



People Infrastructure Ltd

Appendix 4D and Consolidated Financial Statements

For the half-year ended 31 December 2018

ABN: 39 615 173 076

ASX Code: PPE

PEOPLE INFRASTRUCTURE LTD

Appendix 4D

Half Year Report for the six months ended 31 December 2018

1. Report period (“current period”): 6 months ended 31 December 2018
 Previous corresponding period: 6 months ended 31 December 2017

2. Results for announcement to the market

	Up/Down	Movement %	1H FY 2018 \$ '000	1H FY 2017 \$ '000
Revenues from ordinary activities	Up	24.75%	133,064	106,673
Profit after tax from ordinary activities attributable to Owners of People Infrastructure Ltd	Up	190.31%	5,754	1,982

The increase in revenue and profit has been predominantly driven by organic growth within the existing services and sectors which the Group operates as well as on the 20 August 2018, the Company acquired the shares of Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd. The profit and loss for these entities have been consolidated into the Group results from this date.

Dividends

	Amount per Share (Cents)	Franked Amount per Share (Cents)	Tax Rate for Franking Credit
Dividends			
<u>Period ended 31 December 2018</u>			
Interim dividend	4.0	4.0	30%
<u>Financial year ended 30 June 2018</u>			
Final dividend	4.0	4.0	30%

Interim Dividend for 31 December 2018

Date the interim 2019 dividend is payable: 29 March 2019
 Record date to determine entitlements to the dividend: 28 February 2019
 Date interim dividend was declared: 15 February 2019
 Note that this dividend has not been provided for in the financial statements given it was declared on the 15 February 2019.

Final Dividend for 30 June 2018

Date the final 2018 dividend was payable: 28 September 2018
 Record date to determine entitlements to the dividend: 4 September 2018
 Date final dividend was declared: 24 August 2018

3. Net tangible assets per security

	31 December 2018 Amount per share (Cents)	30 June 2018 Amount per share (Cents)
Net tangible assets backing per ordinary share	7.52	14.55

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

On 18 July 2018, People Infrastructure Ltd acquired an additional 13 shares in Project Partners Pty Ltd increasing its total shareholding to 63% and at the same time gaining control of this entity. From that date the entity's results and financial position has been consolidated with the Group with the remaining 37% being accounted for as non-controlling interest. On the 28 September 2018, a further 8 shares were acquired in Project Partners Pty Ltd resulting in a 71% ownership at the 31 December 2018 leaving the non-controlling interest at 29% at 31 December 2018.

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

There was no loss of control of any entities during the period.

5. Dividend Re-investment plan

The Dividend Reinvestment Plan was in operation for the dividend paid during the period. Participating shareholders were entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price was at a 3% discount on the market price (calculated as the daily volume weighted average market price over the 10 trading days commencing on the second trading day following the relevant record date).

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. Refer to comments above under section 4 regarding Project Partners Corporations Pty Ltd.

Name of entity	Country of Incorporation	Ownership interest held by the Group		Nature of relationship	Measurement method	Share of operating profits, net of tax	
		31 December 2018	30 June 2018			31 December 2018	31 December 2017
Recon Solutions Pty Ltd and Recon Executive Pty Ltd	Australia	50%	50%	Associate	Equity method	370,981	-
Project Partners Corporation Pty Ltd	Australia	71%*	50%	Subsidiary	Consolidated	16,170	-
						387,151	-

Additional supporting information supporting Appendix 4D disclosure requirements can be found in the Director's report and the consolidated statements for the half year ended 31 December 2018. This report is based on the consolidated financial statements for the half year ended 31 December 2018 which have been reviewed by BDO.

Auditor's independence declaration

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

Rounding of amounts

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

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



Declan Sherman
Managing Director

15 February 2019

PEOPLE INFRASTRUCTURE LTD

ACN 615 173 076

and its controlled entities

Interim Financial Report

For the half year ended 31 December 2018

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This interim financial report does not include all the notes of the type normally included in annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by People Infrastructure Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

The financial statements were authorised for issue by the directors on 15 February 2019. The directors have the power to amend and reissue the financial statements.

Corporate Information

AUSTRALIAN BUSINESS NUMBER

ABN 39 615 173 076

DIRECTORS

Glen Richards
Declan Sherman
Thomas Reardon
Elizabeth Savage

COMPANY SECRETARY

Zoe Levendel
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

SHARE REGISTRY

Link Market Services Limited
Level 12, 680 George Street,
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SOLICITORS

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AUDITORS

BDO Audit Pty Ltd
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Directors' Report

The Directors of People Infrastructure Ltd present their report together with the financial statements of the consolidated entity, being People Infrastructure Ltd ('the Company') and its controlled entities ('Group') for the half year ended 31 December 2018.

Directors and company secretary details

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

Glen Richards	Non-Executive Chairman
Elizabeth Savage	Non-Executive Director
Declan Sherman	Managing Director
Thomas Reardon	Executive Director
Zoe Levendel	Company Secretary

Principal Activity

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

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

Review and Results of Operations

The revenue of the Group for the financial period was \$133,063,799 (2017: \$106,673,853). The profit before income tax expense of the Group for the financial period was \$7,198,322 (2017: \$3,049,180). The profit of the Group for the financial period after providing for income tax amounted to \$5,875,780 (2017: \$1,982,378). This reflected continued demand for staffing services in the sectors in which the Group operates, including health and social care, information technology, childcare, infrastructure, mining, agriculture and hospitality.

On the 20 August 2018, the shares of Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd were acquired. The profit and loss for these entities have been consolidated into the Group results from this date.

Included in the profit is a non-cash income of \$874,695 which is the fair value adjustment of the investment in Project Partners Corporation Pty Ltd. Additional interest was acquired in this entity during the period which has resulted in the investment being fair valued at the date control of the entity took place. This entity is now consolidated within the results of the Group from August 2018 when control of the subsidiary was gained.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) is how the board and management assess the performance of the Group. This is further adjusted by proforma adjustments being one off expenses including costs associated with acquisitions, the capital structure prior to IPO (including fair value movement in convertible notes and finance costs), costs of employee options and performance shares and the associated tax deduction of these expenses. The following reconciles statutory profit before tax to EBITDA and Proforma EBITDA.

	31 December 2018	31 December 2017
	\$	\$
Statutory Profit Before Tax	7,198,322	3,049,180
Depreciation and amortisation	1,308,432	1,160,628
Finance costs	623,230	848,470
EBITDA	9,129,984	5,058,278
<i>Proforma adjustments:</i>		
Acquisition costs	97,339	-
IPO costs expensed	-	456,000
Fair value movement in equity account investments	(874,695)	-
Fair value movement in convertible notes	-	578,560
Non-controlling interests	(121,860)	-
Share based payments expense	154,905	90,262
Proforma EBITDA	8,385,673	6,183,000

Directors' Report (cont.)

Review and Results of Operations (cont.)

Pro forma net profit after taxation (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), acquisition costs, costs of employee options and performance shares and the associated tax deduction of these expenses.

	31 December 2018	31 December 2017
	\$	\$
Statutory NPAT	5,875,780	1,982,378
Acquisition costs	97,339	-
IPO costs expensed	-	456,000
Fair value movement in equity accounted investments	(874,695)	-
Fair value movement in convertible notes	-	578,460
Non-controlling interests	(121,860)	-
Share based payments expense	154,905	90,262
Tax adjustment	19,468	(289,000)
Pro forma NPAT	5,150,937	3,250,100
Amortisation	912,865	871,886
Pro forma NPATA	6,063,802	4,121,986

All proforma adjustments in the calculation of the Pro forma NPAT and EBITDA are unaudited.

Operating cash flow was positive throughout the period resulting in \$4,161,328 (2017: \$4,092,515) in net cash provided by operating activities. This was due to strong earnings contribution and strong management of working capital. Capital expenditure at \$331,077 was at a similar level to the prior year with the largest outflow from investing activities surrounding the acquisitions for the period (\$7,110,583). Inflow from financing activities of \$5,474,135 related to the net result of repayment of borrowings and the additional financing received during the period in the form of commercial bills. Additionally, a dividend was paid totalling \$2,204,815 to give a total cash inflow from financing activities of \$3,269,320.

The Group balance sheet has strengthened overall by \$4,005,726, with net assets at \$46,950,359 (30 June 2018: \$42,944,633). This is mainly reflective of the acquisition of Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd, which is slightly offset by the dividends paid during the period.

People Infrastructure Ltd had \$28,512,600 in lending facilities at 31 December 2018 of which \$17,425,024 has been drawn. These lending facilities have increased during the period with additional loan facilities of \$8,000,000 received to fund the acquisition of the two entities mentioned above. The net debt position at 31 December 2018 was \$13,030,826.

Significant Changes in the State of Affairs

On 26 November 2018, 250,000 shares were issued due to performance rights being satisfied. These shares were issued to related entities of key management personal.

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

Events Arising Since the End of the Reporting Period

A dividend of 4 cents per share was declared on 15 February 2019.

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

Auditor's Independence Declaration

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

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



Declan Sherman
Managing Director

Dated this 15th day of February 2019



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

As lead auditor for the review of People Infrastructure Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

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

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 15 February 2019

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2018**

	Note	Half year	
		31 December 2018 \$	31 December 2017 \$
Revenue	2	133,063,799	106,673,853
Other income	2	986,476	-
Employee benefits expense		(119,947,092)	(96,467,892)
Occupancy expenses		(770,217)	(779,853)
Depreciation and amortisation expense		(1,308,432)	(1,160,628)
Other expenses		(4,590,133)	(4,276,790)
Finance costs		(623,230)	(939,510)
Share of profit of equity-accounted investees, net of tax		387,151	-
Profit before income tax expense	2	7,198,322	3,049,180
Income tax (expense) / benefit		(1,322,542)	(1,066,802)
Profit for the half year		5,875,780	1,982,378
Other comprehensive income for the half year, net of income tax		31,252	(50,512)
Total comprehensive income for the half year		5,907,032	1,931,866
Profit for the half year is attributable to:			
Owners of People Infrastructure Ltd		5,753,920	1,982,378
Non-controlling interests		121,860	-
		5,875,780	1,982,378
Total comprehensive profit for the half year is attributable to:			
Owners of People Infrastructure Ltd		5,785,172	1,931,866
Non-controlling interests		121,860	-
		5,907,032	1,931,866
Basic profit per share attributable to the shareholders of People Infrastructure Ltd			
Basic profit per share (cents per share)	3	8.93	6.26
Diluted profit per share attributable to the shareholders of People Infrastructure Ltd			
Diluted profit per share (cents per share)	3	8.45	6.06

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

**Consolidated Statement of Financial Position
As at 31 December 2018**

	Note	31 December 2018 \$	30 June 2018 \$
ASSETS			
Current assets			
Cash and cash equivalents		5,320,647	4,806,541
Trade and other receivables		28,805,278	28,392,927
Other current assets		1,121,520	552,677
Total current assets		35,247,445	33,752,145
Non-current assets			
Investments accounted for using the equity method	5	2,776,132	3,256,831
Property, plant and equipment		2,621,018	2,048,551
Intangible assets	6	42,067,923	33,572,290
Total non-current assets		47,465,073	38,877,672
Total assets		82,712,518	72,629,817
LIABILITIES			
Current liabilities			
Trade and other payables		13,334,343	13,780,222
Financial liabilities	7	14,001,171	10,287,370
Current tax liabilities		1,355,335	138,213
Employee benefits		2,188,352	1,765,417
Total current liabilities		30,879,201	25,971,222
Non-current liabilities			
Financial liabilities	7	4,350,302	2,172,747
Deferred tax liabilities		244,801	1,321,190
Employee benefits		287,855	220,025
Total non-current liabilities		4,882,958	3,713,962
Total liabilities		35,762,159	29,685,184
Net assets		46,950,359	42,944,633
Equity			
Shared capital	8	40,174,725	39,698,791
Retained earnings		6,250,505	3,073,334
Reserves		390,789	172,508
		46,816,019	42,944,633
Non-controlling interests		134,340	-
Total equity		46,950,359	42,944,633

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

**Consolidated Statement of Cash Flows
For the half-year ended 31 December 2018**

	Note	Half year	
		31 December 2018	31 December 2017
		\$	\$
Cash flows from operating activities			
Receipts from customers		147,910,841	116,185,012
Payments to suppliers and employees		(141,301,350)	(109,381,983)
Interest received		4,304	5,312
Finance costs paid		(623,230)	(939,510)
Income taxes paid		(1,829,237)	(1,776,316)
Net cash provided by operating activities		4,161,328	4,092,515
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		123,182	-
Purchase of property, plant and equipment		(331,077)	(490,325)
Purchase of intangible assets		(21,343)	(3,309)
Funding employee loan		-	(60,000)
Purchase of subsidiaries (net of cash acquired)	4	(7,110,583)	160,442
Dividends received from investments equity accounted	5	392,027	-
Net cash (used in) investing activities		(6,947,794)	(393,192)
Cash flows from financing activities			
Proceeds from borrowings		8,000,000	1,849,690
Repayments of borrowings		(2,525,865)	(27,616,137)
Dividends paid		(2,204,815)	-
Capital raised	8	-	25,000,000
Equity transaction costs	8	-	(1,434,462)
Net cash provided by / (used in) financing activities		3,269,320	(2,200,909)
Net change in cash and cash equivalents held		482,854	1,498,414
Effects of foreign exchange on cash		31,252	(50,512)
Cash and cash equivalents at the beginning of the half year		4,806,541	4,852,185
Cash and cash equivalents at end of the half year		5,320,647	6,300,087

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

**Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2018**

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

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

**Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2018**

	Share Capital	Retained earnings	Share options reserve	Foreign currency reserve	Other reserve	Total	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	39,698,791	3,073,334	234,868	(62,360)	-	42,944,633	-	42,944,633
Comprehensive Income								
Profit for the half year	-	5,753,920	-	-	-	5,753,920	121,860	5,875,780
Other comprehensive income, net of tax	-	-	-	31,252	-	31,252	-	31,252
Total comprehensive income for the half year	-	5,753,920	-	31,252	-	5,785,172	121,860	5,907,032
Transactions with owners in their capacity as owners								
Recognition of non-controlling interest on gain of control of entity	-	-	-	-	-	-	148,604	148,604
Employee share-based payment options	-	-	154,905	-	-	154,905	-	154,905
Dividends paid	-	(2,576,749)	-	-	-	(2,576,749)	(104,000)	(2,680,749)
Dividends reinvested	475,934	-	-	-	-	475,934	-	475,934
Additional shares acquired in non-controlling interest	-	-	-	-	32,124	32,124	(32,124)	-
	475,934	(2,576,749)	154,905	-	32,124	(1,913,786)	12,480	(1,901,306)
Balance at 31 December 2018	40,174,725	6,250,505	389,773	(31,108)	32,124	46,816,019	134,340	46,950,359

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

Notes to the Financial Statements for the half-year ended 31 December 2018

Corporate information

These consolidated interim financial statements as at and for the six months ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the 'Group'). They have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

People Infrastructure Ltd is a Public Company, incorporated and domiciled in Australia.

Basis of preparation

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by People Infrastructure Ltd during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

New standards, interpretations and amendments adopted by the Group

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements, except for the adoption of new standards effective as of 1 July 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers. The adoption of these new and revised Standards and Interpretations did not have any material impact on the amounts recognised in the financial statements of the Group for the current or prior periods. However, the accounting policies have changed from that disclosed in the 30 June 2018 financial statements. The new accounting policies for the Group adopted for the first time in these financial statements are disclosed in Note 13: New and amended standards and interpretations adopted for the first time.

Key judgements and estimates

The preparation of the interim financial report required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported assets and liabilities, income and expenses. The significant judgements made by management in applying Group accounting policies were same as those applied to the annual financial report for the year ended 30 June 2018. Judgements and estimates which are material to the interim financial report relate to:

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Note 13: New and amended standards and interpretations adopted for the first time	Page 23

The notes to the financial statements

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

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

Note 1: Segment Reporting

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

Notes to the Financial Statements for the half-year ended 31 December 2018

Note 2: Profit and loss information

Revenue and other revenue

	Half year	
	31 December 2018	31 December 2017
	\$	\$
Sales revenue		
Contract hire revenue	123,814,307	101,458,034
Planting revenue	3,941,217	3,004,446
Facilities maintenance revenue	3,664,089	1,333,847
Recruitment revenue	1,012,008	366,208
Consultancy and other sales revenue	335,359	209,316
Total sales revenue	132,766,980	106,371,851
Other revenue		
Government subsidies	292,515	296,690
Interest revenue – third parties	4,304	5,312
Total other revenue	296,819	302,002
Total revenue and other revenue	133,063,799	106,673,853

Revenue for the half year ended 31 December 2018 is \$133,063,799 compared to \$106,673,853 in prior half-year. The increase of \$26,389,946 is as a result of growth within the Group in existing industries and through the acquisitions during the half-year.

Other Income

	Half year	
	31 December 2018	31 December 2017
	\$	\$
Other income		
Gain on fair value adjustment of gain of control of investment	874,695	-
Net gain on disposal of property, plant and equipment	111,781	-
Total sales revenue	986,476	-

Expenditure

Total expenditure has increased from \$103,624,673 to \$127,239,104 for similar reasons as revenue.

Note 3: Earnings per share

	Half year	
	31 December 2018	31 December 2017
	\$	\$
Profit attributable to the shareholders of People Infrastructure Ltd:		
Profit from continuing operations	5,753,920	1,982,378
Weighted average number of ordinary shares used in the calculation of basic profit per share	64,418,732	31,680,899 *
Adjustments for calculation of diluted earnings per share:		
Weighted options	3,700,333	1,029,508
Weighted average number of ordinary shares used in the calculation of diluted profit per share	68,119,065	32,710,407 *

* Calculated based on share split incurring at incorporation.

Notes to the Financial Statements for the half-year ended 31 December 2018

Note 4: Acquisition of subsidiaries

Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd

On the 20 August 2018, 100% of the shares in Network Nursing Agency Pty Ltd (NNA) and Australian Healthcare Academy Pty Ltd (AHA) were acquired. At 31 December 2018 provisional accounting has been applied for the acquisitions. Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	20 August 2018		
	NNA	AHA	Total
	\$	\$	\$
Purchase consideration			
Cash consideration	8,659,730	759,600	9,419,330
Contingent consideration	971,862	58,745	1,030,607
Total consideration	9,631,592	818,345	10,449,937
Assets and liabilities acquired:			
Cash and cash equivalents	1,557,218	392,182	1,949,400
Trade and other receivables	1,727,895	191,805	1,919,700
Property, plant and equipment	226,849	-	226,849
Deferred tax assets	158,067	7,613	165,680
Trade and other payables	(932,589)	(71,983)	(1,004,572)
Employee entitlements	(273,801)	(667)	(274,468)
Current tax liabilities	(492,345)	(79,194)	(571,539)
Fair value of assets and liabilities acquired	1,971,294	439,755	2,411,049
Identifiable assets acquired			
Brand names	236,654	46,160	282,814
Customer relationships	522,415	-	522,415
Total identifiable assets acquired and liabilities assumed	759,069	46,160	805,229
Goodwill on acquisition	6,901,229	332,430	7,233,659
Cashflows on acquisition			
Cash consideration	8,659,730	759,600	9,419,330
Cash acquired	(1,557,218)	(392,182)	(1,949,400)
Total cashflow outflows on acquisition to 31 December 2018	7,102,512	367,418	7,469,930

Notes to the Financial Statements for the half-year ended 31 December 2018

Note 4: Acquisition of subsidiaries (cont.)

Project Partners Corporation Pty Ltd

On 18 July 2018, People Infrastructure Ltd acquired an additional 13 shares in Project Partners Corporation Pty Ltd increasing its total shareholding to 63% and at the same time gaining control of this entity. From that date the entity's results and financial position has been consolidated with the Group with the remaining 37% being accounted for as non-controlling interest. On the 28 September 2018, a further 8 shares were acquired in Project Partners Corporation Pty Ltd resulting in a 71% ownership at the 31 December 2018 leaving the non-controlling interest at 29% at 31 December 2018. Details of the fair values of assets and liabilities at the date of control are as follows:

	18 July 2018	
	\$	
Purchase consideration		
Cash consideration	13,000	
Fair value of original investment *	1,350,518	
Total consideration	1,363,518	
 Assets and liabilities acquired:		
Cash and cash equivalents	372,347	
Trade and other receivables	378,590	
Property, plant and equipment	4,475	
Trade and other payables	(324,919)	
Financial liabilities	(187)	
Employee entitlements	(28,651)	
Non-controlling interest	(148,612)	
Fair value of assets and liabilities acquired	253,043	
 Goodwill on acquisition	1,110,475	
 Cashflows on acquisition		
Cash consideration	13,000	
Cash acquired	(372,347)	
Total cashflows inflows on acquisition to 31 December 2018	(359,347)	

* In accordance with AASB 3 Business Combinations the equity accounted investment was fair valued immediately prior to control being obtained with the fair value adjustment going to the profit or loss. The fair value adjustment was \$874,695 (refer to Note 2).

Summary of cashflows of acquisitions

	31 December 2018	30 June 2018
	\$	\$
Cash paid for subsidiaries acquired (net of cash acquired)		
Network Nursing Agency Pty Ltd	7,102,512	-
Australian Healthcare Academy Pty Ltd	367,418	-
Project Partners Corporation Pty Ltd	(359,347)	-
Total cash paid for subsidiaries acquired (net of cash acquired)	7,110,583	-

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 11).

Notes to the Financial Statements for the half-year ended 31 December 2018

Note 5: Interests in other entities

Interests in associates

Set out below are the associates of the Group as at 31 December 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	
		31 December 2018	30 June 2018			31 December 2018	30 June 2018
Recon Solutions Pty Ltd and Recon Executive Pty Ltd	Australia	50%	50%	Associate (1)	Equity method	2,776,132	2,797,178
Project Partners Corporation Pty Ltd	Australia	71%*	50%	Subsidiary (2)	Consolidated	-	459,653
						2,776,132	3,256,831

* On the 20 July 2018, an additional 13 shares were acquired by People Infrastructure Ltd in Project Partners Corporation Pty Ltd for \$13,000. On 28 September 2018, an additional 8 shares were acquired by People Infrastructure Ltd for \$8 bringing the percentage ownership up to 71% in this entity.

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

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

	Recon Solutions Group		Project Partners Corporation Pty Ltd	
	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	\$	\$	\$	\$
Reconciliation of carrying amounts				
Opening balance 1 July 2017	2,797,178	-	459,653	-
Acquisition of investment in entity – cash	-	2,043,078	13,008	263,835
Acquisition of investment in entity – equity issue	-	471,184	-	28,816
Share of operating profits, net of tax	370,981	382,916	16,170	167,002
Dividends received	(392,027)	(100,000)	-	-
Fair value adjustment on gain of control	-	-	874,695	-
Derecognition on gain of control	-	-	(1,363,526)	-
Closing balance 30 June 2018	2,776,132	2,797,178	-	459,653

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.

During the current period additional shares were acquired in Project Partners Corporation Pty Ltd. This was performed in a two-step process. However, it was determined when the additional 13 shares were acquired that control was gained.

Notes to the Financial Statements for the half-year ended 31 December 2018

Note 6: Intangible assets

	31 December 2018	30 June 2018
	\$	\$
Goodwill – at cost	34,172,683	25,586,980
Brand names – at cost	2,528,763	2,245,950
Customer relationships		
Cost	6,171,250	5,648,835
Accumulated amortisation	(2,284,466)	(1,684,968)
Total customer relationships	3,886,784	3,963,867
Candidate database		
Cost	2,199,323	2,199,323
Accumulated amortisation	(1,012,711)	(737,795)
Total candidate database	1,186,612	1,461,528
Mobile application software		
Cost	375,535	357,386
Accumulated amortisation	(115,716)	(78,162)
Total mobile application software	259,819	279,224
Website		
Cost	16,187	12,992
Accumulated amortisation	(7,161)	(6,263)
Total website	9,026	6,729
Patents and trademarks		
Cost	32,579	36,355
Accumulated amortisation	(8,343)	(8,343)
	24,236	28,012
Total intangible assets	42,067,923	33,572,290

Notes to the Financial Statements for the half-year ended 31 December 2018

Note 6: Intangible assets (cont.)

Movements in carrying amount

31 December 2018	Balance at 1 July 2018	Additions – through business combinations	Additions – through ordinary course	Disposals	Transfers between classes	Amortisation expense	Carrying amount at 31 December 2018
	\$	\$	\$	\$	\$	\$	\$
Goodwill	25,586,980	8,585,703	-	-	-	-	34,172,683
Brand names	2,245,950	282,813	-	-	-	-	2,528,763
Customer relationships	3,963,867	522,415	-	-	-	(599,498)	3,886,784
Candidate database	1,461,528	-	-	-	-	(274,916)	1,186,612
Mobile application software	279,224	-	18,149	-	-	(37,554)	259,819
Website	6,729	-	3,195	-	-	(898)	9,026
Patents and trademarks	28,012	-	-	(3,776)	-	-	24,236
Total	33,572,290	9,390,931	21,344	(3,776)	-	(912,866)	42,067,923

30 June 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.

Notes to the Financial Statements for the half-year ended 31 December 2018

Note 7: Financial liabilities

	31 December 2018 \$	30 June 2018 \$
<i>Current</i>		
Credit cards	9,995	34,050
Debtor finance account	7,347,429	9,393,775
Commercial bills	6,461,600	710,000
Lease liabilities	182,147	149,545
Total current borrowings	14,001,171	10,287,370
<i>Non-current</i>		
Commercial bills	3,606,000	1,775,000
Lease liabilities	744,302	397,747
Total non-current borrowings	4,350,302	2,172,747
Total borrowings	18,351,473	12,460,117

Facilities

In August 2018 the facilities were reviewed with the following facilities now existing:

	Available facility	Facility used	Remaining Facility
31 December 2018			
Credit cards	445,000	9,995	435,005
Debtor finance / invoice discounting facility	18,000,000	7,347,429	10,652,571
Commercial bills	10,067,600	10,067,600	-
	28,512,600	17,425,024	11,087,576
30 June 2018			
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

Security

St George Bank provided the above facilities and as a result has first registered general security over the assets and undertaking of the Group.

Notes to the Financial Statements for the half-year ended 31 December 2018

Note 8: Share capital

	31 December 2018 \$	30 June 2018 \$
64,910,272 (30 June 2018: 64,418,732) fully paid ordinary shares	40,174,725	39,698,791

Ordinary Shares

	Date	31 December 2018 Number	30 June 2018 Number	31 December 2018 \$	30 June 2018 \$
At the beginning of the period		64,418,732	10	39,698,791	10
Dividends reinvested	28 September 2018	241,540	-	475,934	-
Issue of shares in lieu of options	26 November 2018	250,000	-	-	-
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		64,910,272	64,418,732	40,174,725	39,698,791

*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 November 2020	\$1.00	340,000
Reardon Options	14 October 2017	14 November 2021	\$1.00	340,000
NED Options	22 November 2017	22 November 2018	\$1.00	300,000
Performance Rights (Tranche 1)	22 November 2017	22 November 2021	\$0.00	750,000
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
Performance Rights (Tranche 4)	26 November 2018	26 November 2022	\$0.00	238,750
Performance Rights (Tranche 5)	26 November 2018	26 November 2022	\$0.00	250,000
Total under option				3,591,750

The following options were exercised as a result of performance conditions being achieved during the period:

	Date options granted	Date exercised	Exercise price of shares	Number under option
Performance Rights (Tranche 1)	22 November 2017	28 September 2018	\$0.00	250,000
Total exercised during the period				250,000

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 half-year ended 31 December 2018

Note 8: Share capital (cont.)

Share based payment expense

The amount included in profit or loss is as follows:

	Half Year	
	31 December 2018	31 December 2017
	\$	\$
Employee benefits expense	154,905	90,262

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

	31 December 2018	30 June 2018
		\$
Share capital	-	-
Share based payment reserve	154,905	90,262

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.

Dividends

	Half Year	
	31 December 2018	31 December 2017
	\$	\$
Dividends provided for or paid during the half-year (4 cents per share)	2,576,749	-

Note 9: Contingent assets and contingent liabilities

The Group has no contingent assets and no contingent liabilities.

Note 10: Related party transactions

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

Parent entity and ultimate controlling entity

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

Subsidiaries

On 18 July 2018, People Infrastructure Ltd acquired an additional 13 shares in Project Partners Corporation Pty Ltd increasing its total shareholding to 63% and at the same time gaining control of this entity. From that date the entity's results and financial position has been consolidated with the Group with the remaining 37% being accounted for as non-controlling interest. Refer to Note 4 and 5 for further details.

On the 28 September 2018, a further 8 shares were acquired in Project Partners Corporation Pty Ltd resulting in a 71% ownership at the 31 December 2018 leaving the non-controlling interest at 29% at 31 December 2018.

On the 20 August 2018, the Group acquired the shares of Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd. Refer to Note 4 for further details.

Notes to the Financial Statements for the half-year ended 31 December 2018

Note 10: Related party transactions (cont.)

Other related party transactions

The following related party transactions occurred with entities related to the directors in addition to those relating to options set out in Note 8: Share Capital:

	31 December 2018
	\$
Shares Issued	
Glen Richards *	300,000
Elizabeth Savage *	19,885
Declan Sherman **	125,000
Thomas Reardon **	125,000
Thomas Reardon *	66,085
 Options or Performance Rights Issued	
Declan Sherman	119,375
Thomas Reardon	119,375

* These shares issues, including dividends reinvested were as a result of on market share acquisitions at arm's length.

** These shares were issued as a result of performance rights meeting their conditions.

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

Note 11: Fair value measurement

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

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

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

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

Financial Liabilities at fair value through the profit and loss

	Level 1	Level 2	Level 3
	\$	\$	\$
31 December 2018			
Contingent consideration	-	-	1,030,607
Total Financial Liabilities	-	-	1,030,607
 30 June 2018			
Contingent consideration	-	-	-
Total Financial Liabilities	-	-	-

There were no transfers between the levels of fair value hierarchy during the half-year ended 31 December 2018. There were no other financial assets or liabilities valued at fair value at 31 December 2018 and 30 June 2018.

Reconciliation of Level 3 fair value movements

	Contingent Consideration
Opening balance at 1 July 2017	-
Recognition on acquisition / funding	-
Closing balance at 30 June 2018	-
Recognition on acquisition / funding	1,030,607
Closing balance at 31 December 2018	1,030,607

Notes to the Financial Statements for the half-year ended 31 December 2018

Note 11: Fair value measurement (cont.)

Contingent consideration

The fair value of contingent consideration related to the acquisition of Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd and is estimated using a present value technique. The value is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting. The probability was assessed as highly likely that the contract's target level will be achieved. A cost of debt of 6.53% was applied in calculating the fair value of the contingent consideration. The estimated period to the date payable is 1.03 years.

Note 12: Events arising since the end of the reporting period

A dividend of 4 cents per share was declared on 15 February 2019.

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.

Note 13: New and amended standards and interpretation adopted for the first time

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of AASB 15 has not impacted the amounts disclosed within the financial statements.

The Group is in the business of providing contracted staffing and human resources outsourcing services. Services provided by the Group include recruiting, on-boarding, rostering, timesheet management, payroll, and workplace health and safety management. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Contract Hire

The Group has determined that revenue from the provision of contract hire is to be recognised when the temporary workers are provided to the client and their time is invoiced to the client. AASB 15 contains a practical expedient that allows revenue to be recognised when the entity has the right to invoice if the amount invoiced corresponds directly with the performance completed to date. This is the case with contract hire revenue.

Planting

Similar to contract hire revenue, invoicing of planting revenue reflects the performance completed to date. Once plants have been planted an invoice is issued reflecting that performance obligation. Therefore, the practical expedient has again been applied and revenue is recognised at the time of invoicing.

Facilities maintenance

Similarly, to contract hire the performance obligations under maintenance contracts are satisfied concurrently with the issuing of the invoice and therefore revenue is recognised at that point in time.

Recruitment revenue

Performance obligations associated with recruitment revenue are satisfied when an individual is permanently placed with a client. Therefore, the performance obligation is satisfied upon the individual commencing employment with the client.

Government subsidies

Government subsidies are recognised at their fair value where there is reasonable assurance that the subsidy will be received, and the Group will comply with all of the attached conditions.

Variable consideration and warranties

Contracts do not provide for discounts or rebates which give rise to variable consideration. Neither do they contain provision for warranties.

Note 13: New and amended standards and interpretation adopted for the first time (cont.)

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The adoption of this standard has not impacted the amounts disclosed in these financial statements.

(a) Classification and measurement

Except for certain trade receivables, under AASB 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables, and Loans included under Other non-current financial assets.

The assessment of the Group's business models was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. There has been no adjustment made to the amounts disclosed as a result of the application of this standard.

The accounting for the Group's financial liabilities remains largely the same as it was under AASB 139. Similar to the requirements of AASB 139, AASB 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

Under AASB 9, embedded derivatives are no longer separated from a host of financial assets when determining whether cash flows are solely payments of principal and interest. Instead, financial assets are classified based on their contractual terms and the Group's business model.

The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by AASB 139.

(b) Impairment

The adoption of AASB 9 has altered the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Contract assets and Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of AASB 9 has not resulted in any material change in impairment allowances of the Group's debt financial assets.

(c) Hedge accounting

The Group doesn't enter into any hedging arrangements.

Key judgements and estimates

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Directors' Declaration

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

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Accounting Standard *AASB 134 Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable, after taking into consideration the extent to which such debts are limited-recourse in nature or owing to the responsible entity.

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

A handwritten signature in black ink, appearing to read 'Declan Sherman', with a stylized initial 'D.S.' on the left.

Declan Sherman
Managing Director

Dated this 15th day of February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of People Infrastructure Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of People Infrastructure Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

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


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



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

BDO


T J Kendall

Director

Brisbane, 15 February 2019