People Infrastructure Ltd

Appendix 4E and Consolidated Financial Statements

For the year ended 30 June 2019

ABN: 39 615 173 076

PEOPLE INFRASTRUCTURE LTD

Appendix 4E – Preliminary Final Report

for the year ended 30 June 2019

1. Report period (“current period”): Year ended 30 June 2019
   Previous corresponding period: Year ended 30 June 2018

2. Results for announcement to the market

	Up/Down	Movement %	FY 2019 $ ’000	FY 2018 $ ‘000
Revenue from ordinary activities	Up	26.78%	278,156	219,401
Profit after tax from ordinary activities attributable to Owners of People Infrastructure Ltd	Up	89.83%	9,704	5,112

The increase in revenue and profit has been predominantly driven by organic growth within the existing services and sectors which the Group operates. Not only was this due to organic growth in the underlying business driven by increased demand for the services that People Infrastructure provides as well as the acquisitions that were complete throughout the year. Those included:

- Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd on the 20 August 2019;
- Victorian Nurse Specialists Pty ltd on the 1 March 2019;
- The remaining shares in Project Partners Corporation Ltd on the 18 July 2018, 28 September 2018 and 27 February 2019.
- The remaining shares in Recon Solutions Pty Ltd on 27 February 2019;
- Halcyon Knights Group on the 31 May 2019; and
- Carestaff Nursing Services on the 21 June 2019.

The profit and loss for these entities have been consolidated into the Group results from the various dates of acquisition.

	Amount per Share (Cents)	**Franked Amount per Share (Cents)**	**Tax Rate for Franking Credit**
Dividends			
Financial year ended 30 June 2019			
Interim dividend	4.0	4.0	30%
Final dividend	4.5	4.5	30%
	8.5	8.5	30%
Financial year ended 30 June 2018			
Final dividend	4.0	4.0	30%

Final Dividend for 30 June 2019

Date the final 2019 dividend is payable: 2 October 2019

Record date to determine entitlements to the dividend: 6 September 2019

Date final dividend was declared: 30 August 2019

Note that the final dividend for financial year 30 June 2019 has not been provided for in the financial statements given it was declared on the 30 August 2019.

Interim Dividend for 31 December 2018

Date the interim 2019 dividend was payable: 29 March 2019

Record date to determine entitlements to the dividend: 28 February 2019

Date interim dividend was declared: 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. 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).

4. Net tangible assets per security

	30 June 2019 Amount per share (Cents)	30 June 2018 Amount per share (Cents)
Net tangible assets backing per ordinary share	(14.44)	14.55

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

The following entities entered the group during the financial year either through incorporation or acquisition.

		Results included in the consolidated results relating to these entities for the year	
Name of Entity	**Date of Control**	**Revenue**	**Profit and loss after tax**
Incorporated entities			
NNA Hco Two Pty Ltd	03/08/2018	n/a	n/a
People Infrastructure Admin Pty Ltd	05/11/2018	n/a	n/a
Mobilise People Pty Ltd	10/01/2019	n/a	n/a
Edmen Homecare Pty Ltd	22/01/2019	n/a	n/a
PI ITG Holdco Pty Ltd	07/02/2019	n/a	n/a
Acquired entities			
Project Partners Corporation Pty Ltd	18 July 2018	3,952,642	103,012
NNA Group consisting of:		20,238,974	1,566,152
Network Nursing Agency Pty Ltd	20 August 2018		
Australian Healthcare Academy Pty Ltd	20 August 2018		
Recon Solutions Pty Ltd	27 February 2019	5,350,085	320,647
Recon Executive Holdings Pty Ltd *	27 February 2019	-	-
Victorian Nurse Specialists Pty Ltd	1 March 2019	3,433,822	175,157
Halcyon Knights Group consisting of:		2,607,347	240,807
Halcyon Knights Pty Ltd	31 May 2019		
Halcyon Knights Commercial and Contracting Pty Ltd	31 May 2019		
Halcyon Knights New Zealand Ltd	31 May 2019		
Halcyon Knights Pte Ltd	31 May 2019		
Carestaff Nursing Services Pty Ltd	21 June 2019	233,589	4,373

* This entity was acquired as part of the Recon Solutions Group. Deregistration commenced on the 28 June 2019.

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 and on 27 February 2019 the remaining 29% was acquired. From the 27 February 2019 100% of the entity is now held and the non-controlling interest is nil.

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

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 were accounted for by using the equity method until they were controlled being 27 February 2019 for Recon Solutions Pty Ltd and 18 July 2018 for Project Partners Corporations Pty Ltd. Refer to comments above under section 5 regarding Project Partners Corporations Pty Ltd.

Name of entity	**Country of Incorp - oration**	**Ownership interest held by the Group**		**Nature of relationship [1]**	**Measurement method [1]**	**Share of operating profits, net of tax**	
		30 June 2019	**30 June 2018**			**30 June 2019**	**30 June 2018**
Recon Solutions Pty Ltd and Recon Executive Pty Ltd	Australia	100%	50%	Associate	Equity method	356,609	382,916
Project Partners Corporation Pty Ltd	Australia	100%	50%	Associate	Equity method	16,170	167,002
						372,779	**549,918**

[1]Note that this is up until the date of control for the respective entities.

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 2019. This report is based on the consolidated financial statements for the year ended 30 June 2019 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.

D. Sherman

Declan Sherman
Managing Director

30 August 2019

People Infrastructure Ltd

and its controlled entities

Financial Report

For the year ended 30 June 2019

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

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Directors' Report

For the year ended 30 June 2019

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 2019.

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.

Equity Holdings: Shares: 800,000, Options: 200,000

Dr Richards has over 27 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. Dr 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, Naturo Pty Ltd and Cardionexus Holdings Pty Ltd, and a non-executive director of Regeneus Ltd and Adventure Holdings Australia Pty Ltd. Dr 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 (from 26 April 2007 to 26 February 2019, noting that Greencross Limited was removed from the official list 27 February 2019), Regeneus Ltd (from 11 April 2015), and 1300Smiles Limited (from May 2015 to 23 November 2017).

Elizabeth Savage Appointed 18 October 2017

Non-Executive Director

Qualifications: BEng(Hons), MSc, MAICD

Equity Holdings: Shares: 20,225, Options: 100,000

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 Brisbane Marketing Pty Ltd, Triathlon Australia Pty Ltd, Intrepid Group Limited 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.

Directorships of other listed companies in the last 3 years: Mantra Group Limited (from 18 November 2016 to 31 May 2018, noting that Mantra Group Limited was removed from the official list 1 June 2018).

Directors' Report (cont.)

For the year ended 30 June 2019

Directors' information (cont.)

Declan Sherman Appointed 5 October 2016

Managing Director

Qualifications: B.Comm (Hons), Finance

Equity Holdings: Shares: 8,076,331, Performance Rights: 494,375

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

Equity Holdings: Shares: 2,961,120, Options: 680,000, Performance Rights: 494,375

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

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 18 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 2019

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	11	11	6	6	5	5	2	2
Elizabeth Savage	11	9	6	6	5	5	-	-
Declan Sherman	11	11	6	6	5	5	2	2
Thomas Reardon	11	11	-	-	-	-	-	-

* Committee of Directors meeting formed with Board delegation.
+ Held and eligible to attend.

Principal activities

The principal activities of the Group during the financial period were the provision of workforce management, contracted staffing, recruitment and human resources outsourcing services. Services provided by the Group include recruiting, on-boarding, contracting, 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

Overview

People Infrastructure operates under three main industry sectors being Health and Community Care, Information Technology and General Staffing and Specialist Services.

Health and Community Care

Key features of the health and community care market and People Infrastructure's competitive positioning are as follows:

- People Infrastructure is a leader in providing workforce management services to the health and community care sectors in Australia;
- The only provider of outsourced workforce management services in this sector in Australia;
- Significant operational complexity, long tenure and industry leading capabilities provide a significant barrier to entry;
- Investment and scale in the community care sector provides a platform to grow further into aged care and healthcare; and
- Largest provider of carers in Australia and largest provider of nurses on the Eastern seaboard.

The broader market dynamics of this industry are as follows:

- Disability caring workforce is growing at over 5% per year due to increased funding to the sector;
- Ageing population and increased provision of health services are also long-term growth engines;
- Increased regulation of aged care especially with respect to levels of care further driving growth;

Directors' Report (cont.)

For the year ended 30 June 2019

Review of operations and financial results (cont.)

Health and Community Care (cont.)

- Complexities of matching care capabilities to individuals requires a high level of sophistication in workforce management to be highly effective;
- Nature of work results in higher turnover of employees and therefore more active management;
- Significant amount of short shift work; and
- Shortage of qualified employees driving increased demand for services.

Information Technology

Key features of the Information Technology market and People Infrastructure's competitive positioning are as follows:

- People Infrastructure is a leader in Information Technology recruitment focusing on IT Sales and Marketing, Digital, Cloud, Cybersecurity, Data & Analytics, IT Consulting and Technical Support;
- Provide strong specialisation in each vertical driving significant employer and candidate engagement;
- Long tenure and industry leading specialisations provide a competitive advantage;
- Investment and scale in this sector propagate further employer and candidate interest; and
- People Infrastructure is a top 10 provider of IT recruitment services in Australia.

The broader market dynamics of this industry are as follows:

- High growth sector of the Australian and International economy, driven by growth in IT companies as product and service providers and also by growth in utilisation of IT services by businesses across the economy;
- Australian ICT workforce expected to grow at a compound annual growth rate ('CAGR') of 2.7% to 2023 (approximately twice the rate of the entire Australian workforce);
- Significant employee mobility due to an everchanging IT ecosystem providing increased demand for recruitment services; full time employees working 2 – 4 years is average tenure;
- Significant demand for specialised contract work;
- Contract work typically ranges from multi-month to multi-year projects; and
- Shortage of qualified employees driving increased demand for services.

General Staffing and Specialist Services

Key features of the General Staffing and Specialist Services market and People Infrastructure's competitive positioning are as follows:

- People Infrastructure is a leader in providing general staffing services to small and medium sized business across Australia;
- Leverage general staffing capabilities into market segments which generate high margins: our general staffing business has spawned:
    - a specialty contract planting business: leading provider in the Australian market;
    - facilities maintenance business: leverage relationships in the general staffing business into long-term services contracts;

Directors' Report (cont.)

For the year ended 30 June 2019

Review of operations and financial results (cont.)

General Staffing and Specialist Services (cont.)

- Childcare and early childhood staffing business: leading position in Australia in this market; and
- Hospitality payrolling business: leading position in the Queensland market.

- A combination of industry expertise, a focus on small and medium sized businesses, investment in Workplace Health and Safety and strong technology to streamline processes have helped drive industry leading margins.

The broader market dynamics of this industry are as follows:

- This workforce is growing at between 2% and 5% per year, depending on the subsector;
- Increased casualisation of the workforce and increase in regulations attached to full-time employees is driving growth in number of casual and part-time workers;
- Increased complexity with respect to pay rates, enterprise bargaining agreements and awards as well as ever changing legislation in relation to industrial relations has increased the outsourcing of casual labour to general staffing firms;
- This business has the flexibility to pivot into subcategories that are demonstrating higher relative growth;
- Growing market share from relatively small levels is a key driver of growth;
- Focus on areas where there is a significant amount of contract or shift work; and
- Shortage of qualified employees driving increased demand for services.

Financial Results

The revenue of the Group for the financial period was $278,155,915 (2018: $219,400,642). The profit before income tax expense of the Group for the financial period was $13,347,012 (2018: $7,751,042). The profit of the Group for the financial period after providing for income tax amounted to $9,693,783 (2018: $5,170,863). The growth in the business in 2019 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. Not only was this due to organic growth in the underlying business driven by increased demand for the services that People Infrastructure provides as well as the acquisitions that were completed throughout the year. Those acquisitions included:

- Acquired Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd on the 20 August 2018. Network Nursing Agency was established in 1997 and is a leading Sydney-based nursing agency specialising in supplying general, critical care, mental health, midwifery, aged care, and facilitation to private and public healthcare clients across Australia. Australian Healthcare Academy is a provider of premium healthcare training and education to healthcare professionals in Australia. The acquisition price was $9.4m in upfront cash and deferred payments.
- Acquired Victorian Nurse Specialists Pty Ltd on 1 March 2019 for a purchase price of $2.0m in upfront cash and deferred payments. VNS was established in 2000 and is a leading Melbourne-based nursing agency specialising in supplying general, critical care, mental health, midwifery and aged care nurses to private and public healthcare clients across Victoria.
- Acquired the remaining outstanding shares in Recon Solutions Pty Ltd and Project Partners Corporation Pty Ltd (Project Partners) as announced on the ASX on 1 March 2019. Recon Solutions is recognised as a market leader in IT recruitment in Queensland and Project Partners is a technology and consulting firm that assists its clients to successfully implement project-led transformation and change.

Directors' Report (cont.)

For the year ended 30 June 2019

Review of operations and financial results (cont.)

Financial Results (cont.)

- Acquired Halcyon Knights Pty Ltd, Halcyon Knights Commercial and Contracting Pty Ltd and Halcyon Knights New Zealand Limited (together "Halcyon Knights") on 31 May 2019. Halcyon Knights was established in 2007 and is a leading information technology recruitment company focused on the Melbourne, Sydney, New Zealand and Singapore markets. The Business provides its offerings across several IT verticals including Sales & Marketing, Digital, Cloud, Cybersecurity, Data & Analytics, Professional Services & Consulting and Technical Support. The business has approximately 55 staff and is one of the most well-regarded IT recruitment and contracting companies in Australia. The acquisition price for Halcyon Knights is $13.5 million payable in cash on closing. There is also an earn out of up to $8.85m payable in People Infrastructure ordinary shares over three tranches based on the Halcyon Knights business achieving agreed Earnings before interest, taxation, depreciation and amortisation (EBITDA) hurdles for FY2020, FY2021 and FY2022.
- Acquired Carestaff Nursing Services Pty Ltd on 21 June 2019. Carestaff is the leading healthcare staffing agency in the Gold Coast. The acquisition price was $5.8m

Furthermore, on the 1 July 2019, the shares of First Choice Care Pty Ltd were acquired. First Choice is the leading healthcare staffing agency in Brisbane and the Sunshine Coast (and also extends to central and north QLD). The profit and loss for this entity will be consolidated into the Group results from this date.

Included in the profit is a non-cash income of $993,641 which is the fair value adjustment of the investment in Project Partners Corporation Pty Ltd and Recon Solutions Pty Ltd. Additional interest was acquired in these entities during the period which has resulted in the investments being fair valued at the date control of the entity took place. These entities are now consolidated within the results of the Group from August 2018 and March 2019 respectively when control of the subsidiaries was gained.

EBITDA is how the board and management assess the performance of the Group. This is further adjusted by normalisation 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 normalised EBITDA.

	30 June 2019	30 June 2018
	$	$
Statutory Profit Before Tax	**13,347,012**	**7,751,042**
Depreciation and amortisation	4,210,655	2,487,840
Finance costs	1,689,670	1,429,867
EBITDA	**19,247,337**	**11,668,749**
Normalisation adjustments:		
Acquisition costs	469,571	40,487
IPO costs expensed	-	478,914
Fair value movement in equity account investments	(993,641)	-
Fair value movement in convertible notes	-	578,460
Fair value movement in deferred consideration	69,393	-
Non-controlling interests	(25,839)	-
Share based payments expense	312,792	233,913
Adoption of AASB 16 Leases accounting policy	(1,298,438)	-
Normalised EBITDA	**17,781,175**	**13,000,523**

Directors' Report (cont.)

For the year ended 30 June 2019

Review of operations and financial results (cont.)

Financial Results (cont.)

Normalised net profit after taxation and before amortisation (NPATA) 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 rights and the associated tax deduction of these expenses and amortisation.

	30 June 2019	30 June 2018
	$	$
Statutory NPAT	**9,693,783**	**5,170,863**
Net finance costs adjustment	-	432,000
Acquisition costs	469,571	40,487
IPO costs expensed	-	478,914
Fair value movement in equity accounted investments	(993,641)	-
Fair value movement in convertible notes	-	578,460
Fair value movement in deferred consideration	69,393	-
Non-controlling interests	(25,839)	-
Share based payments expense	312,792	233,913
Adoption of AASB 16 Leases accounting policy:		
– operating lease payments	(1,298,438)	-
– finance costs	212,138	-
– depreciation expense	1,083,145	-
Tax adjustment	93,914	233,480
Normalised NPAT	**9,547,425**	**7,168,117**
Amortisation	2,435,656	1,744,871
Normalised NPATA	**12,052,474**	**8,912,988**

All normalisation adjustments in the calculation of the normalised NPAT and EBITDA are unaudited.

Operating cash flow was positive throughout the period resulting in $11,100,526 (2018: $6,357,939) in net cash provided by operating activities. This was due to strong earnings contribution and strong management of working capital. Capital expenditure on plant and equipment and intangibles of $939,999 was at a similar level to the prior year with the largest outflow from investing activities surrounding the acquisitions for the period ($29,991,500). Net inflows from financing activities of $35,775,800 related to the net result of repayment of borrowings and the additional financing received during the period in the form of commercial bills and a capital raising. Additionally, fully franked dividends totalling $4,599,108 were paid during the year.

The Group balance sheet has strengthened overall by $25,170,575, with net assets at $68,115,208 (30 June 2018: $42,944,633). This is mainly reflective of the acquisitions that were completed and the capital raising for $20,000,000 (before costs) that was completed on 13 June 2019.

People Infrastructure Ltd had $44,507,986 in lending facilities at 30 June 2019 of which $34,777,686 has been drawn. These lending facilities have increased during the period with additional loan facilities of $23,657,615 received to fund the acquisition of the entities mentioned above. The net debt position at 30 June 2019 was $19,462,546.

Directors' Report (cont.)

For the year ended 30 June 2019

Review of operations and financial results (cont.)

Future Prospects and Outlook

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. 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 and information technology. Furthermore, the Group will continue to seek acquisitions which fit a disciplined criterion and can generate significant upside through being part of People Infrastructure Group.

Conversely, People Infrastructure's economic performance and future prospects are subject to a number of risks which may impact its business which include a downturn in the employment market, increase in competition, a change in the regulatory environment, reliance on key personnel, change in client circumstances or technology risks. Whilst it believes that none of these risks are particularly significant at this point in time, to the extent there is any change in these risks it may impact the business.

Significant changes in state of affairs

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

On the 13 June 2019 a capital raising was completed which raised $20,000,000.

There was an issue of 327,890 shares under the dividend reinvestment plan.

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

	2019	2018
	$	$
Dividends provided for or paid during the year		
Final fully franked dividend relating to 30 June 2018 (4 cents per share) paid on 28 September 2018	2,576,749	-
Interim fully franked dividend relating to 31 December 2018 (4 cents per share) paid on 29 March 2019	2,596,400	-
	5,173,149	-

Since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $3,258,181 (4.5 cents per fully paid share) to be paid on 2 October 2019 out of retained earnings at 30 June 2019. This dividend is expected to be fully franked.

Directors' Report (cont.)

For the year ended 30 June 2019

Unissued Shares under option

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 2020	$1.00	300,000
Performance Rights (Tranche 1)	22 November 2017	22 November 2021	$0.00	750,000
Performance Rights (Tranche 2) – other employees	22 November 2017	22 November 2021	$0.00	600,000
Performance Rights (Tranche 2) – other employees	22 November 2017	22 November 2021	$0.00	385,000
Performance Rights (Tranche 3) – other employees	22 November 2017	22 November 2021	$0.00	239,000
Performance Rights (Tranche 4) – executive directors	26 November 2018	26 November 2022	$0.00	238,750
Performance Rights (Tranche 5) – other employees	26 November 2018	26 November 2022	$0.00	250,000
Total under option				**3,442,750**

The following have been granted at 30 June 2019 but are yet to be issued. The expected issue date is 30 August 2019.

	Date options granted	Expiry date	Exercise price of shares	Number under option
Performance Rights (Tranche 6) – other employees	15 May 2019	15 May 2022	$0.00	24,000
Performance Rights (Tranche 7) – other employees	31 May 2019	31 May 2023	$0.00	350,000
Performance Rights (Tranche 8) – other employees	31 May 2019	31 May 2022	$0.00	270,758
Total				**644,758**

All unissued shares are ordinary shares of the Company and are measured at fair value on the date granted.

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 19.

Further details about share-based payments to directors and KMP are included in the remuneration report. Performance rights (Tranches 2, 3, 5, 6, 7 and 8) were granted to staff members who are not KMP and hence are not disclosed in the remuneration report.

250,000 shares were issued as a result of the exercise of performance rights at an exercise price of nil.

Directors' Report (cont.)

For the year ended 30 June 2019

Events arising since the end of the reporting year

The Group acquired 100% of First Choice Care Pty Ltd with a completion date of 1 July 2019. The acquisition price for First Choice Care Pty Ltd is $11 million payable in cash on closing, funded from existing working capital. Refer to Note 9 for further details.

On the 2 August 2019 $1,100,000 was paid as part of the contingent consideration of the acquisition of Network Nursing Agency Pty Ltd.

A fully franked dividend of 4.5 cents per share was declared on 30 August 2019.

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.

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 and risk 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 and risk 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.

Directors' Report (cont.)

For the year ended 30 June 2019

Non-audit services (cont.)

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:

	2019 $
Services other than audit and review of financial statements:	
- Taxation compliance services	83,231
- Other services	8,531
Total non-audit services	91,762
Audit and review of financial statements	
- Current year	146,000
Total paid to BDO	237,762

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.

– 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 performance 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 nomination and remuneration committee reviews KMP packages as required by reference to the consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed bi-annually 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).

Directors' Report (cont.)

For the year ended 30 June 2019

Remuneration Policy (cont.)

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, duties and responsibilities. Under Rule 19.5 of the Company's Constitution the total amount given to all non-executive directors for their services as directors must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. As detailed in the Company's Prospectus dated 20 October 2017 this amount has been fixed by the Company at $400,000 per annum.

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

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

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, share based payments are issued to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy has been effective in increasing shareholder wealth since listing in 2017.

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.

Directors' Report (cont.)

For the year ended 30 June 2019

Relationship between Remuneration Policy and Company Performance (cont.)

	22 November 2017	31 December 2017	30 June 2018	30 June 2019
		6 months	12 months	12 months
	$	$	$	$
Revenue	n/a	106,673,853	219,400,642	278,155,916
Net profit/(loss) after tax	n/a	1,982,378	5,170,863	9,693,783
Share price at year-end	1.38	1.36	1.60	3.34
Dividends paid	nil	nil	nil	0.08
Basic EPS	n/a	6.26	10.81	14.92

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 vest where the Group earnings per share returns is greater than 10%-15% 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 2019**	**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

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 13 weeks' 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 13 weeks' 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.

Directors’ Report (cont.)

For the year ended 30 June 2019

Changes in Directors and Executives during the year

There have been no changes in directors and executives during the year or subsequent to the end of the reporting period.

Remuneration Expense Details for the Year Ended 30 June 2019

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 2019

		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	Options/ Performance Rights				
		$	$	$	$	$	$	$	$	$	$	$	$	$	%
Group KMP															
Glen Richards	2019	100,000	-	-	-	-	-	-	-	-	13,944	-	-	113,944	12.24
	2018	82,500	-	-	-	-	-	-	-	-	21,156	-	-	103,656	20.41
Elizabeth Savage	2019	73,690[1]	-	-	-	3,325	-	-	-	-	6,972	-	-	83,987	8.30
	2018	45,500	-	-	-	4,323	-	-	-	-	10,578	-	-	60,401	17.51
Declan Sherman	2019	376,952	122,500	-	-	33,251	-	-	-	-	42,850	-	-	575,553	28.73
	2018	328,639	-	-	-	27,934	-	-	4,586	-	38,588	-	-	399,747	9.65
Thomas Reardon	2019	363,490	257,957[2]	-	-	42,795	-	-	22,456	-	121,821	-	-	808,519	46.97
	2018	376,923	-	-	-	33,250	-	-	5,657	-	76,988	-	-	492,818	15.62
Total KMP	2019	914,132	380,457	-	-	79,371	-	-	22,456	-	185,587	-	-	1,582,003	11.73
	2018	833,562	-	-	-	65,507	-	-	10,243	-	147,310	-	-	1,056,622	13.94

[1] Includes annual leave payout of $6,193

[2] Includes $100,457 bonus relating to the financial year ended 30 June 2017 paid in the current financial year.

Directors' Report (cont.)

For the year ended 30 June 2019

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

Cash and Performance-related Bonuses

The cash and performance-based bonuses granted as remuneration during the year to KMP are as follows:

	Remuneration Type	Total Opportunity $	Awarded %	Forfeited %
Group KMP				
Declan Sherman	Cash bonus	175,000	70%	30%
Thomas Reardon	Cash bonus	175,000	90%	10%

The cash bonus KPIs were set and assessed based on individual and business wide performance criteria and the level of achievement of those objectives during the performance year. The board uses their discretion to make a decision on determining the amount of the bonus payment.

Share-based Payments

The terms and conditions relating to options granted as remuneration during the year to KMP are as follows:

	Remuneration Type	Grant Date	Grant Value $	Vested/Paid during Year % #	Forfeited during Year %	Remaining as Unvested %	Expiry Date for Vesting or Payment
Group KMP							
Declan Sherman	Performance Rights (Tranche 4)	26/11/2018	73,465	-	-	100%	26/11/2022
Thomas Reardon	Performance Rights (Tranche 4)	26/11/2018	73,465	-	-	100%	26/11/2022

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 2019.

Performance Rights - Tranche 4

These Performance Rights vest equally over FY20, FY21, FY22 and FY23 (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 performance rights entitle the holder to one ordinary share in People Infrastructure Ltd for each right 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 2019

Options and Performance Rights Granted as Remuneration

		Grant Details			Exercised	Lapsed		Vested			Unvested
	Balance at Beginning of Year	Issue Date	No.	Value #	No. ##	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	200,000	22/11/2017	-	-	-	-	200,000	200,000	-	200,000	-
Elizabeth Savage	100,000	22/11/2017	-	-	-	-	100,000	100,000	-	100,000	-
Declan Sherman	500,000	22/11/2017	-	-	(125,000)	-	375,000	-	-	-	375,000
Declan Sherman	-	26/11/2018	119,375	73,465	-	-	119,375	-	-	-	119,375
Thomas Reardon	680,000	14/10/2017	-	-	-	-	680,000	-	-	-	680,000
Thomas Reardon	500,000	22/11/2017	-	-	(125,000)	-	375,000	-	-	-	375,000
Thomas Reardon	-	26/11/2018	119,375	73,465	-	-	119,375	-	-	-	119,375
	1,980,000		238,750	146,930	(250,000)	-	1,968,750	300,000	-	300,000	1,668,750

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.

The share price at the date of exercising these performance rights was $1.93.

Directors' Report (cont.)

For the year ended 30 June 2019

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**	**Performance Rights - Tranche 4**
Grant date	14/10/2017	14/10/2017	22/11/2017	22/11/2017	26/11/2018
Number of options	340,000	340,000	300,000	1,000,000	238,750
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	25% each year 22/11/2019, 2020, 2021, 2022
Share price at grant date	$1.00	$1.00	$1.00	$1.00	$1.93
Option life	50% 3 years 50% 4 years	50% 3 years 50% 4 years	1 year	4 years	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	25% $0.9003, 25% $0.6273, 25% $0.4946, 25% $0.4395
Exercise price at grant date	$1.00	$1.00	$1.00	$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
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

Option values at grant date were determined using the Monte Carlo method for those with market conditions and Black Scholes method 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 17.

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	-	-	300,000	800,000
Elizabeth Savage	-	-	-	20,225	20,225
Declan Sherman	7,951,331	-	125,000	-	8,076,331
Thomas Reardon	3,270,035	-	125,000	(433,915)	2,961,120
	11,721,366	-	250,000	(113,690)	11,857,676

These are amounts acquired or disposed at arm's length.

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 2019

Other Transactions with KMP and/or their Related Parties

There were no transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity and compensation, 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 21 and forms part of this Directors' Report.

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

Declan Sherman

Director

Dated this 30th day of August 2019

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

As lead auditor of People Infrastructure Ltd and its controlled entities for the year ended 30 June 2019, 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 Ltd and the entities it controlled during the year.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 30 August 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
Revenue from contracts with customers	2	278,155,915	219,400,642
Other income	3	1,089,721	-
Employee benefits expense	4	(249,833,973)	(199,111,514)
Occupancy expenses		(719,275)	(1,677,125)
Depreciation and amortisation expense	4	(4,210,655)	(2,487,840)
Other expenses	4	(9,817,830)	(7,493,172)
Finance costs	4	(1,689,670)	(1,429,867)
Share of profit of equity-accounted investees, net of tax	10	372,779	549,918
Profit before income tax expense		13,347,012	7,751,042
Income tax expense	6	(3,653,229)	(2,580,179)
Profit for the period		**9,693,783**	**5,170,863**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations, net of tax		36,032	(59,299)
		36,032	(59,299)
Total comprehensive profit for the period		**9,729,815**	**5,111,564**
Profit for the period is attributable to:			
Owners of People Infrastructure Ltd		9,667,944	5,170,863
Non-controlling interests		25,839	-
		9,693,783	**5,170,863**
Total comprehensive profit / (loss) for the period is attributable to:			
Owners of People Infrastructure Ltd		9,703,976	5,111,564
Non-controlling interests		25,839	-
		9,729,815	**5,111,564**
Basic profit / (loss) per share attributable to the shareholders of People Infrastructure Ltd			
Basic profit / (loss) per share (cents per share)	5	14.87	10.81
Diluted profit / (loss) per share attributable to the shareholders of People Infrastructure Ltd			
Diluted profit / (loss) per share (cents per share)	5	14.14	10.33

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 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	7	21,328,339	4,806,541
Trade and other receivables	11	37,855,064	28,392,927
Other current assets		1,053,007	552,677
Total current assets		**60,236,410**	**33,752,145**
Non-current assets			
Investments accounted for using the equity method	10 (b)	-	3,256,831
Property, plant and equipment	12	7,000,045	2,048,551
Intangible assets	13	78,573,648	33,572,290
Total non-current assets		**85,573,693**	**38,877,672**
Total assets		**145,810,103**	**72,629,817**
Current liabilities			
Trade and other payables	14	18,969,062	13,780,222
Contingent consideration	15	1,313,481	-
Financial liabilities	16	15,408,971	10,287,370
Current tax liabilities		2,742,974	138,213
Employee benefits	17	2,658,467	1,765,417
Total current liabilities		**41,092,955**	**25,971,222**
Non-current liabilities			
Contingent consideration	15	8,850,679	-
Financial liabilities	16	25,381,914	2,172,747
Deferred tax liabilities	6 (d)	1,909,684	1,321,190
Employee benefits	17	459,663	220,025
Total non-current liabilities		**36,601,940**	**3,713,962**
Total liabilities		**77,694,895**	**29,685,184**
Net assets		**68,115,208**	**42,944,633**
Equity			
Share capital	18	60,205,498	39,698,791
Retained earnings		7,317,935	3,073,334
Reserves		591,775	172,508
		68,115,208	42,944,633
Non-controlling interests		-	-
Total equity		**68,115,208**	**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 year ended 30 June 2019

	Note	30 June 2019 $	30 June 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		303,721,758	236,827,191
Payments to suppliers and employees		(288,072,102)	(226,116,661)
Interest received		17,072	9,858
Finance costs paid		(1,689,669)	(1,429,867)
Income taxes paid		(3,120,601)	(2,932,582)
Net cash provided by operating activities	8 (a)	**10,856,458**	**6,357,939**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		133,722	1,500
Purchase of property, plant and equipment		(502,740)	(646,431)
Purchase of intangible assets		(437,259)	(17,855)
Purchase of subsidiaries (net of cash acquired)	9	(29,991,500)	(1,589,558)
Dividends received from investments equity accounted		407,027	100,000
Purchase of investment in equity accounted investees	10 (i)	-	(2,306,913)
Net cash (used in)/provided by investing activities		**(30,390,750)**	**(4,459,257)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		23,657,615	2,630,060
Repayments of borrowings		(903,263)	(28,013,022)
Repayments of lease liabilities		(1,246,857)	-
Proceeds from share issue		20,000,000	25,000,000
Equity transaction costs		(888,519)	(1,502,063)
Dividends paid		(4,599,108)	-
Net cash used in financing activities		**36,019,868**	**(1,885,025)**
Net change in cash and cash equivalents held		**16,485,576**	**13,657**
Effects of foreign exchange on Cash		36,222	(59,301)
Cash and cash equivalents at beginning of financial period		4,806,541	4,852,185
Cash and cash equivalents at end of financial period	7	**21,328,339**	**4,806,541**

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 2019

	Share capital $	Retained earnings $	Shared option reserve $	Foreign currency reserve $	Other reserves $	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
Impact of change in accounting policy, net of tax (refer note 31)	-	(250,183)	-	-	-	(250,183)	-	(250,183)
Balance at 1 July 2018 adjusted	39,698,791	2,823,151	234,868	(62,360)	-	42,694,450	-	42,694,450
Profit for the period	-	9,667,944	-	-	-	9,667,944	25,839	9,693,783
Other comprehensive loss for the period	-	-	-	36,032	-	36,032	-	36,032
Total comprehensive loss for the period	-	9,667,944	-	36,032	-	9,703,976	25,839	9,729,815
Transactions with owners, in their capacity as owners								
Recognition of non-controlling interest on gain of control of entity	-	-	-	-	-	-	148,604	148,604
Additional shares acquired in non-controlling interest	-	-	-	-	70,443	70,443	(70,443)	-
Issue of share capital	20,000,000	-	-	-	-	20,000,000	-	20,000,000
Share issue transaction costs, net of tax	(171,344)	-	-	-	-	(171,344)	-	(171,344)
Dividends reinvested	678,051	-	-	-	-	678,051	-	678,051
Dividends paid	-	(5,173,160)	-	-	-	(5,173,160)	(104,000)	(5,277,160)
Employee share-based payment options	-	-	312,792	-	-	312,792	-	312,792
	20,506,707	(5,173,160)	312,792	-	70,443	15,716,782	(25,839)	15,690,943
Balance at 30 June 2019	**60,205,498**	**7,317,935**	**547,660**	**(26,328)**	**70,443**	**68,115,208**	**-**	**68,115,208**

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 year ended 30 June 2019

	Share capital	Retained earnings	Shared option reserve	Foreign currency reserve	Other reserves	Total	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$
Balance at 1 July 2017 (Restated)	10	(2,097,529)	955	(3,061)	-	(2,099,625)	-	(2,099,625)
Profit for the period	-	5,170,863	-	-	-	5,170,863	-	5,170,863
Other comprehensive loss for the period	-	-	-	(59,299)	-	(59,299)	-	(59,299)
Total comprehensive loss for the period	-	5,170,863	-	(59,299)	-	5,111,564	-	5,111,564
Transactions with owners, in their capacity as owners								
Issue of share capital	41,200,844	-	-	-	-	41,200,844	-	41,200,844
Share issue transaction costs	(1,502,063)	-	-	-	-	(1,502,063)	-	(1,502,063)
Employee share-based payment options	-	-	233,913	-	-	233,913	-	233,913
	39,698,781	-	233,913	-	-	39,932,694	-	39,932,694
Balance at 30 June 2018	**39,698,791**	**3,073,334**	**234,868**	**(62,360)**	**-**	**42,944,633**	**-**	**42,944,633**

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 2019

About this report

The financial statements of People Infrastructure Ltd for the year ended 30 June 2019 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 principal activities of the Group during the financial period were the provision of workforce management, contracted staffing, recruitment and human resources outsourcing services. Services provided by the Group include recruiting, on-boarding, contracting, 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.

The consolidated general-purpose financial report of the Group for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 30 August 2019. 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 2018. Refer to note 30 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 30 and 31. Refer to Note 30 for details on standards not early adopted.

The financial statements have been prepared on a historical cost basis, except for contingent consideration 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:

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Basis of consolidation

Subsidiaries are all those 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 2019 (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

	30 June 2019 $	30 June 2018 $
Revenue from contracts with customers		
Recognised at a point in time		
Contract hire revenue	255,917,775	208,458,409
Planting revenue	8,020,810	6,666,594
Facilities maintenance revenue	2,506,036	2,536,842
Recruitment revenue	3,597,786	751,015
Consultancy and other revenue	1,237,282	408,076
	271,279,689	218,820,936
Recognised over time		
Facilities project maintenance revenue	6,245,060	-
Total revenue from contracts with customers	**277,524,749**	**218,820,936**
Other revenue		
Government subsidies	614,094	569,848
Interest revenue – third parties	17,072	9,858
Total other revenue	**631,166**	**579,706**
Total revenue and other revenue	**278,155,915**	**219,400,642**

The above table depicts the disaggregation of revenue from customers in that It reflects the different product lines from which revenue is generated based on the natures of the service being provided. Additionally, it segregates those services performed at a point in time and those performed over time and also described below. Refer to note 30 for additional information around the first-time adoption of AASB 15.

Recognition and measurement subsequent to 1 July 2018

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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 2: Revenue and other revenue (cont.)

Recognition and measurement subsequent to 1 July 2018 (cont.)

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.

Facilities project maintenance

The contracts associated with facilities maintenance fall into two types of performance obligations, being projects and maintenance. With project maintenance performance obligations, a continual assessment of the performance obligation is made, and revenue is only recognised at the point when the performance obligation is satisfied. Therefore, there may be a contract asset recognised on the statement of financial position relating to these contracts.

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 to they contain provision for warranties.

Recognition and measurement prior to 1 July 2018

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).

Note 3: Other Income

	30 June 2019	**30 June 2018**
	$	**$**
Gain on fair value adjustment of gain of control of investment	993,641	-
Net gain on disposal of property, plant and equipment	96,080	-
	1,089,721	**-**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 4: Expenses

	30 June 2019 $	30 June 2018 $
Employee benefits expense include:		
Defined contribution superannuation expense	17,898,947	14,165,229
Share-based payments expense	312,792	233,913
Depreciation and amortisation expense		
Depreciation expense - plant and equipment	1,774,999	742,969
Amortisation expense - intangibles	2,435,656	1,744,871
	4,210,655	**2,487,840**
Other expenses include:		
Fair value of convertible notes	-	578,460
Fair value of contingent consideration	69,393	-
Impairment expense - receivables	248,881	53,542
Net loss on disposal of property, plant and equipment	-	16,387
Expenses relating to leases of low-value assets	124,471	-
Expenses relating to short-term property leases	18,212	-
Minimum lease payments made under operating leases	-	1,011,174
Finance costs include:		
Interest on lease liabilities	244,068	-

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 5: Earnings per share

	30 June 2019 $	30 June 2018 $
Profit attributable to the shareholders of People Infrastructure Ltd:		
Profit (loss) from continuing operations	9,667,944	5,170,863
Weighted average number of ordinary shares used in the calculation of basic profit per share	64,995,478	47,818,218
Adjustments for calculation of diluted earnings per share:		
Options	3,400,018	2,241,863
Weighted average number of ordinary shares used in the calculation of diluted profit per share	68,395,496	50,060,081

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 5: Earnings per share (cont.)

Information concerning the classification of securities

Options

Options and performance rights 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 and performance rights have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 18.

Note 6: Income taxes

	30 June 2019 $	30 June 2018 $
(a) The components of income tax expense comprise:		
Current tax	4,859,586	2,132,294
Deferred tax	(1,305,669)	452,835
Over/(under) provision in respect of prior years	99,312	(4,950)
	3,653,229	**2,580,179**
(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%	4,004,104	2,325,313
Tax effect of:		
- non-deductible entertainment	63,258	106,944
- non-deductible fair value movement in convertible notes	-	173,538
- non-deductible share-based payments	93,838	70,174
- other non-deductible expenses	20,544	11,507
- fair value of equity accounted investments	(554,083)	-
- tax rate differential on acquired entities	(73,744)	-
- blackhole expenditure	-	(102,347)
- over/(under) provision in respect of prior years	99,312	(4,950)
Income tax expense attributable to the Group	**3,653,229**	**2,580,179**
The applicable weighted average effective tax rates are:	**27.37%**	**33.29%**
(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%	**11,692,856**	**8,997,080**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 6: Income taxes (cont.)

(d) Deferred taxes

	Opening Balance	Recognised in Profit or loss	Recognised in Equity	Closing Balance	Deferred Tax Asset	Deferred Tax liability
2019						
Provision for doubtful debts	27,471	94,994	-	122,465	122,465	-
Provision for long service leave	179,713	94,365	-	274,078	274,078	-
Provision for annual leave	434,064	227,297	-	661,361	661,361	-
Accrued expenses	937,452	419,501	-	1,356,953	1,356,953	-
Amortisation of intangibles	31,882	34,603	-	66,485	66,485	-
Candidate database	193,920	138,415	-	332,335	332,335	-
Blackhole expenses	200,994	(44,483)	-	156,511	156,511	-
Lease liability	-	1,554,994	-	1,554,994	1,554,994	-
Share issue costs	-	(233,559)	717,175	483,616	483,616	-
Accrued income	(1,301,285)	(333,757)	-	(1,635,042)	-	(1,635,042)
Equity accounted Investments	(164,975)	164,975	-	-	-	-
Customer relationships	(1,166,606)	(1,387,777)	-	(2,554,383)	-	(2,554,383)
Brand names	(673,785)	(619,056)	-	(1,292,841)	-	(1,292,841)
Workers compensation receivable	(20,035)	(726)	-	(20,761)	-	(20,761)
Right to use assets	-	(1,415,455)	-	(1,415,455)	-	(1,415,455)
TOTAL	**(1,321,190)**	**(1,305,669)**	**717,175**	**(1,909,684)**	**5,008,798**	**(6,918,482)**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 6: Income taxes (cont.)

(d) Deferred taxes (cont.)

	Opening Balance (Restated)	Recognised in Profit or loss	Recognised in Equity	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)**

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 2019 (cont.)

Note 6: 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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 7: Cash and cash equivalents

	2019 $	2018 $
Cash on hand	686	462
Cash at bank	21,327,653	4,806,079
	21,328,339	**4,806,541**

Cash at bank bear floating interest rates between 0.01% and 2.42% (2018: 0.05% and 2.15%).

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	**21,328,339**	**4,806,541**

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 8: Cash flow information

	2019 $	2018 $
(a) Reconciliation of cash flow from operations with profit/(loss) after income tax		
Profit after income tax	9,693,783	5,170,863
Non-cash flows in profit:		
Depreciation and amortisation	4,210,655	2,487,840
Bad and doubtful debts	248,881	53,542
Net loss on disposal of property, plant and equipment	(89,281)	16,542
Fair value of convertible notes	-	578,460
Fair value adjustment on contingent consideration	69,393	-
Gain on fair value adjustment of gain of control of investment	(993,641)	-
Share based payments expense	312,792	233,913
Share of profit of equity-accounted investees	(372,779)	(549,918)
Changes in assets and liabilities:		
Change in trade and other receivables	(1,642,350)	(4,151,305)
Change in net deferred taxes	(552,541)	452,835
Change in other assets	(169,460)	(4,201)
Change in trade and other payables	(1,433,155)	2,429,430
Change in income taxes payable	1,085,171	(805,238)
Change in employee benefits	488,991	445,176
Net cash provided by operating activities	**10,856,458**	**6,357,939**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 8: Cash flow information (cont.)

(b) Non-cash financing and investing activities

Non-cash acquisitions of plant and equipment through leases of $469,098 (2018: $299,837) occurred during the year.
Dividends satisfied by the issue of shares under the dividend reinvestment plan – see note 18.
Options and shares issued to employees under the employee options plan and employee share scheme for no cash consideration – see note 18.

(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.

			Non-cash changes				
	2018	**Net cash flows**	**Adoption of AASB 16**	**Acquisition of leased assets**	**Conversion to Equity**	**On Acquisition**	**2019**
Borrowings	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Credit cards	34,050	(17,605)	-	-	-	-	16,445
Debtor finance accounts	9,393,775	208,971	-	-	-	110,509	9,713,255
Commercial bills	2,485,000	22,562,986	-	-	-	-	25,047,986
Lease liabilities	547,293	(1,246,857)	6,243,665	469,098	-	-	6,013,199
	12,460,118	**21,507,495**	**6,243,665**	**469,098**	**-**	**110,509**	**40,790,885**

			Non-cash changes				
	2017	**Net cash flows**	**Adoption of AASB 16**	**Acquisition of leased assets**	**Conversion to Equity**	**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 liabilities	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**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 9: 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. Together these entities are known as the Network Nursing Agency (NNA Group). Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	20 August 2018 NNA Group
Purchase consideration	**$**
Cash consideration	9,419,330
Contingent consideration	1,030,607
Total consideration	**10,449,937**
Assets and liabilities acquired:	
Cash and cash equivalents	1,949,400
Trade and other receivables	1,919,700
Property, plant and equipment	226,849
Deferred tax assets	165,680
Trade and other payables	(1,004,572)
Employee entitlements	(274,469)
Current tax liabilities	(571,539)
Fair value of assets and liabilities acquired	2,411,049
Identifiable assets acquired	
Brand names	282,814
Customer relationships	522,415
Deferred tax liability	(241,568)
Total identifiable assets acquired and liabilities assumed	**563,661**
Goodwill on acquisition	**7,475,227**
Cashflows on acquisition	
Cash consideration	9,419,330
Cash acquired	(1,949,400)
Total cashflow outflows on acquisition to 30 June 2019	**7,469,930**
Results included in the consolidated results relating to NNA Group for the year	
Revenue	20,238,974
Profit and loss after tax	1,566,152

As required under the accounting standards the fair value of the contingent consideration was recalculated at the 30 June 2019 and was determined to be $1,100,000 being the payment which occurred in August 2019. The fair value adjustment of $69,393 was recognised in the profit and loss.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 9: 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 and on 27 February 2019 the remaining 29% was acquired. From the 27 February 2019 100% of the entity is now held and the non-controlling interest is nil.

Details of the fair values of assets and liabilities at the date of control are as follows:

	18 July 2018	27 February 2019	Total
Purchase consideration	**$**		
Cash consideration	13,000	300,000	313,000
Fair value of original investment *	1,350,518	-	1,350,518
Total consideration	**1,363,518**	**300,000**	**1,663,518**
Assets and liabilities acquired:			
Cash and cash equivalents	372,347	-	372,347
Trade and other receivables	378,590	-	378,590
Property, plant and equipment	4,475	-	4,475
Trade and other payables	(324,919)	-	(324,919)
Financial liabilities	(187)	-	(187)
Employee entitlements	(28,651)	-	(28,651)
Non-controlling interest	(148,612)	-	(148,612)
Fair value of assets and liabilities acquired	253,043	-	253,043
Goodwill			
Goodwill acquired	1,110,475	300,000	1,410,475
	1,110,475	**300,000**	**1,410,475**
Cashflows on acquisition			
Cash consideration	13,000	300,000	313,000
Cash acquired	(372,347)	-	(372,347)
Total cashflows inflows on acquisition to 30 June 2019	**(359,347)**	**300,000**	**(59,347)**
Results included in the consolidated results relating to Project Partners Corporation Pty Ltd for the year			
Revenue			3,952,642
Profit and loss after tax			103,012

* 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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 9: Acquisition of subsidiaries (cont.)

Recon Solutions Group

On 27 February 2019, People Infrastructure Ltd acquired the remaining 50% shares in Recon Solutions Pty Ltd increasing its total shareholding to 100% 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. Recon Solutions Pty Ltd held a 100% interest in Recon Executive Holdings Pty Ltd at the date of control. Therefore, the below reflects the assets and liabilities of the two entities which form the "Recon Solutions Group". On the 28 June 2019 Recon Executive Holdings Pty Ltd was deregistered.

Details of the fair values of assets and liabilities at the date of control are as follows:

	27 February 2019
Purchase consideration	**$**
Cash consideration	2,433,000
Fair value of original investment *	2,865,706
Total consideration	**5,298,706**
Assets and liabilities acquired:	
Cash and cash equivalents	37,614
Trade and other receivables	1,370,718
Other current assets	96,908
Property, plant and equipment	200,989
Intangible assets – software	7,028
Deferred tax asset	36,545
Trade and other payables	(1,059,530)
Financial liabilities	(331,317)
Employee entitlements	(11,900)
Provision for income tax	(449,995)
Fair value of assets and liabilities acquired	(102,940)
Identifiable assets acquired	
Brand names	188,365
Customer relationships	882,626
Deferred tax liabilities	(321,299)
Total identifiable assets acquired and liabilities assumed	749,692
Goodwill on acquisition	**4,651,954**
Cashflows on acquisition	
Cash consideration	2,433,000
Cash acquired	(37,614)
Total cashflows outflows on acquisition to 30 June 2019	**2,395,386**
Results included in the consolidated results relating to Recon Solutions Group for the year	
Revenue	5,350,085
Profit and loss after tax	320,647

* 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 $118,946.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 9: Acquisition of subsidiaries (cont.)

Victorian Nursing Specialists Pty Ltd

On the 1 March 2019, 100% of the shares in Victorian Nursing Specialists were acquired. Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	1 March 2019
Purchase consideration	**$**
Cash consideration	2,022,051
Contingent consideration	213,482
Total consideration	**2,235,533**
Assets and liabilities acquired:	
Trade and other receivables	780,190
Property, plant and equipment	146,069
Intangible assets	855
Other current assets	37,707
Deferred tax assets	35,789
Trade and other payables	(649,287)
Employee entitlements	(54,866)
Financial liabilities	(80,629)
Current tax liabilities	(54,878)
Fair value of assets and liabilities acquired	160,950
Goodwill on acquisition	**2,074,583**
Cashflows on acquisition	
Cash consideration	2,022,051
Total cashflow outflows on acquisition to 30 June 2019	**2,022,051**
Results included in the consolidated results relating to Victorian Nursing Specialists Pty Ltd for the year	
Revenue	3,433,822
Profit and loss after tax	175,157

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 9: Acquisition of subsidiaries (cont.)

Halcyon Knights Group

On the 31 May 2019, 100% of the shares in Halcyon Knights Pty Ltd, Halcyon Knights Commercial and Contracting Pty Ltd, Halcyon Knights New Zealand Ltd were acquired. Halcyon Knights Pty Ltd holds 100% of the shares in Halcyon Knights Pte Ltd and therefore this entity forms part of the acquired Group also. Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	31 May 2019
Purchase consideration	**$**
Cash consideration	13,500,000
Contingent consideration	8,850,679
Working capital adjustment*	339,525
Total consideration	**22,690,204**
Assets and liabilities acquired:	
Cash and cash equivalents	770,166
Trade and other receivables	2,829,163
Other current assets	186,148
Property, plant and equipment	564,184
Deferred tax asset	206,496
Trade and other payables	(2,226,195)
Financial liabilities	(525,967)
Employee entitlements	(220,729)
Provision for income tax	(386,801)
Fair value of assets and liabilities acquired	1,196,465
Identifiable assets acquired	
Brand names	1,385,661
Customer relationships	4,036,965
Deferred tax liabilities	(1,626,788)
Total identifiable assets acquired and liabilities assumed	3,795,838
Goodwill on acquisition	**17,697,901**
Cashflows on acquisition	
Cash consideration	13,500,000
Cash acquired	(770,166)
Total cashflows outflows on acquisition to 30 June 2019	**12,729,834**
Results included in the consolidated results relating to Halcyon Knights Group for the year	
Revenue	2,607,347
Profit and loss after tax	240,807

* This amount is outstanding at 30 June 2019 and is based on estimates.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 9: Acquisition of subsidiaries (cont.)

Carestaff Nursing Services Pty Ltd

On the 21 June 2019, 100% of the shares in Carestaff Nursing Services Pty Ltd were acquired. Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	21 June 2019
Purchase consideration	**$**
Cash consideration	5,800,000
Total consideration	**5,800,000**
Assets and liabilities acquired:	
Cash and cash equivalents	366,354
Trade and other receivables	825,156
Other current assets	5,167
Property, plant and equipment	179,771
Deferred tax asset	35,545
Trade and other payables	(1,094,411)
Financial liabilities	(119,227)
Employee entitlements	(53,082)
Provision for income tax	(56,377)
Fair value of assets and liabilities acquired	88,896
Identifiable assets acquired	
Brand names	206,681
Customer relationships	646,100
Candidate database	114,499
Deferred tax liabilities	(255,834)
Total identifiable assets acquired and liabilities assumed	711,446
Goodwill on acquisition	**4,999,658**
Cashflows on acquisition	
Cash consideration	5,800,000
Cash acquired	(366,354)
Total cashflows outflows on acquisition to 30 June 2019	**5,433,646**
Results included in the consolidated results relating to Carestaff Nursing Services Pty Ltd for the year	
Revenue	233,589
Profit and loss after tax	4,373

Impact of acquisitions on the results of the Group

The revenue and profit or loss of the combined Group for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period is as follows:

	2019
	$
Revenue	335,725,914
Profit and loss before tax	21,383,224

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 9: Acquisition of subsidiaries (cont.)

Summary of cashflows of acquisitions

	2019 $	2018 $
Cash paid for subsidiaries acquired (net of cash acquired)		
AWX Pty Ltd	-	(1,552,920)
Edmen Holdings Pty Ltd	-	(36,638)
Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd	(7,469,930)	-
Project Partners Corporation Pty Ltd	59,347	-
Recon Solutions Group	(2,395,386)	-
Victorian Nursing Specialists Pty Ltd	(2,022,051)	-
Halcyon Knights Group	(12,729,834)	-
Carestaff Nursing Services Pty Ltd	(5,433,646)	-
Total cash paid for subsidiaries acquired (net of cash acquired)	**(29,991,500)**	**(1,589,558)**

The cashflows in the 2018 financial year relate to the payment of contingent consideration and working capital adjustments made in the prior period under the original contract.

Subsequent to year end acquisitions

On the 1 July 2019, 100% of the shares in First Choice Care Pty Ltd were acquired.

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

	1 July 2019
Purchase consideration	**$**
Cash consideration	11,000,000
Total consideration	**11,000,000**
Assets and liabilities acquired:	
Cash and cash equivalents	553,092
Trade and other receivables	2,415,348
Other current assets	67,715
Property, plant and equipment	338,476
Deferred tax assets	362,082
Trade and other payables	(2,853,916)
Employee entitlements	(166,690)
Current tax liabilities	(506,246)
Financial liabilities	(203,197)
Fair value of assets and liabilities acquired	6,664
Identifiable assets acquired	
Brand names	327,398
Customer relationships	1,216,808
Candidate database	225,703
Total identifiable assets acquired and liabilities assumed	1,769,909
Goodwill on acquisition	**9,223,427**

Provisional accounting has been applied given how recent this acquisition is. Cashflows have not been presented as there have been none to date. The consideration has been reflected above.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 9: Acquisition of subsidiaries (cont.)

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 15).

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 10: 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	
		2019	**2018**
Edmen 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%
AWX Staff Pty Ltd (formerly Xeus 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 Ltd	New Zealand	100%	100%
Supreme Nursing Global Pty Ltd	Australia	100%	100%
Edmen Holdings Pty Ltd	Australia	100%	100%
Edmen Recruitment Pty Ltd	Australia	100%	100%
Edmen Community Staffing Solutions Pty Ltd	Australia	100%	100%
AWX Recruitment Group Pty Ltd (formerly DMW Recruitment Group Pty Ltd)	Australia	100%	100%
Expect A Star Services Pty Ltd	Australia	100%	100%
Edmen Pty Ltd	Australia	100%	100%
Edmen Community Staffing Solutions NSW Pty Ltd	Australia	100%	100%
AWX Recruitment Service Pty Ltd (formerly DMW Recruitment Service Pty Ltd)	Australia	100%	100%
AWX Workforce Pty Ltd (formerly Edmen Workforce Pty Ltd)	Australia	100%	100%
Expect A Star Staffing Services Pty Ltd	Australia	100%	100%
Edmen Community Staffing Solutions Services NSW Pty Ltd (formerly Disability Care Australia Services Pty Ltd)	Australia	100%	100%
AWX Workforce Services Pty Ltd (formerly Edmen Workforce Services Pty Ltd)	Australia	100%	100%
Edmen Community Staffing Solutions Services Pty Ltd	Australia	100%	100%
AWX Workforce Staffing Services Pty Ltd (formerly Edmen Workforce Staffing Services Pty Ltd)	Australia	100%	100%
Edmen Homecare Pty Ltd	Australia	100%	-
People Infrastructure Admin Pty Ltd	Australia	100%	-
Mobilise People Pty Ltd	Australia	100%	-
NNA Hco Two Pty Ltd	Australia	100%	-
Network Nursing Agency Pty Ltd	Australia	100%	-
Australian Healthcare Academy Pty Ltd	Australia	100%	-
Victorian Nurse Specialists Pty Ltd	Australia	100%	-
Carestaff Nursing Services Pty Ltd	Australia	100%	-
PI ITG Holdco Pty Ltd	Australia	100%	-
Project Partners Corporation Pty Ltd	Australia	100%	-

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 10: Interests in other entities (cont.)

(a) Subsidiaries (cont.)

Name of Subsidiary	Country of Incorporation	Ownership interest held by the Group	
		2019	2018
Recon Solutions Pty Ltd	Australia	100%	-
Recon Executive Holdings Pty Ltd *	Australia	-	-
Halcyon Knights Pty Ltd	Australia	100%	-
Halcyon Knights Commercial and Contracting Pty Ltd	Australia	100%	-
Halcyon Knights New Zealand Ltd	New Zealand	100%	-
Halcyon Knights Pte Ltd	Singapore	100%	-

* This entity was acquired as part of the Recon Solutions Group. Deregistration commenced on the 28 June 2019.

(b) Interests in associates

Set out below are the associates of the Group as at 30 June 2019. 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 Incorporation	Ownership interest held by the Group		Nature of relationship	Measurement method	Carrying amount	
		2019	2018			2019	2018
Recon Solutions Pty Ltd and Recon Executive Pty Ltd	Australia	100%[1]	50%	Associate[3]	Equity method	-	2,797,178
Project Partners Corporation Pty Ltd	Australia	100%[2]	50%	Associate[4]	Equity method	-	459,653
						-	**3,256,831**

[1] On the 27 February 2019 the remaining 50% interest was acquired in this entity. Refer to note 9 for further details on this acquisition. From this date control was obtained and the Group is no longer reflected as an interest in an associate but a subsidiary which is consolidated with the Group.

[2] 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 and finally on the 27 February 2019 the final 29% was acquired bringing the percentage ownership up to 100% in this entity. Control of the entity was from 20 July and therefore this entity was consolidated from that date and no longer accounted for as an interest in associate. Refer to note 9 for further details of the acquisitions in the current period.

[3] Recon Solutions Pty Ltd and Recon Executive Pty Ltd ('Recon' or 'Recon Solutions Group') provide on-hire Information Technology professionals.

[4] Project Partners Corporation Pty Ltd provide Information Technology consulting services.

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 and is comprised of an upfront payment of $2,306,913 in cash and $500,000 worth of People Infrastructure Ltd ordinary shares. There was also 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. With the subsequent and final purchase in February 2019 this contingent consideration was removed with on the signing of the subsequent agreement and replaced with the final purchase price.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 10: Interests in other entities (cont.)

Key judgements

Through the shareholder agreement, People Infrastructure Ltd was guaranteed one seat on the board of Recon and participated in all significant financial and operating decisions. The Group therefore determined that it had significant influence over this entity. However, it had been determined that control did 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 remained responsible for the operations and financial decision making whilst being overseen by the board. This assessment remained until the 20 July for Project Partners Corporation Pty Ltd and the 27 February 2019 for the Recon Solutions Group, when the Group obtained a controlling interest in each entity respectively.

(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	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Reconciliation of carrying amounts				
Opening balance 1 July 2018	2,797,178	-	459,653	-
Acquisition of investment in entity – cash	2,433,000	2,043,078	13,008	263,835
Acquisition of investment in entity – equity issue	-	471,184	-	28,816
Share of operating profits	356,609	382,916	16,170	167,002
Dividends received	(407,027)	(100,000)	-	-
Fair value adjustment on gain of control	118,946	-	874,695	-
Derecognition on gain of control	(5,298,706)	-	(1,363,526)	-
Closing balance 30 June 2019	**-**	**2,797,178**	**-**	**459,653**

Note that the 2019 balances are not reflected below given that these entities are now controlled and consolidated with the Group.

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

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 10: Interests in other entities (cont.)

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

	Recon Solutions Group 2018 $	Project Partners 2018 $
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.

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

Note 11: Trade and other receivables

	2019 $	2018 $
Current		
Trade receivables	32,680,827	24,121,670
Allowance for impairment of receivables	(408,218)	(91,569)
	32,272,609	24,030,101
Contract assets	5,450,139	4,337,620
Other debtors	132,316	25,206
	37,855,064	**28,392,927**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 11: Trade and other receivables (cont.)

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.

Recognition and measurement from 1 July 2018

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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 11: Trade and other receivables (cont.)

Recognition and measurement from 1 July 2018

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.

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

Movement in provision for impairment

	2019	**2018**
	$	**$**
Opening balance	(91,569)	(220,184)
Balance at acquisition	(318,218)	-
Charge for the year	(248,881)	(53,542)
Amounts written off	250,450	182,157
Closing balance	**(408,218)**	**(91,569)**

Refer to Note 21 for disclosures surrounding credit risk.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 12: Property, plant and equipment

	2019 $	2018 $
Property improvements		
At cost	762,453	637,739
Accumulated depreciation	(390,073)	(276,470)
	372,380	**361,269**
Vehicles		
At cost	838,917	589,330
Accumulated depreciation	(560,626)	(434,800)
	278,291	**154,530**
Plant and equipment		
At cost	130,911	194,905
Accumulated depreciation	(90,078)	(134,676)
	40,833	**60,229**
Office furniture and equipment		
At cost	2,840,260	2,800,779
Accumulated depreciation	(1,905,697)	(1,771,640)
	934,563	**1,029,139**
Right-to-use asset - equipment		
At cost	1,029,405	759,954
Accumulated depreciation	(379,365)	(316,570)
	650,040	**443,384**
Right-to-use asset – property		
At cost	7,971,239	-
Accumulated depreciation	(3,247,301)	-
	4,723,938	**-**
Total property, plant and equipment	**7,000,045**	**2,048,551**

Right-to-use assets

Refer to note 31 for details on the recognition of this class of asset and the adoption of AASB 16 Leases. The Group has determined that it has two classes of right-to-use assets those relating to equipment and those relating to property. Comparatives have not been updated to reflect the new policy as the Group has adopted this new standard using the modified retrospective method.

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 2019 (cont.)

Note 12: Property, plant and equipment (cont.)

Movements in carrying amount

2019	Property improvement	Vehicles	Plant and equipment	Office equipment	Right to use asset - equipment	Right to use asset - property	Total
	$	$	$	$	$	$	$
Balance at the beginning of the year	361,269	154,530	60,229	1,029,139	443,384	-	2,048,551
Impact of change in accounting policy - refer note 31	-	-	-	-	-	3,535,029	3,535,029
Adjusted opening balance	361,269	154,530	60,229	1,029,139	443,384	3,535,029	5,583,580
Transfers between classes	-	8,668	-	(415,361)	(16,346)	-	(423,039)
Foreign exchange movements	82	148	-	1,088	-	5,755	7,073
Additions – through business combinations	59,761	4,429	3,770	336,706	-	910,175	1,314,841
Additions – through ordinary course	14,128	159,375	2,832	326,405	469,098	1,409,934	2,381,772
Disposals	-	-	(4,383)	(23,492)	(61,308)	-	(89,183)
Depreciation expense	(62,860)	(48,859)	(21,615)	(319,922)	(184,788)	(1,136,955)	(1,774,999)
Carrying amount at the end of the year	**372,380**	**278,291**	**40,833**	**934,563**	**650,040**	**4,723,938**	**7,000,045**

2018	Property improvement	Vehicles	Plant and equipment	Office equipment	Right to use asset - equipment	Total
	$	$	$	$	$	$
Balance at the beginning of the year	367,355	248,701	77,494	915,197	254,392	1,863,139
Transfers between classes	-	(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**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 12: Property, plant and equipment (cont.)

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
Right to use asset - equipment	5 – 8 years
Right to use asset - property	1 – 10 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.

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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 13: Intangible assets

	2019 $	2018 $
Goodwill – at cost (Refer to Note 9)	**63,896,778**	**25,586,980**
Brand names – at cost	**4,309,470**	**2,245,950**
Customer relationships		
Cost	11,736,941	5,648,835
Accumulated amortisation	(3,184,241)	(1,684,968)
	8,552,700	**3,963,867**
Candidate database		
Cost	2,313,822	2,199,323
Accumulated depreciation	(1,288,342)	(737,795)
	1,025,480	**1,461,528**
Mobile application software		
Cost	375,535	357,386
Accumulated amortisation	(153,269)	(78,162)
	222,266	**279,224**
Website		
Cost	135,206	12,992
Accumulated amortisation	(118,944)	(6,263)
	16,262	**6,729**
Software		
Cost	1,282,589	-
Accumulated amortisation	(753,110)	-
	529,479	**-**
Patents and trademarks		
Cost	29,556	36,355
Accumulated amortisation	(8,343)	(8,343)
	21,213	**28,012**
Total intangible assets	**78,573,648**	**33,572,290**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 13: Intangible assets (cont.)

Movements in carrying amount

2019	**Goodwill**	**Brand names**	**Customer relationships**	**Candidate database**	**Mobile application software**	**Website**	**Software**	**Patents and trademarks**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2018	25,586,980	2,245,950	3,963,867	1,461,528	279,224	6,729	-	28,012	33,572,290
Additions through business combinations	38,309,798	2,063,520	6,088,106	114,499	-	7,882	-	-	46,583,805
Transfers between classes	-	-	-	-	-	-	423,039	-	423,039
Foreign exchange movements							(290)		(290)
Additions	-	-	-	-	18,149	4,795	414,315		437,259
Disposals	-	-	-	-	-	-	-	(6,799)	(6,799)
Amortisation expense	-	-	(1,499,273)	(550,547)	(75,107)	(3,144)	(307,585)	-	(2,435,656)
Balance at 30 June 2019	**63,896,778**	**4,309,470**	**8,552,700**	**1,025,480**	**222,266**	**16,262**	**529,479**	**21,213**	**78,573,648**

2018	**Goodwill**	**Brand names**	**Customer relationships**	**Candidate database**	**Mobile application software**	**Website**	**Software**	**Patents and trademarks**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2017 (Restated)	25,550,342	2,245,950	5,089,725	2,011,358	328,309	17,150	-	19,990	35,262,824
Additions through business combinations	36,638*	-	-	-	-	-	-	-	36,638
Transfers between classes	-	-	-	-	-	(8,177)	-	8,177	-
Foreign exchange movements									
Additions	-	-	-	-	17,854	-	-	-	17,854
Disposals	-	-	-	-	-	-	-	(155)	(155)
Amortisation expense	-	-	(1,125,858)	(549,830)	(66,939)	(2,244)	-	-	(1,744,871)
Balance at 30 June 2018	**25,586,980**	**2,245,950**	**3,963,867**	**1,461,528**	**279,224**	**6,729**	**-**	**28,012**	**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 year ended 30 June 2019 (cont.)

Note 13: 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 based on three CGU's. The three CGU's which have been identified are general staffing and specialist services, information technology and health and community care. For the year ended 30 June 2018 one CGU was identified at the group level. This assessment has changed during the current year with the acquisitions and restructure of the organisation that has occurred.

The following table sets out the goodwill allocation and key assumptions used in performing the value-in-use calculations:

2019	**General Staffing and Specialist Services**	**Information Technology**	**Health and Community Care**	**Total**
Goodwill	25,586,980	14,549,470	23,760,328	63,896,778
Sales volume (% annual growth rate)	2.75%	2.75%	2.75%	
Budgeted earnings before interest and tax	3.86%	11.16%	8.07%	
Long term growth rate	2.75%	2.75%	2.75%	
Pre-tax discount rate	16.04%	16.04%	16.04%	

2018	**Group**
Goodwill	25,586,980
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

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 13: Intangible assets (cont.)

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: Cash Generating Units (CGU)

Since the acquisition of the founding two business (AWX and Edmen), there has been significant restructuring of the Group. This included moving business units from Edmen to AWX and streamlining corporate overheads and staffing to the People Infrastructure Ltd level rather than at subsidiary level. In the current year, with the additional acquisitions and restructuring, management have determined that there are three CGU's and accordingly impairment assessments have been done for each of those CGU's. These CGU's have been identified as the smallest identifiable Group of assets that generate cash inflows which are independent of other Groups of assets. In the prior year, management had determined that there was one CGU and accordingly an impairment assessment was completed at the consolidated level.

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 assets 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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 14: Trade and other payables

	2019 $	2018 $
Current		
Trade payables	12,171,487	9,521,485
Accrued expenses	2,902,722	1,216,055
GST payable	3,675,191	2,531,531
Other payables	219,662	511,151
	18,969,062	**13,780,222**

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.

Note 15: Contingent Consideration

	2019 $	2018 $
Current		
Contingent consideration	1,313,481	-
	1,313,481	**-**
Non-current		
Contingent consideration	8,850,679	-
	8,850,679	**-**
Total contingent consideration	**10,164,160**	**-**

During the business combination of the NNA Group, Victorian Nursing Specialists Pty Ltd (VNS) and the Halcyon Group, AASB 3 Business Combination required the recognition of contingent consideration. The contingent consideration relates to amounts payable under the purchase contracts should certain conditions be met. The conditions surround the EBITDA or profit of the acquired entities and groups for the 12 months following the acquisition in the case of the NNA Group and VNS and across 3 years for the Halcyon Knights Group.

Subsequent to the end of the reporting period $1,100,000 has been paid in settlement of the contingent consideration of the NNA Group with the remaining current portion relating to VNS. The contingent consideration for Halcyon Group has been classified as non-current as the first of the three possible payments is not due until subsequent to the audited financial results of 30 June 2020.

A fair value adjustment of $69,393 was reflected in the profit and loss for the year ended 30 June 2019.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 16: Financial liabilities

	2019 $	2018 $
Current		
Credit cards	16,445	34,050
Debtor finance account	9,713,255	9,393,775
Commercial bills	3,847,316	710,000
Lease liabilities	1,831,955	149,545
Total current borrowings	**15,408,971**	**10,287,370**
Non-current		
Commercial bills	21,200,670	1,775,000
Lease liabilities	4,181,244	397,747
Total non-current borrowings	**25,381,914**	**2,172,747**
Total borrowings	**40,790,885**	**12,460,117**

Lease liabilities

Lease liabilities have been recognised for the first time with regards to right-to-use assets relating to property. Under AASB 117 lease liabilities were historically recognised on the finance-leased assets only. Given the Group has used the modified retrospective method of adopting the new AASB 16 leases standard the comparatives reflect the accounting policy under AASB 117. Refer to note 31 for further details.

Recognition and measurement

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

Facilities

2019	**Available facility**	**Facility used**	**Remaining Facility**
Credit cards	460,000	16,445	443,555
Debtor finance / invoice discounting facility	19,000,000	9,713,255	9,286,745
Commercial bills	25,047,986	25,047,986	-
	44,507,986	**34,777,686**	**9,730,300**

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**

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.

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 2019.

These covenants were not breached during the reporting period.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 17: Employee benefits

	2019	2018
	$	$
Current		
Annual leave	2,204,537	1,386,400
Long services leave	453,930	379,017
	2,658,467	**1,765,417**
Non-current		
Long service leave	459,663	220,025
	459,663	**220,025**

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.

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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 18: Share capital

	2019 $	2018 $
72,404,030 (2018: 64,418,732) fully paid ordinary shares	60,205,498	39,698,791

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	2019 Number	2018 Number	2019 $	2018 $
At the beginning of the period		64,418,732	10	39,698,791	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
Dividends reinvested	28 September 2018	241,540	-	-	-
Issue of shares on vesting of options	26 November 2018	250,000	-	-	-
Dividends reinvested	29 March 2019	86,350		678,051	
Issue of ordinary shares under a capital raising	19 June 2019	7,407,408	-	20,000,000	-
Costs to issue shares		-	-	(888,519)	(1,502,063)
Recognition of deferred tax on shares issue costs		-	-	717,175	-
At reporting date		**72,404,030**	**64,418,732**	**60,205,498**	**39,698,791**

*Share split (1:720,000)

** Share split (1:3.242)

Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a 3% discount to the market price.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 18: Share capital (cont.)

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 2020	$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	985,000
Performance Rights (Tranche 3)	22 November 2017	22 November 2021	$0.00	239,000
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				**3,442,750**

The following options had been granted at 30 June 2019 but not yet issued. The expected issue date is 30 August 2019.

	Date options granted	Expiry date	Exercise price of shares	Number under option
Performance Rights (Tranche 6)	15 May 2019	15 May 2022	$0.00	24,000
Performance Rights (Tranche 7)	31 May 2019	31 May 2023	$0.00	350,000
Performance Rights (Tranche 8)	31 May 2019	31 May 2022	$0.00	270,758
Total granted by not yet issued				**644,758**

During the reporting period, the following options were forfeited as a result of employees leaving the Group. There was nil for the year ended 30 June 2018.

	Date options granted	Expiry date	Exercise price of shares	Number under option
Performance Rights (Tranche 2)	22 November 2017	22 November 2021	$0.00	40,000
Performance Rights (Tranche 3)	22 November 2017	22 November 2021	$0.00	109,000
Total forfeited				**149,000**

The following options were exercised as the vesting conditions were satisfied. There was nil for the year ended 30 June 2018.

	Date options granted	Expiry date	Exercise price of shares	Number under option
Performance Rights (Tranche 1)	22 November 2017	22 November 2021	$0.00	250,000
Total vested and exercised				**250,000**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 18: Share capital (cont.)

Options and performance rights (cont.)

Reardon Options

The options have vesting conditions attached to them and expire 30 days after they become exercisable. 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%.

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.

Those which vested in November 2018 were exercised and converted to shares (250,000 performance rights).

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.

40,000 performance rights were forfeited during the year as a result of employees leaving the Group.

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.

109,000 performance rights were forfeited during the year as a result of employees leaving the Group.

Performance Rights – Tranche 4

These Performance Rights vest equally over FY19, FY20, FY21 and FY22 (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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 18: Share capital (cont.)

Options and performance rights (cont.)

Performance Rights – Tranche 5

These Performance Rights vest equally over FY19, FY20, FY21 and FY22 (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 6

These Performance Rights vest equally over FY20, FY21, and FY22 (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 15% 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 7

These Performance Rights vest equally over FY20, FY21, FY22 and FY23 (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 8

These Performance Rights vest equally over FY20, FY21, and FY22 (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 15% and a further 50% vest if the Growth Metric, over the relevant Vesting Period is greater than 12%. 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:

	2019	**2018**
	$	**$**
Employee benefits expense	312,792	233,913

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

	2019	**2018**
	$	**$**
Share capital	-	-
Share based payment reserve	547,660	234,868

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 18: Share capital (cont.)

Dividends

	2019 $	2018 $
Dividends provided for or paid during the year		
Final fully franked dividend relating to 30 June 2018 (4 cents per share)	2,576,749	-
Interim fully franked dividend relating to 30 June 2019 (4 cents per share)	2,596,400	-
	5,173,149	-
Dividends satisfied by the issue of shares under the dividend reinvestment plan during the year	678,051	-
Dividends not recognised at the end of the reporting period Since year end the directors have recommended the payment of a final dividend of 4.5 cents per fully paid ordinary share. The aggregate amount of the proposed dividend expected to be paid on 2 October 2019 out of retained earnings at 30 June 2019, but not recognised as a liability at year end, is:	3,258,181	-
Franked dividends The final dividend recommended after 30 June 2019 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 2019. Franking credits available for subsequent reporting periods based on a tax rate of 30%	10,715,402	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 2019 (cont.)

Note 19: Share-based payments

The following share-based payment arrangements existed at 30 June 2019.

Share-based payments to Directors, executives and employees

Shares

During the year ended 30 June 2019, 250,000 shares were issued to Key Management Personnel (KMP) as a result of options achieving their conditions and being eligible for exercising.

During 2018, no shares were granted to KMP as share-based payments.

Options

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

	2019		2018	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	No.	$	No.	$
Outstanding at beginning of the period	1,980,000	0.49	216,000	4.16
Modified *	-	-	(216,000)	(4.16)
Exercised	(250,000)	-	-	-
Granted	238,750	-	1,980,000	0.49
Outstanding at year-end	1,968,750	0.50	1,980,000	0.49
Exercisable at year-end	300,000	0.15	-	-

*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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 19: Share-based payments (cont.)

Share-based payments to Directors, executives and employees

The NED Options are exercisable at year end as the conditions attached have been satisfied. All other options have conditions which are not yet satisfied and therefore are not exercisable as at 30 June 2019. During the period ending 30 June 2019 250,000 options were exercised and 2018, no options were exercised.

The following principal assumptions were used in the valuation:

	Grant date	Number of options	Vesting period end	Share price at grant date	Volatility	Option life	Dividend yield	Fair value at grant date	Exercise price at grant date	Exercisable from	Exercisable to
Reardon Options – Tranche 1	14/10/2017	340,000	50% 14/10/2020 50% 14/10/2021	$1.00	50%	50% 3 years 50% 4 years	Continuous	50% $0.2636 50% $0.2857	$1.00	50% 14/10/2020 50% 14/10/2021	30 days after the exercise date
Reardon Options – Tranche 2	14/10/2017	340,000	50% 14/10/2020 50% 14/10/2021	$1.00	50%	50% 3 years 50% 4 years	Continuous	50% $0.2636 50% $0.2857	$1.00	50% 14/10/2020 50% 14/10/2021	30 days after the exercise date
NED Options	22/11/2017	300,000	22/11/2018	$1.00	50%	1 year	Continuous	$0.1755	$1.00	22/11/2018	22/11/2020
Performance Rights – Tranche 1	22/11/2017	1,000,000	25% 22/11/2018 25% 22/11/2019 25% 22/11/2020 25% 22/11/2021	$1.00	50%	4 years	Continuous	25% $0.281, 25% $0.253, 25% $0.197, 25% $0.156	$1.00	At end of each vesting period	30 days after the exercise date
Performance Rights – Tranche 2	22/11/2017	1,025,000	33% 22/11/2019 33% 22/11/2020 33% 22/11/2021	$1.00	50%	4 years	Continuous	33% $0.234, 33% $0.179, 33% $0.139	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights – Tranche 3	22/11/2017	348,000	22/11/2019	$1.00	50%	2 years	Continuous	$0.2340	$0.00	22/11/2019	30 days after the exercise date
Performance Rights – Tranche 4	26/11/2018	238,750	25% 22/11/2019 25% 22/11/2020 25% 22/11/2021 25% 22/11/2022	$1.93	40%	4 years	Continuous	25% $0.900, 25% $0.627, 25% $0.495, 25% $0.439	$0.00	At end of each vesting period	30 days after the exercise date

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 19: Share-based payments (cont.)

Share-based payments to Directors, executives and employees (cont.)

	Grant date	Number of options	Vesting period end	Share price at grant date	Volatility	Option life	Dividend yield	Fair value at grant date	Exercise price at grant date	Exercisable from	Exercisable to
Performance Rights – Tranche 5	26/11/2018	250,000	25% 22/11/2019 25% 22/11/2020 25% 22/11/2021 25% 22/11/2022	$1.93	40%	4 years	Continuous	25% $0.900, 25% $0.627, 25% $0.495, 25% $0.439	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights – Tranche 6 *	15/05/2019	24,000	33% 15/05/2020 33% 15/05/2021 33% 15/05/2022	$2.45	40%	3 years	Continuous	33% $1.144, 33% $0.738, 33% $0.580	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights – Tranche 7 *	31/05/2019	350,000	25% 31/05/2020 25% 31/05/2021 25% 31/05/2022 25% 31/05/2023	$2.77	40%	4 years	Continuous	25% $1.305, 25% $0.911, 25% $0.735, 25% $0.642	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights – Tranche 8 *	31/05/2019	270,758	33% 31/05/2020 33% 31/05/2021 33% 31/05/2022	$2.77	40%	3 years	Continuous	33% $1.293, 33% $0.858, 33% $0.675	$0.00	At end of each vesting period	30 days after the exercise date

* These performance rights were granted but not issued at 30 June 2019. The expected issue date is 30 August 2019.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 19: 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 20: 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 2019 (cont.)

Note 20: 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

	2019 $	2018 $
Financial assets at amortised cost		
Cash and cash equivalents	21,328,339	4,806,541
Trade and other receivables	37,855,064	28,392,927
Total financial assets	**59,183,403**	**33,199,468**
Financial liabilities at amortised cost		
Trade and other payables	18,969,062	13,780,221
Credit cards	16,445	34,050
Debtor finance accounts	9,713,255	9,393,775
Commercial bills	25,047,986	2,485,000
Lease liabilities	6,013,199	547,293
	59,759,947	26,240,339
Financial liabilities at fair value through the profit and loss		
Contingent consideration	10,164,160	-
	10,164,160	-
Total financial liabilities	**69,924,107**	**26,240,339**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 20: Financial assets and liabilities (cont.)

Borrowings at amortised cost

The current interest rate on the commercial bills range from 4.88% to 5.30% (2018: 5.95%) at 30 June 2019. A number of new bills were entered into during the current financial year which were used to fund the acquisitions. The bills have a maturity dates ranging from October 2022 through to May 2024. These bills rollover on a 3-monthly basis and are reduced with quarterly payments with the exception of $5,500,000 which is interest only. This bill is due for repayment in full by August 2023. The other commercial bills are fully repayable within 5 years of the original drawdown date. They are all held with St George Bank. Refer to Note 16 for further details around security provided.

For details on the repayment periods and interest rates for lease liabilities refer to Note 24.

Borrowings at fair value through the profit and loss

Contingent consideration is payable on a number of the acquisitions during the current financial year. These are contingent on the EBITDA or gross profit of the entity or group of entities acquired reaching stipulated amounts. The probability of the relevant entities achieving the maximum EBITDA has been assessed as high and that the earn outs will be payable; the contingent consideration valuations reflect this assessed probability.

Subsequent to year end the contingent consideration for the acquisition of the NNA Group of $1,100,000 was paid. A fair value adjustment of $69,393 was reflected in the profit and loss for the year ended 30 June 2019.

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 21: 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 2019 (cont.)

Note 21: 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:

	2019	2018
	$	$
Cash and cash equivalents	21,328,339	4,806,541
Trade and other receivables	38,263,282	28,484,496
	59,591,621	**33,291,037**

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

Bank deposits are held with the following parties:

	2019	2018
	$	$
St George Bank	14,625,191	3,959,104
Australian and New Zealand Banking Group Limited	1,644,807	546,041
National Australia Bank Limited	2,090,101	245,800
Westpac Banking Corporation	2,860,024	55,134
Commonwealth Bank	72,850	-
OCBC Bank Singapore	34,680	-
Cash on hand	686	462
	21,328,339	**4,806,541**

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.

The Group's trade receivables are subject to the expected credit loss model. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 30 June 2019 or 1 July 2018 and the corresponding historical credit loss experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has not identified any major factors which impact the sales of services and therefore hasn't adjusted the historical loss rates based on expected changes in things like the GDP or unemployment rate.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 21: Financial risk management (cont.)

(b) Credit risk (cont.)

On that basis, the loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for trade receivables:

30 June 2019	**Expected loss rate %**	**Gross Carrying Amount $**	**Loss allowance $**
Not more than 4 months	-	37,488,523	49,110
More than 4 months but not more than 6 months	45%	517,949	233,077
More than 6 months but not more than 1 year	45%	230,644	103,790
More than 1 year	85%	26,166	22,241
		38,263,282	408,218
1 July 2018			
Not more than 4 months	-	26,846,733	-
More than 4 months but not more than 6 months	-	1,408,438	-
More than 6 months but not more than 1 year	40%	229,325	91,569
More than 1 year	85%	-	-
		28,484,496	91,569

There have been some debtors identified in the current period which are less than 4 months old however they have been provided for as they have gone into liquidation.

(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 $19,143,455 at 30 June 2019 (2018: $7,780,923).

Maturity analysis – Financial liabilities

Consolidated	**Carrying Amount**	**Contractual Cash flows**	**within 1 year**	**1 – 5 years**	**5 years +**
2019	**$**	**$**	**$**	**$**	**$**
Trade and other payables	18,969,062	18,969,062	18,969,062	-	-
Credit cards	16,445	16,445	16,445	-	-
Contingent consideration	10,164,160	9,208,286	1,327,500	7,880,786	-
Debtor finance accounts	9,713,255	9,713,255	9,713,255	-	-
Commercial bills	25,047,986	30,928,054	4,861,080	26,066,974	-
Lease liabilities	6,013,199	6,990,086	2,118,857	3,771,032	1,100,197
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	-

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 21: Financial risk management (cont.)

(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 and Halcyon Knights New Zealand Ltd are subsidiaries based in New Zealand. Therefore, these Companies have a functional currency of New Zealand Dollars (NZD). The results for the Companies are converted to AUD for consolidation and reporting purposes. Given the entities are a very small part of the operations of the Group as a whole this exposure is very minor.
- The Halcyon Knights Pte Ltd is a subsidiary based in Singapore. Therefore, this Company's functional currency is Singapore Dollars (SGD). 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.

(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**
2019	**$**	**$**	**$**	**$**	**%**
Financial assets					
Cash and cash equivalents	21,328,339	-	-	21,328,339	0.07%
Trade and other receivables	-	-	37,855,064	37,855,064	n/a
Total financial assets	**21,328,339**	**-**	**37,855,064**	**59,183,403**	
Financial liabilities					
Trade and other payables	-	-	18,969,062	18,969,062	n/a
Credit cards	-	16,445	-	16,445	Nil
Contingent consideration	-	10,164,160	-	10,164,160	n/a
Debtor finance accounts	-	9,713,255	-	9,713,255	5.50%
Commercial bills	-	25,047,986	-	25,047,986	5.30%
Lease liabilities	-	6,013,199	-	6,013,199	4.63%
Total financial liabilities	**-**	**50,955,045**	**18,969,062**	**69,924,107**	

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 21: Financial risk management (cont.)

(e) Market risk (cont.)

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**	

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 Group has cash and cash equivalents in NZD and SGD. The balance at the 30 June 2019 was NZD 1,221,096 (2018: NZD 452,819) and SGD 32,919 (2018: Nil). Due to the small amount of exposure the impact on profit has not been disclosed.

Note 22: 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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 22: Fair value measurement (cont.)

Financial Liabilities at fair value through the profit and loss 2019	Level 1	Level 2	Level 3
Contingent consideration	-	-	10,164,160
Total Financial Liabilities	**-**	**-**	**10,164,160**

Financial Liabilities at fair value through the profit and loss 2018	Level 1	Level 2	Level 3
Contingent consideration	-	-	-
Total Financial Liabilities	**-**	**-**	**-**

There were no transfers between the levels of fair value hierarchy during the year ended 30 June 2019. There were no other financial assets or liabilities valued at fair value at 30 June 2019 and 2018.

The following table summarised the quantitate information about the significant unobservable inputs used in level 3 fair value measurements of contingent consideration. The below table is not applicable to 2018 financial year as there was no level 3 financial liabilities in that year.

Unobservable Inputs	Range of Inputs	Relationship of unobservable inputs to fair value
EBITDA achieved	Nil to $4,980,000	If expected EBITDA was the maximum achievable then the fair value would increase by $398,000.
Gross profit achieved	Nil to $1,900,000	If expected gross profit was the maximum achievable then the fair value would increase by $21,000.
Risk-adjusted discount rate	6.53%	A change in the discount rate by 100 bps would increase/decrease the fair value by $190,000

Reconciliation of Level 3 fair value movements	Contingent Consideration
Opening balance at 1 July 2017	1,750,000
Repayments	(1,750,000)
Conversion to equity	-
Gains and losses recognised in profit or loss	-
Closing balance at 30 June 2018	-
Recognition on acquisition / funding	10,094,767
Gains and losses recognised in profit or loss	69,393
Closing balance at 30 June 2019	10,164,160

Contingent consideration

The fair value of contingent consideration related to the acquisition of the NNA Group, Victorian Nursing Specialists Pty Ltd and the Halcyon Knights Group (see Note 9) 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 for all of the contingent considerations that the contract's target level will be achieved. Subsequent to year end the contingent consideration for the NNA Group is no longer contingent as the conditions have been met and the contract's target levels achieved and therefore the component relating to NNA Group is no longer carried at fair value.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 23: Events arising since the end of the reporting period

The Group acquired 100% of First Choice Care Pty Ltd with a completion date of 1 July 2019. First Choice is the leading healthcare staffing agency in Brisbane and the Sunshine Coast (and also extends to central and north QLD). The acquisition price for First Choice Care Pty Ltd is $11 million payable in cash on closing, funded from existing working capital. Refer to Note 9 for further details.

On the 2 August 2019 $1,100,000 was paid as part of the contingent consideration of the acquisition of Network Nursing Agency Pty Ltd.

A dividend of 4.5 cents per share was declared on 30 August 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 24: Leases

(a) Real estate leases

The Group leases land and buildings for its office space. The leases of office space typically run for a period of 2 - 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in consumer price index. Some also require the Group to make payments that relate to the property costs (outgoings); these amounts are generally determined annually.

Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new lease to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. There has been no significant extensions excluded from the lease liabilities.

(b) Equipment leases

The Group leases vehicles and equipment, with lease terms of three to five years. Inc some cases, the Group has options to purchase the assts at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group monitors the use of these vehicles and equipment and reassesses the estimated amount payable under the residual value guarantees at the reporting date to remeasure lease liabilities and right-of-use assets. As at 30 June 2019, the Group has nil amount payable under the residual guarantees.

(c) Short-term and low value asset leases

The amount of lease commitments for short-term and low value assets not recognised on balance sheet:

	2019 $
Low value assets payable:	
- not later than 12 months	111,332
- between 12 months and 5 years	141,676
	253,008
Short term property leases payable:	
- not later than 12 months	18,212
- between 12 months and 5 years	-
	18,212

Short term property leases have terms of less than 12 months.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 24: Leases (cont.)

Recognition and measurement - Policy applicable from 1 July 2018

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of the identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asst is used is predetermined, the Group has the right to direct the use of the asset if either:
    - the Group has the right to operate the asset; or
    - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2018.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life to the right-of-use or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably curtained to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 24: Leases (cont.)

Recognition and measurement - Policy applicable from 1 July 2018 (cont.)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the righto-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognised right-of-use assets and lease liabilities for short-term leases of equipment or property that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Recognition and measurement - Policy applicable before 1 July 2018

For contracts entered into before 1 July 2018, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
    - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
    - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
    - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, the price per until was neither fixed per unit of output nor equal to the current market price per unit of output.

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, on a straight-line basis over the term of the lease.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 24: Leases (cont.)

Key judgements and estimations

In determining both the right to use asset and the lease liability certain estimates and judgements were made. These included the following:

- Where options to extend existed each lease was assessed individually, and the likelihood of extension was applied. If it was considered that the lease would be terminated, then it was treated as such otherwise the option period was taken into account.
- There were no residual guarantees contained in any of the lease agreements.
- Increments to lease payments were fixed amounts and these fixed payments and increments were taken into account in the measurement of the right to use asset and lease liability.
- No impairments were identified as each of the right to use assets were allocated to a CGU and these are impairment assessed based on value in use. No impairments to these CGU's have been identified.
- The Group determined that the appropriate discount rate to calculate the right of use assets and liabilities was the Group's current incremental borrowing rate.

Note 25: Contingent assets and contingent liabilities

The Group has no contingent assets and no contingent liabilities.

Note 26: Auditor's Remuneration

	2019	2018
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	146,000	120,000
- 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	83,231	117,582
- Corporate services	8,531	236,065
	237,762	**513,276**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 27: 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 10: Investments in other entities.

Key Management Personnel

	2019 $	2018 $
Short-term employee benefits (including annual leave accruals)	1,294,589	833,562
Long-term employee benefits – long service leave	22,456	10,243
Post-employment benefits – superannuation	79,371	65,507
Share-based payments	185,587	147,310
Total key management personnel (KMP) compensation	**1,582,003**	**1,056,622**

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 20. Note 19: 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:

	2019 No.	2018 No.
Shares Issued		
Glen Richards *	300,000	500,000
Elizabeth Savage *	20,225	-
Declan Sherman **	125,000	7,951,331
Thomas Reardon **	125,000	3,270,035
Thomas Reardon *	66,085	-
Shares Disposed		
Thomas Reardon *	(500,000)	-
Options or Performance Rights Issued		
Declan Sherman	119,375	-
Thomas Reardon	119,375	-

* These shares issues/disposals, including dividends reinvested were as a result of on market share acquisitions and disposals 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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 28: 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.

	2019 $	2018 $
Statement of financial position		
ASSETS		
Current assets	1,770,423	154,292
Non-current assets	77,912,729	41,411,486
Total assets	79,683,152	41,565,778
LIABILITIES		
Current liabilities	2,135,900	359,904
Non-current liabilities	16,566,619	9,605,580
Total liabilities	18,702,519	9,965,484
EQUITY		
Issued capital	60,205,498	39,698,791
Reserves	547,660	234,868
Retained earnings/(accumulated losses)	227,475	(8,333,365)
Total equity	**60,980,633**	**31,600,294**
Statement of profit or loss and other comprehensive income		
Other revenue	31,427,617	3,167
Other expenses	(1,419,725)	(1,551,434)
Finance costs	(2,756)	(446,197)
Share of profit of equity-accounted investees, net of tax	433,647	549,918
Fair value of convertible notes	-	(578,460)
Fair value adjustment of investment on gain of control	874,695	-
Share based payments expense	(312,792)	(233,913)
Profit/(loss) before income tax expense	**31,000,686**	**(2,256,919)**
Income tax expense	(17,226,685)	(1,417,366)
Profit/(loss) for the year	**13,734,001**	**(3,674,285)**
Other comprehensive income	-	-
Total comprehensive income / (loss)	**13,734,001**	**(3,674,285)**

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 29. 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.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 29: Deed of cross guarantee

People Infrastructure Ltd and all subsidiaries listed in note 10, with the exception of The Recruitment Company, Halcyon Knights New Zealand Ltd, Halcyon Knights Pte Ltd and Mobilise People 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 and the new entities either incorporated or acquired subsequent to that date were added on the 26 June 2019. 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 2019 of the Closed Group.

	2019	2018
	$	$
Statement of profit or loss and other comprehensive income		
Revenue	271,245,212	210,717,040
Other income	1,089,721	-
Employee benefits expense	(243,545,324)	(191,094,279)
Occupancy expenses	(656,102)	(1,638,733)
Depreciation and amortisation expense	(4,182,229)	(2,475,478)
Other expenses	(9,531,063)	(7,170,374)
Finance costs	(1,684,941)	(1,423,843)
Share of profit of equity-accounted investees, net of tax	372,779	549,918
Profit before income tax expense	13,108,053	7,464,251
Income tax expense	(3,669,499)	(2,557,356)
Profit for the period	**9,438,554**	**4,906,895**
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive profit / (loss) for the period	**9,438,554**	**4,906,895**
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**(3,199,601)**	**(2,198,394)**
Profit for the period	9,438,554	4,906,895
Retained earnings at the end of the financial year	**6,238,953**	**2,708,501**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 29: Deed of cross guarantee (cont.)

b. Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2019 of the Closed Group.

	2019	2018
	$	$
CURRENT ASSETS		
Cash and cash equivalents	20,126,486	4,292,055
Trade and other receivables	37,096,210	27,067,593
Other current assets	1,007,934	545,024
TOTAL CURRENT ASSETS	**58,230,630**	**31,904,672**
NON-CURRENT ASSETS		
Trade and other receivables	555,198	601,272
Investments accounted for using the equity method	-	3,256,831
Property, plant and equipment	6,893,054	1,946,695
Intangible assets	78,556,030	33,572,290
TOTAL NON-CURRENT ASSETS	**86,004,282**	**39,377,088**
TOTAL ASSETS	**144,234,912**	**71,281,760**
CURRENT LIABILITIES		
Trade and other payables	18,651,884	12,992,433
Contingent consideration	1,313,481	-
Financial liabilities	15,382,604	10,272,547
Current tax liabilities	2,730,854	138,213
Employee benefits	2,420,096	1,585,407
TOTAL CURRENT LIABILITIES	**40,498,919**	**24,988,600**
NON-CURRENT LIABILITIES		
Contingent consideration	8,850,679	-
Financial liabilities	25,379,878	2,125,229
Deferred tax liabilities	1,955,066	1,305,856
Employee benefits	459,663	220,025
TOTAL NON-CURRENT LIABILITIES	**36,645,286**	**3,651,110**
TOTAL LIABILITIES	**77,144,205**	**28,639,710**
NET ASSETS	**67,090,707**	**42,642,050**
EQUITY		
Share capital	60,202,539	39,698,681
Retained earnings	6,238,953	2,708,501
Reserves	649,215	234,868
TOTAL EQUITY	**67,090,707**	**42,642,050**

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 30: 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.

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 2019, with the exception of AASB 16 Leases.

From managements review of the new Australian Accounting Standards and Interpretations issued not yet adopted there is no significant impacts on the financial performance or position of the Group envisaged.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 30: Other accounting policies (cont.)

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 Group applies, for the first time, AASB 9 Financial Instruments, AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. The Group has elected to early adopt AASB 16 Leases as this standard is not mandatory until next year.

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 except for the application of AASB 16 Leases. The disclosures around the adoption of this standard are disclosed in note 31. However, the accounting policies have changed from that disclosed in the 30 June 2018 financial statements.

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, which are incorporated within this financial report. Refer to note 11 for further details.

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 changes to revenue recognition under this new standard did not have significant or material impact on the Group. Refer to note 2 for further details.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The Standard replaces 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 has adopted this standard from 1 July 2018, and it impacts are disclosed in Note 31.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 31: Change in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

The Group applied AASB 16 with a date of initial application of 1 July 2018. As a result, the Group has changed its accounting policy for leases contracts as detailed below.

The Group applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2018. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under AASB 117. Under AASB 16, the Group assess whether a contract is or contains a lease based on the definition of a lease, as explained in note 30.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2018.

Operating and finance leases

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asst to the Group. Under AASB 16, the Group recognised right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to leases of low-value equipment or short-term property rentals less than 12 months in duration. For leases of other assets, which were classified as operating under AASB 117, the Group recognised right-of-use assets and lease liabilities.

Leases classified as operating leases under AASB 117

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2018. Right -of-use assets are measured at either:

- Their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or
- The amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

The Group used the following practical expedients when applying AASB 16 to leases previously classified as operating lease sunder AASB 117.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Notes to the Financial Statements for the year ended 30 June 2019 (cont.)

Note 31: Change in accounting policies (cont.)

Leases classified as finance leases under AASB 117 (cont.)

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the leased liability at 1 July 2018 were determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date. There have been no measurement adjustments as a result of the adoption of AASB 16. There are no variable lease payments.

Impacts on financial statements

On transition to AASB 16, the Group recognised the following:

	1 July 2018
	$
Right to use – property assets at cost	5,084,390
Right to use – property assets accumulated depreciation	(1,549,361)
	3,535,029
Lease liability – current	(596,744)
Lease liability – non-current	(3,295,691)
	(3,892,435)
Deferred tax asset	107,223
Retained earnings	**250,183**

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 July 2018. The weighted-average rate applied is 6.53%.

Operating lease commitment at 30 June 2018	2,222,631
Discounted at 6.53%	2,367,682

This amount differs to the amount recognised as a result of short-term leases and low-value leases not being recognised and the extension and termination of options reasonably certain to be exercised.

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 2019 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 29 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 29.

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 30th day of August 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of People Infrastructure Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of People Infrastructure Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 2019 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 13 - 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. This was determined to be 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: • Evaluating the methodology applied by the group in determining the cash generating units (CGU). • 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, and evaluating the discount rates used by assessing the cost of capital for each CGU. • Performing a sensitivity analysis on the key financial assumptions in the model. These included revenue forecasts, revenue multipliers used in the terminal year of the cash flows and the discount rates applied. • Assessing the adequacy of the Group's disclosures.

Accounting for business combinations

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 9 – Acquisition of subsidiaries. During the year, the Group acquired a number of businesses and increased its interest in others. The audit of the accounting for business combinations is a key audit matter due to the significant judgement and complexity involved in determining the fair value of identifiable intangible assets and the purchase price, which for some acquisitions includes contingent deferred consideration.	Our procedures, amongst others, included: • Reviewing the acquisition agreements to understand the key terms and conditions, and ensuring the accounting for the acquisitions was consistent with the agreements. • Evaluating the assumptions and methodology in Management's determination of the fair value of assets and liabilities acquired. • Assessing the estimation of any 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.

Accounting for leases – AASB16

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 16 and 24 – Leases. The Group has early adopted the requirements of AASB 16 leases. The audit of the accounting for leases under AASB16 is a key audit matter due to the significant amount of data required to be input into Management's model, and the judgements necessary in establishing the underlying key assumptions.	Our procedures, amongst others, included: • Verifying the accuracy of the underlying lease data by agreeing to lease contracts or other supporting documentation. • Assessing the appropriateness of the discount rates applied in determining lease liabilities and other assumptions in respect of lease terms and future lease payments. • Performing tests over the mathematical accuracy of the model and underlying calculations. • Assessing the adequacy of the Group's disclosures.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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 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, 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.

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 in pages 13 to 20 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of People Infrastructure Ltd, for the year ended 30 June 2019, 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, 30 August 2019

SHAREHOLDER INFORMATION AS AT 6 AUGUST 2019

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 2019 Corporate Governance Statement, as approved by the Board, is available on the Company's website at: https://www.peopleinfrastructure.com. 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 2019 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:

Fully paid Ordinary Shares

Name	Number	%
IOOF Holdings Limited	6,467,002	8.932%
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%

3. Number of security holders and securities on issue

People Infrastructure Ltd has issued the following securities:

(a) 72,404,030 fully paid ordinary shares held by 1,949 shareholders;

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

(c) 2,462,750 performance rights held by 108 performance rights holders.

4. Voting rights

Ordinary shares

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.

Options

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

5. Distribution of security holders

(a) Quoted securities

Category	Fully paid Ordinary shares			
	Holders	%	Shares	%
1 - 1,000	387	19.86	194,066	0.27
1,001 - 5,000	742	38.07	2,089,728	2.89
5,001 - 10,000	384	19.70	3,030,153	4.19
10,001 - 100,000	382	19.6	10,232,896	14.13
100,001 and over	54	2.77	56,857,187	78.53
Total	**1,949**	**100.00**	**72,404,030**	**100.00**

SHAREHOLDER INFORMATION AS AT 6 AUGUST 2019 (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 6 August 2019.

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	8,076,331	11.15
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,585,502	7.71
3	ANDNATCO AWX PTY LTD	5,064,732	7.00
4	NATIONAL NOMINEES LIMITED	4,872,495	6.73
5	A P BROSNAN PTY LTD	3,650,999	5.04
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,645,646	5.04
7	CITICORP NOMINEES PTY LIMITED	2,878,638	3.98
8	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	1,709,614	2.36
9	NAMBAWAN INVESTMENTS PTY LTD	1,627,368	2.25
10	UBS NOMINEES PTY LTD	1,386,232	1.91
11	NAMBAWAN INVESTMENTS PTY LTD	1,318,452	1.82
12	BROSPHARM PTY LTD	1,281,336	1.77
13	RYAN GROWTH PTY LTD	1,245,221	1.72
14	CCSC27 PTY LTD	1,225,375	1.69
15	CS THIRD NOMINEES PTY LIMITED	1,078,367	1.49
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	861,563	1.19
17	SIMON BLACK PROMOTIONS PTY LTD	826,744	1.14
18	BNP PARIBAS NOMS PTY LTD	765,329	1.06
19	LOCKYER FAMILY INVESTMENTS PTY LTD	675,740	0.93
20	PENKLIS INVESTMENTS PTY LTD	664,384	0.92
	Total	**48,440,068**	**66.90**
	Balance of register	**23,963,962**	**33.10**
	Grand total	**72,404,030**	**100.00**

SHAREHOLDER INFORMATION AS AT 6 AUGUST 2019 (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 6 August 2019

Class of Securities	Number of Securities	Escrow Period
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).
Total	**5,603,034**	

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

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 1 July 2018 and 30 June 2019, 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.