AT 10 AUGUST 2018

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below.

1. In accordance with the 3rd edition ASX Corporate Governance Council's Principles and Recommendations, the 2018 Corporate Governance Statement, as approved by the Board, is available on the Company's website at: https://www.peopleinfrastructure.com/governance-documents/. The Corporate Governance Statement sets out the extent to which People Infrastructure Ltd has followed the ASX Corporate Governance Council's 29 Recommendations during the 2018 financial year.

2. Substantial shareholders

The number of securities held by substantial shareholders and their associates (as reported to the ASX) are set out below:

<u>Fully paid Ordinary Shares</u>

Name	Number	%
Investco Services Pty Ltd and Declan Andrew Sherman	7,951,331	12.42%
Andnatco AWX Pty Ltd and Andrew Peter Brosnan	6,058,323	9.45%
AP Brosnan Pty Ltd and Mark Dennis Reiken	6,078,999	9.49%
Nambawan Investments Pty Ltd and Thomas William Reardon	3,270,035	5.10%

3. Number of security holders and securities on issue

People Infrastructure Ltd has issued the following securities:

(a) 64,418,732 fully paid ordinary shares held by 1,081 shareholders; and

(b) 980,000 unlisted $1.00 options held by 3 option holders.

4. Voting rights

<u>Ordinary shares</u>

In accordance with the People Infrastructure Ltd Constitution, and subject to any rights or restrictions attached to any class of shares, at a meeting of members the voting rights attached to ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

<u>Options</u>

Option holders do not have any voting rights on the options held by them.

5. Distribution of security holders

<u>(a) Quoted securities</u>

Category	Fully paid Ordinary shares			
	Holders	%	Shares	%
1 - 1,000	56	5.18	36,603	0.06
1,001 - 5,000	361	33.40	1,201,906	1.87
5,001 - 10,000	266	24.61	2,276,584	3.53
10,001 - 100,000	345	31.91	9,438,246	14.65
100,001 and over	53	4.90	51,465,393	79.89
Total	**1,081**	**100.00**	**64,418,732**	**100.00**

SHAREHOLDER INFORMATION AS AT 10 AUGUST 2018 (CONT.)

5. Distribution of security holders (cont.)

(b) Unquoted securities

Category	$1.00 Options		
	Holders	Number	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and over	3	980,000	100
Total	**3**	**980,000**	**100**

6. Unmarketable parcel of shares

There are no unmarketable parcels held as at 10 August 2018.

7. Twenty largest shareholders of quoted equity securities

Fully paid ordinary shares

Details of the 20 largest shareholders by registered shareholding are:

	Name	No. of shares	% IC
1	INVESTCO SERVICES PTY LTD	7,951,331	12.34
2	AP BROSNAN PTY LTD	6,078,999	9.44
3	ANDNATCO AWX PTY LTD	5,892,323	9.15
4	NATIONAL NOMINEES LIMITED	5,013,398	7.78
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,824,498	5.94
6	NAMBAWAN INVESTMENTS PTY LTD	3,254,735	5.05
7	RYAN GROWTH PTY LTD	1,993,151	3.09
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,895,436	2.94
9	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	1,476,783	2.29
10	EDDIEBROSNAN PTY LTD	1,231,336	1.91
11	CCSC27 PTY LTD	1,225,375	1.90
12	BT PORTFOLIO SERVICES LIMITED	1,100,000	1.71
13	SIMON BLACK PROMOTIONS PTY LTD	826,744	1.28
14	NICHOLAS CHRIS NICOLAU	664,384	1.03
14	PENKLIS INVESTMENTS PTY LTD	664,384	1.03
14	LOCKYER FAMILY INVESTMENTS PTY LTD	664,384	1.03
15	BNP PARIBAS NOMS PTY LTD	586,575	0.91
16	GF & LH RICHARDS SUPER PTY LTD	500,000	0.78
16	GURRAVEMBI INVESTMENTS PTY LTD	500,000	0.78
17	SIDE PROJECTS COMPANY PTY LTD	332,192	0.52
17	PENKLIS SUPER PTY LTD	332,192	0.52
18	MR PAUL REUBEN HUNTER HINKLEY	305,617	0.47
19	GENTILLY HOLDINGS 2 PTY LTD	293,882	0.46
20	ARILD PTY LTD	265,754	0.41
	Total	**46,873,473**	**72.76**
	Balance of register	**17,545,259**	**27.24**
	Grand total	**64,418,732**	**100.00**

SHAREHOLDER INFORMATION AS AT 10 AUGUST 2018 (CONT.)

8. A list of other stock exchanges on which any of the Company's securities are quoted.

People Infrastructure Ltd securities are only listed on the ASX.

9. The number and class of restricted securities or securities subject to voluntary escrow that are on issue and the date that the escrow period ends.

Securities subject to voluntary escrow as at 10 August 2018

Class of Securities	Number of Securities	Escrow Period
Fully paid ordinary shares	19,626,473	Commencing on the date of Listing and ending on the business day after the release, through the ASX platform, of the Company's annual results for the financial year ending 30 June 2018.
Fully paid ordinary shares	5,603,034	Commencing on the date of Listing and ending on the business day after the release, through the ASX platform, of the Company's annual results for the financial year ending 30 June 2019 (or September 2019, if the results have not been released by that date).
Fully paid ordinary shares	187,266	Ending the date that the FY18 Accounts become binding on the parties in accordance with the Share Sale Deed entered into on 11 January 2018 between People Infrastructure Ltd and related entities of Adrian Dixon and Steven Scanlan for the purchase and sale of shares in Recon Solutions Pty Ltd and Recon Technology Pty Ltd, which is anticipated to be the business day after the release, through the ASX platform, of the Company's annual results for the financial year ending 30 June 2018.
Total	**25,416,773**	

SHAREHOLDER INFORMATION AS AT 10 AUGUST 2018 (CONT.)

10. Unquoted securities

Options

980,000 unlisted $1.00 options have been issued to 3 option holders and remain unexercised. Details of holders of 20% or more of the $1.00 options are as follows:

Name	Number	%
Thomas Reardon	680,000	69.39
Glen Richards	200,000	20.41
Elizabeth Savage	100,000	10.20

Performance Rights

2,373,000 performance rights have been issued and have not vested. Details of holders of 20% or more of the performance rights are as follows:

Name	Number	%
Thomas Reardon	500,000	21.00
Declan Sherman	500,000	21.00

11. On market buy-back

There is no current on market buy-back.

12. Statement regarding use of cash and assets.

During the period between 21 November 2017 and 30 June 2018, People Infrastructure Ltd has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objectives set out in the prospectus dated 20 October 2018.