People Infrastructure Ltd

Appendix 4E and Consolidated Financial Statements

For the year ended 30 June 2020

ABN: 39 615 173 076

PEOPLE INFRASTRUCTURE LTD

Appendix 4E – Preliminary Final Report

for the year ended 30 June 2020

1. Report period ("current period"): Year ended 30 June 2020
   Previous corresponding period: Year ended 30 June 2019

2. Results for announcement to the market

	Up/Down	Movement %	FY 2020 $ '000	FY 2019 $ '000
Revenue from ordinary activities	Up	33.45%	371,164	278,138
Profit after tax from ordinary activities attributable to Owners of People Infrastructure Ltd	Up	69.62%	16,363	9,704

The growth in the business during 2020 reflected continued demand for staffing services in the sectors in which the Group operates, including health and social care, information technology, childcare, infrastructure, mining and hospitality as well as growth in its ancillary businesses. Not only was this due to organic growth in the underlying business driven by increased demand for the services that People Infrastructure provides, but also the acquisition of First Choice Care Pty Ltd on 1 July 2019 and the full year impact of the acquisition of Halcyon Knights that was completed in May 2019. First Choice is the leading healthcare staffing agency in Brisbane and the Sunshine Coast (and also extends to central and north QLD). The profit or loss for this entity is consolidated into the Group results from this date.

	Amount per Share (Cents)	Franked Amount per Share (Cents)	Tax Rate for Franking Credit
Dividends			
Financial year ended 30 June 2020			
Interim dividend	4.0	4.0	30%
Final dividend	4.5	4.5	30%
	8.5	8.5	30%
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%

Final Dividend for 30 June 2020

Date the final 2020 dividend is payable: 6 October 2020

Record date to determine entitlements to the dividend: 8 September 2020

Date final dividend was declared: 25 August 2020

Note that the final dividend for financial year 30 June 2020 has not been provided for in the financial statements given it was declared on the 25 August 2020.

Interim Dividend for 31 December 2019

Date the interim 2020 dividend is payable: 30 March 2020

Record date to determine entitlements to the dividend: 28 February 2020

Date interim dividend was declared: 14 February 2020

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

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 2020 Amount per share (Cents)	30 June 2019 Amount per share (Cents)
Net tangible assets backing per ordinary share	5.50	(21.87)

Note that this calculation includes Right-of-Use Assets.

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			
PI Healthcare Admin Pty Ltd	25 February 2020	n/a	n/a
Peoplein Professional Services Pty Ltd	12 February 2020	n/a	n/a
PI GSSS Admin Pty Ltd	25 February 2020	n/a	n/a
NNA Homecare Services Pty Ltd	8 May 2020	n/a	n/a
Acquired entities			
First Choice Care Pty Ltd	1 July 2019	3,952,642	103,012

Edmen Recruitment Pty Ltd was deregistered on the 30 September 2019. There was no other entities for which loss of control occurred during the period.

6. Details of Associates

There are no associates to People Infrastructure Ltd.

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 2020 which have been audited by BDO.

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

Declan Sherman
Managing Director

25 August 2020

People Infrastructure Ltd

and its controlled entities

Financial Report

For the year ended 30 June 2020

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
Kim Bradley-Ware
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Directors' Report

For the year ended 30 June 2020

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 2020.

Principal activities

The principal activities of the Group during the financial period were the provision of staffing, business services and operational services. Services provided by the Group include workforce management, 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

People Infrastructure continued to be a leader in providing workforce management services to the health and community care sectors in Australia in 2020. People Infrastructure is the largest provider of nurses on the eastern seaboard and this business grew strongly in 2020. People Infrastructure's workforce management business also grew in 2020 as a result of growing its services to supported independent living providers and child protection clients as well as the launch of its homecare business focused on both people with disabilities and aged care clients seeking support in the home. Given the growth in this division in 2020, People Infrastructure is splitting this division into a separate Health Division and Community Care Division in 2021.

Information Technology

People Infrastructure grew its information technology staffing and recruitment business in 2020 as a result of the acquisition of Halcyon Knights in May 2019. People Infrastructure is now one of the largest providers of IT staffing services to the private sector in Australia and intends to continue to significantly grow this division in the future. Notwithstanding the impact of Covid-19, this continues to be a 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. There is also significant employee mobility due to an ever changing IT ecosystem providing increased demand for recruitment services.

General Staffing and Specialist Services

People Infrastructure continued to be a leader in providing general staffing services to small and medium sized business across Australia in 2020. During the year, People Infrastructure saw strong growth in the food processing and mining sectors and continued strong demand from government clients and civil construction. Furthermore, prior to the impact of Covid-19, the specialist services business demonstrated strong growth especially the childcare and early childhood staffing business, the facilities maintenance business and the payrolling business.

Directors' Report (cont.)

For the year ended 30 June 2020

Review of operations and financial results (cont.)

Financial Results

The revenue of the Group for the financial period was $371,163,903 (2019: $278,138,843), representing an increase of 34%. The profit before income tax expense of the Group for the financial period was $21,923,506 (2019: $13,347,012). The profit of the Group for the financial period after providing for income tax amounted to $16,396,195 (2019: $9,693,783), representing an increase of 69%. The growth in the business during 2020 reflected continued demand for staffing services in the sectors in which the Group operates, including health and social care, information technology, childcare, infrastructure, mining and hospitality as well as growth in its ancillary businesses. Not only was this due to organic growth in the underlying business driven by increased demand for the services that People Infrastructure provides, but also the acquisition of First Choice Care Pty Ltd on 1 July 2019 and the full year impact of the acquisition of Halcyon Knights that was completed in May 2019. First Choice is the leading healthcare staffing agency in Brisbane and the Sunshine Coast (and also extends to central and north QLD). The profit or loss for this entity is consolidated into the Group results from this date.

EBITDA and NPATA is how the board and management assess the performance of the Group. This is further adjusted by normalisation adjustments being non-recurring expenses and non-cash expenses including costs associated with acquisitions, fair value movement in equity investments and deferred considerations, costs of employee options and performance rights and the associated tax deduction of these expenses and the application of AASB 16 Leases. The directors believe that this presentation is useful to investors to understand the Group results also as it shows how the Group would have performed had these types of transactions not occurred.

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

The following reconciles statutory profit before tax to EBITDA and normalised EBITDA.

	30 June 2020	**30 June 2019**
	$	**$**
Statutory Profit Before Tax	**21,923,506**	**13,347,012**
Depreciation and amortisation	6,597,692	4,210,655
Finance costs	2,291,510	1,689,670
EBITDA	**30,812,708**	**19,247,337**
Normalisation adjustments:		
Acquisition costs	156,603	469,571
Performance rights costs	83,201	-
Fair value movement in equity account investments	-	(993,641)
Fair value movement in deferred consideration[1]	(2,863,261)	69,393
Non-controlling interests	-	(25,839)
Share based payments expense	465,913	312,792
AASB 16 Leases accounting policy	(2,236,307)	(1,298,438)
Normalised EBITDA	**26,418,857**	**17,781,175**

[1] This represents non-cash income of $2,899,780 which is the fair value adjustment of the deferred consideration to be paid in People Infrastructure shares (i.e. not cash) with respect to the acquisition of Halcyon Knights Pty Ltd, Halcyon Knights Commercial and Contracting Pty Ltd and Halcyon Knights New Zealand Limited and non-cash expense of $36,519 which is the fair value adjustment of the deferred consideration to be paid with respect to the acquisition of Victorian Nurse Specialists Pty Ltd.

Directors' Report (cont.)

For the year ended 30 June 2020

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 of employee options and performance rights and the associated tax deduction of these expenses, the application of AASB 16 Leases and amortisation.

	30 June 2020	30 June 2019
	$	$
Statutory NPAT	**16,396,195**	**9,693,783**
Acquisition costs	156,603	469,571
Performance rights costs	83,201	-
Fair value movement in equity accounted investments	-	(993,641)
Fair value movement in deferred consideration	(2,863,261)	69,393
Non-controlling interests	-	(25,839)
Share based payments expense	465,913	312,792
Application of AASB 16 Leases accounting policy:		
– operating lease payments	(2,236,307)	(1,298,438)
– finance costs	345,394	212,138
– depreciation expense	2,066,681	1,083,145
Tax adjustment	31,321	93,914
Normalised NPAT	**14,445,740**	**9,616,818**
Amortisation	3,928,804	2,435,656
Normalised NPATA	**18,374,544**	**12,052,474**

Operating cash flow was positive throughout the period resulting in $27,128,847 (2019: $10,856,458) in net cash provided by operating activities. This was due to strong earnings contribution and strong management of working capital, including deferral of some taxes allowed as part of the Covid-19 government assistance regulations. Capital expenditure on plant and equipment and intangibles of $1,108,852 (2019: $939,999) was at a similar level to the prior year with the largest outflow from investing activities surrounding the acquisitions. Net outflows from financing activities of $3,500,513 related to the net result of repayment of borrowings and the additional capital received during the period from an equity capital raising. Additionally, fully franked dividends totalling $5,179,063 were paid during the year (2019: $4,599,108).

The Group balance sheet has strengthened overall by $28,658,063, with net assets at $96,773,271 (2019: $68,115,208). This is mainly reflective of retained earnings during the year, the acquisitions that were completed and the capital raising for $17,600,000 (before costs) that was completed in April and May 2020.

People Infrastructure Ltd had $21,587,237 in debt at 30 June 2020 and $31,464,965 in cash at 30 June 2020. The utilisation of People Infrastructure's lending facilities have decreased during the period with the repayment of both commercial bills and the working capital facility of $13,507,633. The net debt position at 30 June 2020 was a positive cash position of $9,877,728, excluding lease liabilities.

Directors' Report (cont.)
For the year ended 30 June 2020

Review of operations and financial results (cont.)

Covid-19 Impact

Covid-19 had an impact on workforces globally, not previously seen in the last 50 years. The welfare of People Infrastructure Ltd's employees is at all times an absolute priority to the business and from the outset of the spread of Covid-19, People Infrastructure Ltd worked extensively with its clients to implement comprehensive preventative measures consistent with government advice to protect its employees against the potential spread of Covid-19. Whilst a lot of the work performed by People Infrastructure employees is both of a critical nature and involves close contact, in some cases with people infected by Covid-19.

From a business perspective, whilst the first wave of Covid-19 created increased volatility in parts of our staffing business it was only a short-term impact and the business returned to a normal operating level within 8 weeks. The second wave of Covid-19 that Victoria experienced has had a significantly lower impact on our business than the first wave in Victoria; this demonstrated clients' ability to adjust to a new way of operating in a Covid-19 affected world.

The great majority of People Infrastructure's clients are large corporations, government or government backed organisations and not-for-profits who are well positioned to manage the impact of Covid-19 and continue to utilise People Infrastructure workforce solutions. We provide a critical service to these organisations and demand from our clients for most of our business is largely unchanged.

As a result of a short period of reduced demand for our employees' services People Infrastructure reduced the work hours of a number of its employees. It also made the decision to not permanently reduce its workforce but to apply for Jobkeeper in order to keep employing those individuals. The following provides details of the monies received for Jobkeeper:

	$
Payments made to employees in the field	7,212,837
Payments made to internal employees	2,040,663
Total jobkeeper payment	9,253,500

Senior management across the business and the directors on the board also took a pay reduction of between 25% and 50% whilst the business was impacted by Covid-19. Senior Management have also chosen to forego the award of short and long term incentives in respect of the 2020 financial year in recognition of the sacrifices made by its employees and the benefit of certain government subsidies that were received during the year.

Future Prospects and Outlook

People Infrastructure has seen a significant rebound in its business over the past 3 months and expects a strong profit contribution from each division in 2021. In particular we note the current Coivd-19 containment measures in Victoria are not having the same impact as those related to the first wave of Covid-19. In fact the Victorian nursing business has seen an increase in demand during this second wave versus a significant drop in demand during the first wave. The diversity of our clients, low client concentration and the critical nature of many of the services that our clients provide means that our core business is incredibly resilient even in times of economic uncertainty. Our strategy has always focused on growing our business in sectors that have long term demand for their products and services and with clients that are able to withstand volatility in their business. As a result of this People Infrastructure is well placed to continue to generate strong earnings even in a volatile economic environment.

Furthermore, People Infrastructure has throughout the last 3 months made a number of strategic hires which will further support organic growth in the business. Finally, the Group will continue to seek acquisitions which fit a disciplined criterion and can generate significant upside through being part of People Infrastructure Group.

Directors' Report (cont.)

For the year ended 30 June 2020

Future Prospects and Outlook (cont.)

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, reliance on its certified agreements, change in how on-costs or benefits are assessed for its employees, 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.

People Infrastructure has also considered the impact of global climate change on its business and has concluded it does not pose a significant risk to its operations. Clients that People Infrastructure service predominantly operate in sectors that are unlikely to be directly impacted by climate change. People Infrastructure does service certain clients who may be impacted by climate change but do not expect an adverse impact on these clients' operations to have a material impact on People Infrastructure.

Significant changes in state of affairs

On 26 November 2019, 907,361 shares were issued due to the performance rights being satisfied. The shares were issued to numerous employees, including related entities of key management personnel of the Group.

In April 2020, a capital raising was completed which raised a total of $17,600,000 consisting of $12,100,000 under a share placement plan and $5,500,000 under a share purchase plan.

There was an issue of 335,605 shares under the dividend reinvestment plan during the period.

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

	2020 $	2019 $
Dividends provided for or paid during the year		
Final fully franked dividend relating to 30 June 2019 of 4.5 cents per share (2018: 4.0 cents) paid on 2 October 2019	3,258,183	2,576,749
Interim fully franked dividend relating to 31 December 2019 of 4.0 cents per share (2019: 4.0 cents) paid on 30 March 2020	2,936,939	2,596,400
	6,195,122	5,173,149

Since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $4,035,115 (4.5 cents per fully paid share) to be paid on 6 October 2020 out of retained earnings at 30 June 2020. This dividend is expected to be fully franked.

Directors' Report (cont.)

For the year ended 30 June 2020

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
TR Options	14 October 2017	14 October 2020	$1.00	340,000
TR 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) – executive directors	22 November 2017	22 November 2021	$0.00	500,000
Performance Rights (Tranche 2) – other employees	22 November 2017	22 November 2021	$0.00	554,163
Performance Rights (Tranche 4) – executive directors	26 November 2018	26 November 2022	$0.00	179,062
Performance Rights (Tranche 5) – other employees	26 November 2018	26 November 2022	$0.00	187,500
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	262,500
Performance Rights (Tranche 8) – other employees	31 May 2019	31 May 2022	$0.00	171,480
Performance Rights (Tranche 9) – other employees	28 October 2019	26 November 2023	$0.00	100,000
Performance Rights (Tranche 10) – executive directors	26 November 2019	26 November 2023	$0.00	62,874
Performance Rights (Tranche 11) – other employees	3 January 2020	30 January 2024	$0.00	1,200,000
Total under option				**4,221,579**

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, 5, 6, 7, 8, 9 and 11) were granted to staff members who are not KMP and hence are not disclosed in the remuneration report.

907,361 shares were issued as a result of the exercise of performance rights at an exercise price of nil. These are from Tranches 1 through to 5. Refer to Note 18 for details.

Events arising since the end of the reporting year

A fully franked dividend of 4.5 cents per share was declared on 25 August 2020.

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.

Directors' Report (cont.)

For the year ended 30 June 2020

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.

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:

	2020
	$
Services other than audit and review of financial statements:	
- Taxation compliance services	89,545
- Corporate services	5,005
- Overseas subsidiary taxation compliance services	2,967
- Corporate finance services	7,313
Total non-audit services	104,830
Audit and review of financial statements	197,000
Total paid to BDO	303,910

Directors' Report (cont.)

For the year ended 30 June 2020

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 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).

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.

Directors' Report (cont.)

For the year ended 30 June 2020

Remuneration Policy (cont.)

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.

	22 November 2017	**31 December 2017**	**30 June 2018**	**30 June 2019**	**30 June 2020**
		6 months	**12 months**	**12 months**	**12 months**
	$	**$**	**$**	**$**	**$**
Revenue	n/a	106,673,853	219,400,642	278,138,843	371,163,903
Net profit after tax	n/a	1,982,378	5,170,863	9,693,783	16,396,195
Share price at year-end	1.38	1.36	1.60	3.34	2.00
Dividends paid/declared	nil	nil	0.040	0.085	0.085
Basic EPS	n/a	6.26	10.81	14.92	21.60

Directors' Report (cont.)

For the year ended 30 June 2020

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 2020**	**Contract Details (Duration and Termination)**	**Annual Base Salary**	**Director Fees**
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	\$330,000	\$50,000
Thomas Reardon	Executive Director and Divisional Leader	13 weeks' notice period	\$300,000	\$50,000

The employment terms and conditions of the Managing Director and Divisional Leader 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.

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 2020

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.

Directors' Report (cont.)

For the year ended 30 June 2020

Table of Benefits and Payments for the Year Ended 30 June 2020

		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	2020	87,500	-	-	-	-	-	-	-	-	-	-	-	87,500	-
	2019	100,000	-	-	-	-	-	-	-	-	13,944	-	-	113,944	-
Elizabeth Savage	2020	44,864	-	-	-	-	-	-	-	-	-	-	-	44,864	-
	2019	73,690[1]	-	-	-	3,325	-	-	-	-	6,972	-	-	83,987	-
Declan Sherman	2020	346,538[3]	120,000[4]	-	-	32,227	-	-	4,829	-	38,241	-	-	541,835	29.20
	2019	376,952	122,500	-	-	33,251	-	-	-	-	42,850	-	-	575,553	28.73
Thomas Reardon	2020	335,577[3]	70,000[4]	-	-	31,240	-	-	6,841	-	91,696	-	-	535,354	30.20
	2019	363,490	257,957[2]	-	-	42,795	-	-	22,456	-	121,821	-	-	808,519	46.97
Total KMP	2020	814,479[5]	190,000	-	-	63,467	-	-	11,670	-	129,937	-	-	1,209,553	10.74
	2019	914,132	380,457	-	-	79,371	-	-	22,456	-	185,587	-	-	1,582,003	11.73

[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 2019 financial year.

[3] Includes $50,000 relating to director fees.

[4] This bonus was paid on the 1 December 2019 in relation to the year ended 30 June 2019. The amount paid in 2019 related to the year ended 30 June 2018.

[5] All directors took a reduction in salaries and fees for the period of 1 April 2020 to 30 June 2020 at the onset of Covid-19.

Directors' Report (cont.)

For the year ended 30 June 2020

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 ended 30 June 2020 (in relation to the performance for the year ended 30 June 2019) to KMP are as follows:

	Remuneration Type	Total Opportunity $	Awarded %	Forfeited %
Group KMP				
Declan Sherman	Cash bonus	175,000	69%	31%
Thomas Reardon	Cash bonus	175,000	40%	60%

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 10)	26/11/2019	31,738	-	-	100%	26/11/2023
Thomas Reardon	Performance Rights (Tranche 10)	26/11/2019	31,738	-	-	100%	26/11/2023

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 2020.

Performance Rights - Tranche 10

These Performance Rights vest equally over FY21, FY22, FY23 and FY24 (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 2020

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	375,000	22/11/2017	-	-	(125,000)	-	250,000	-	-	-	250,000
Declan Sherman	119,375	26/11/2018	-	-	(29,844)	-	89,531	-	-	-	89,531
Declan Sherman	-	26/11/2019	31,437	31,738	-	-	31,437	-	-	-	31,437
Thomas Reardon	680,000	14/10/2017	-	-	-	-	680,000	-	-	-	680,000
Thomas Reardon	375,000	22/11/2017	-	-	(125,000)	-	250,000	-	-	-	250,000
Thomas Reardon	119,375	26/11/2018	-	-	(29,844)	-	89,531	-	-	-	89,531
Thomas Reardon	-	26/11/2019	31,437	31,738	-	-	31,437	-	-	-	31,437
	1,968,750		62,874	63,476	(309,688)	-	1,721,936	300,000	-	300,000	1,421,936

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 $3.25.

Directors' Report (cont.)

For the year ended 30 June 2020

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:

	TR Options - Tranche 1	TR Options - Tranche 2	NED Options	Performance Rights - Tranche 1	Performance Rights - Tranche 4	Performance Rights - Tranche 10
Grant date	14/10/2017	14/10/2017	22/11/2017	22/11/2017	26/11/2018	26/11/2019
Number of options	340,000	340,000	300,000	1,000,000	238,750	62,874
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	25% each year 26/11/2020, 2021, 2022, 2023
Share price at grant date	$1.00	$1.00	$1.00	$1.00	$1.93	$3.25
Option life	50% 3 years 50% 4 years	50% 3 years 50% 4 years	1 year	4 years	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	25% $1.488, 25% $1.031, 25% $0.828, 25% $0.692
Exercise price at grant date	$1.00	$1.00	$1.00	$0.00	$0.00	$0.00
Exercisable from	50% 14/10/2020 50% 14/10/2021	50% 14/10/2020 50% 14/10/2021	22/11/2018	At end of each vesting period	At end of each vesting period	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	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 14.

Directors' Report (cont.)

For the year ended 30 June 2020

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	800,000	-	-	257,282	1,057,282
Elizabeth Savage	20,225	-	-	3,596	23,821
Declan Sherman	8,076,331	-	154,844	(996,359)	7,234,816
Thomas Reardon	2,961,120	-	154,844	210,984	3,326,948
	11,857,676	-	309,688	(524,497)	11,642,867

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.

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.

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: 1,057,282, 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 2020, noting that Greencross Limited was removed from the official list 27 February 2020), Regeneus Ltd (from 11 April 2015), and 1300Smiles Limited (from May 2015 to 23 November 2017).

Directors' Report (cont.)

For the year ended 30 June 2020

Directors' information (cont.)

Elizabeth Savage Appointed 18 October 2017

Non-Executive Director

Qualifications: BEng(Hons), MSc, MAICD

Equity Holdings: Shares: 23,821, 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, 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. Liz is also a Non-Executive Director of Auckland International Airport Ltd.

Directorships of other listed companies in the last 3 years: Auckland International Airport Ltd, Mantra Group Limited (from 18 November 2016 to 31 May 2019, noting that Mantra Group Limited was removed from the official list 1 June 2019).

Declan Sherman Appointed 5 October 2016

Managing Director

Qualifications: B.Comm (Hons), Finance

Equity Holdings: Shares: 7,234,816, Performance Rights: 370,968

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: 3,322,867, Options: 680,000, Performance Rights: 370,968

Mr Reardon is an Executive Director of People Infrastructure and is Divisional Leader of the General Staffing and Specialist Services Division. 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

Directors' Report (cont.)

For the year ended 30 June 2020

Company Secretary

Kim Bradley-Ware Appointed 26 November 2019

Company Secretary

Qualifications: BCom, LLB, CPA

Kim is an experienced corporate governance professional with more than 20 years financial, commercial and company secretarial experience gained in private practice and in-house roles.

Kimberley Chan Appointed 4 November 2019, Resigned 26 November 2019

Company Secretary

Kimberley has been a company secretary for over a decade and prior to that was a lawyer.

Kimberley worked with Scentre Group (Westfield) for nearly 10 years and prior to that worked with the Australian Payments Clearing Association as Legal Counsel and Company Secretary and prior to that was a lawyer with Clayton Utz. Most recently Kimberley has been working with Pacific National.

Kimberley holds a Bachelor of Laws and a Bachelor of Commerce, is a fellow of GIA and is admitted as a solicitor in New South Wales and the High Court.

Zoe Levendel Appointed 18 October 2017, Resigned 6 November 2019

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' 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	16	16	3	3	5	5	2	2
Elizabeth Savage	16	16	3	3	5	5	-	-
Declan Sherman	16	16	3	3	5	5	2	2
Thomas Reardon	16	16	-	-	-	-	-	-

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

Directors' Report (cont.)

For the year ended 30 June 2020

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 25th day of August 2020

Auditor's Independence Declaration

Under S307C of the Corporations Act 2001

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Australia

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

As lead auditor of People Infrastructure Ltd for the year ended 30 June 2020, 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.

Tim Kendall

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 25 August 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Note	30 June 2020	30 June 2019
		$	$
Revenue and other revenue from contracts with customers	2	371,163,903	278,138,843
Other income	3	3,050,312	1,106,793
Employee benefits expense		(329,654,553)	(249,833,973)
Occupancy expenses		(931,232)	(719,275)
Depreciation and amortisation expense		(6,597,692)	(4,210,655)
Other expenses		(12,815,722)	(9,817,830)
Finance costs		(2,291,510)	(1,689,670)
Share of profit of equity-accounted investees, net of tax		-	372,779
Profit before income tax expense		21,923,506	13,347,012
Income tax expense	6	(5,527,311)	(3,653,229)
Profit for the period		**16,396,195**	**9,693,783**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations, net of tax		(33,544)	36,032
		(33,544)	36,032
Total comprehensive profit for the period		**16,362,651**	**9,729,815**
Profit for the period is attributable to:			
Owners of People Infrastructure Ltd		16,396,195	9,667,944
Non-controlling interests		-	25,839
		16,396,195	**9,693,783**
Total comprehensive profit / (loss) for the period is attributable to:			
Owners of People Infrastructure Ltd		16,362,651	9,703,976
Non-controlling interests		-	25,839
		16,362,651	**9,729,815**
Basic profit / (loss) per share attributable to the shareholders of People Infrastructure Ltd			
Basic profit / (loss) per share (cents per share)	5	21.60	14.87
Diluted profit / (loss) per share attributable to the shareholders of People Infrastructure Ltd			
Diluted profit / (loss) per share (cents per share)	5	20.45	14.14

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 2020

	Note	2020 $	2019 $ (Restated)
Current assets			
Cash and cash equivalents	7	31,464,965	21,328,339
Trade and other receivables	11	41,192,837	37,855,064
Other current assets		1,466,252	1,053,007
Total current assets		**74,124,054**	**60,236,410**
Non-current assets			
Property, plant and equipment	12	6,233,153	7,000,045
Intangible assets	13	87,458,716	79,315,503
Total non-current assets		**93,691,869**	**86,315,548**
Total assets		**167,815,923**	**146,551,958**
Current liabilities			
Trade and other payables	14	30,848,720	19,178,023
Contingent consideration	15	2,230,416	1,313,481
Financial liabilities	16	5,736,777	15,467,430
Current tax liabilities		1,271,674	2,742,974
Employee benefits	17	3,167,265	2,658,467
Total current liabilities		**43,254,852**	**41,360,375**
Non-current liabilities			
Contingent consideration	15	3,720,483	8,850,679
Financial liabilities	16	20,893,983	25,381,914
Deferred tax liabilities	6 (d)	2,656,581	2,384,119
Employee benefits	17	516,753	459,663
Total non-current liabilities		**27,787,800**	**37,076,375**
Total liabilities		**71,042,652**	**78,436,751**
Net assets		**96,773,271**	**68,115,208**
Equity			
Share capital	18	78,230,119	60,205,498
Retained earnings		17,519,008	7,317,935
Reserves		1,024,144	591,775
Total equity		**96,773,271**	**68,115,208**

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 2020

	Note	30 June 2020 $	30 June 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		405,537,546	303,721,758
Payments to suppliers and employees		(369,026,489)	(288,072,102)
Interest received		11,468	17,072
Finance costs paid		(2,291,510)	(1,689,669)
Income taxes paid		(7,102,168)	(3,120,601)
Net cash provided by operating activities	8 (a)	**27,128,847**	**10,856,458**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		7,300	133,722
Purchase of property, plant and equipment		(726,436)	(502,740)
Purchase of intangible assets		(382,416)	(437,259)
Purchase of subsidiaries (net of cash acquired)	9	(12,349,994)	(29,991,500)
Dividends received from investments equity accounted		-	407,027
Net cash (used in)/provided by investing activities		**(13,451,546)**	**(30,390,750)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		310,000	23,657,615
Repayments of borrowings		(13,507,633)	(903,263)
Repayments of lease liabilities		(1,878,910)	(1,246,857)
Proceeds from share issue		17,600,000	20,000,000
Equity transaction costs		(844,907)	(888,519)
Dividends paid		(5,179,063)	(4,599,108)
Net cash used in financing activities		**(3,500,513)**	**36,019,868**
Net change in cash and cash equivalents held		**10,176,788**	**16,485,576**
Effects of foreign exchange on Cash		(40,162)	36,222
Cash and cash equivalents at beginning of financial period		21,328,339	4,806,541
Cash and cash equivalents at end of financial period	7	**31,464,965**	**21,328,339**

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 2020

	Share capital $	Retained earnings $	Shared option reserve $	Foreign currency reserve $	Other reserves $	Total Equity $
Balance at 1 July 2019	60,205,498	7,317,935	547,660	(26,328)	70,443	68,115,208
Profit for the period	-	16,396,195	-	-	-	16,396,195
Other comprehensive loss for the period	-	-	-	(33,544)	-	(33,544)
Total comprehensive loss for the period	-	16,396,195	-	(33,544)	-	16,362,651
Transactions with owners, in their capacity as owners						
Issue of share capital	17,600,000	-	-	-	-	17,600,000
Share issue transaction costs, net of tax	(591,438)	-	-	-	-	(591,438)
Dividends reinvested	1,016,059	-	-	-	-	1,016,059
Dividends paid	-	(6,195,122)	-	-	-	(6,195,122)
Employee share-based payment options	-	-	465,913	-	-	465,913
	18,024,621	(6,195,122)	465,913	-	-	12,295,412
Balance at 30 June 2020	**78,230,119**	**17,519,008**	**1,013,573**	**(59,872)**	**70,443**	**96,773,271**

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 2020

	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	-	(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.

Notes to the Financial Statements for the year ended 30 June 2020

About this report

The financial statements of People Infrastructure Ltd for the year ended 30 June 2020 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 2020 was authorised for issue in accordance with a resolution of the directors on 25 August 2020. 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 2019. 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:

Note 6: Income taxes	Page 34
Note 9: Acquisition of subsidiaries / intangible assets	Page 39
Note 11: Trade receivables	Page 42
Note 12: Property, plant and equipment	Page 45
Note 13: Intangible assets	Page 49
Note 17: Employee benefits	Page 52
Note 19: Share based payments	Page 62
Note 24: Leases	Page 72

Notes to the Financial Statements for the year ended 30 June 2020 (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 2020 (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 2020 $	30 June 2019 $
Revenue from contracts with customers		
Recognised at a point in time		
Contract hire revenue	326,262,616	255,917,775
Planting revenue	5,617,089	8,020,810
Facilities maintenance revenue	2,696,036	2,506,036
Recruitment revenue	13,914,055	3,597,786
Consultancy and other sales revenue	2,831,015	1,237,282
	351,320,811	271,279,689
Recognised over time		
Facilities project maintenance revenue	7,970,889	6,245,060
Total revenue from contracts with customers	**359,291,700**	**277,524,749**
Other revenue		
Government subsidies	11,872,203	614,094
Total other revenue	**11,872,203**	**614,094**
Total revenue and other revenue	**371,163,903**	**278,138,843**

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.

Government subsidies

As a result of the Covid-19 pandemic, governments have responded with various stimulus packages, to provide relief to companies and individuals, to ensure business and employment continuity. The most significant to the Group was the receipt of Jobkeeper and the gross receipts are contained within government subsidies above. The payments to employees and other on-costs related to Jobkeeper are contained within employee benefits expense.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 2: Revenue and other revenue (cont.)

Recognition and measurement

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.

Other services revenue, including:

Planting

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

Facilities maintenance

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

Recruitment revenue

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

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.

Variable consideration and warranties

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

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. The Group have adopted the gross method of accounting for government subsidies. Therefore, the government subsidies reflected in other revenue is the gross receipts. The expenditure in relation to satisfying the requirements of obtaining these subsidies are included in expenses. The most significant receipt during the period was for various Government Stimulus as a result of the Covid-19 pandemic, including Jobkeeper. The payments passed through to employees is reflected in salaries and wages. Cashflows are reflected in receipts from customers for the monies received from the various government departments and payments to suppliers and employees for the payments to employees.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 3: Other Income

	30 June 2020	30 June 2019
	$	$
Gain on fair value adjustment of gain of control of investment	-	993,641
Net gain on disposal of property, plant and equipment	-	96,080
Gain on fair value of contingent consideration	2,863,261	-
Rental income	29,491	-
Rental discounts	146,092	-
Interest revenue – third parties	11,468	17,072
	3,050,312	**1,106,793**

This represents non-cash income of $2,899,780 which is the fair value adjustment of the deferred consideration to be paid in People Infrastructure shares with respect to the acquisition of Halcyon Knights Pty Ltd, Halcyon Knights Commercial and Contracting Pty Ltd and Halcyon Knights New Zealand Limited and non-cash expense of $36,519 which is the fair value adjustment of the deferred consideration to be paid with respect to the acquisition of Victorian Nurse Specialists Pty Ltd.

Note 4: Expenses

	30 June 2020	30 June 2019
	$	$
Employee benefits expense include:		
Defined contribution superannuation expense	23,812,762	17,898,947
Share-based payments expense	465,913	312,792
Depreciation and amortisation expense		
Depreciation expense - plant and equipment	2,668,888	1,774,999
Amortisation expense - intangibles	3,928,804	2,435,656
	6,597,692	**4,210,655**
Other expenses include:		
Loss on fair value of contingent consideration	-	69,393
Impairment expense - receivables	282,786	248,881
Net loss on disposal of property, plant and equipment	15,371	-
Occupancy expenses include:		
Expenses relating to leases of low-value assets	161,131	124,471
Expenses relating to short-term property leases	150,155	18,212
Finance costs include:		
Interest on lease liabilities	350,213	244,068
Interest on borrowing facilities	1,682,015	648,963

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.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 5: Earnings per share

	30 June 2020 $	30 June 2019 $
Profit attributable to the shareholders of People Infrastructure Ltd:		
Profit from continuing operations	16,396,195	9,667,944
Weighted average number of ordinary shares used in the calculation of basic profit per share	75,910,949	64,995,478
Adjustments for calculation of diluted earnings per share:		
Options	4,258,404	3,400,018
Weighted average number of ordinary shares used in the calculation of diluted profit per share	80,169,353	68,395,496

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 2020 $	30 June 2019 $
(a) The components of income tax expense comprise:		
Current tax	5,343,610	4,859,586
Deferred tax	525,931	(1,305,669)
Over/(under) provision in respect of prior years	(342,230)	99,312
	5,527,311	**3,653,229**
(b) Reconciliation prima facie income tax on the profit is reconciled to the income tax expense as follows:		
Prima facie tax expense on loss before income tax at 30%	6,577,052	4,004,104
Tax effect of:		
- non-deductible entertainment	83,310	63,258
- non-deductible share-based payments	139,774	93,838
- other non-deductible expenses	16,116	20,544
- other non-assessable items	(87,733)	-
- fair value of deferred consideration	(858,978)	-
- fair value of equity accounted investments	-	(554,083)
- tax rate differential on acquired entities	-	(73,744)
- over/(under) provision in respect of prior years	(342,230)	99,312
Income tax expense attributable to the Group	**5,527,311**	**3,653,229**
The applicable weighted average effective tax rates are:	**25.21%**	**27.37%**

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 6: Income taxes (cont.)

(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%	**14,101,664**	**11,692,856**

(d) Deferred taxes

	Opening Balance (Restated)	Recognised in Profit or loss	Recognised in Equity	Closing Balance	Deferred Tax Asset	Deferred Tax liability
2020						
Provision for doubtful debts	122,465	87,701	-	210,166	210,166	-
Provision for long service leave	274,078	64,106	-	338,184	338,184	-
Provision for annual leave	661,361	105,660	-	767,021	767,021	-
Accrued expenses	1,356,953	605,658	-	1,962,611	1,962,611	-
Amortisation of intangibles	66,485	37,348	-	103,833	103,833	-
Candidate database	332,335	150,746	-	483,081	483,081	-
Blackhole expenses	156,511	(62,225)	-	94,286	94,286	-
Borrowing costs	-	18,660	-	18,660	18,660	-
Share issue costs	483,616	(194,129)	253,469	542,956	542,956	-
Lease liability	1,554,994	(292,018)	-	1,262,976	1,262,976	-
Accrued income	(1,635,042)	(655,934)	-	(2,290,976)	-	(2,290,976)
Government subsidy receivable	-	(1,126,800)	-	(1,126,800)	-	(1,126,800)
Equipment leases	-	(622)	-	(622)	-	(622)
Right of use assets	(1,415,455)	321,277	-	(1,094,178)	-	(1,094,178)
Customer relationships	(3,028,818)	494,766	-	(2,534,052)	-	(2,534,052)
Brand names	(1,292,841)	(98,219)	-	(1,391,060)	-	(1,391,060)
Workers compensation receivable	(20,761)	18,094	-	(2,667)	-	(2,667)
TOTAL	**(2,384,119)**	**(525,931)**	**253,469**	**(2,656,581)**	**5,783,774**	**(8,440,355)**

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 6: Income taxes (cont.)

(d) Deferred taxes (cont.)

	Opening Balance	Recognised in Profit or loss	Recognised in Equity	Closing Balance (Restated)	Deferred Tax Asset	Deferred Tax liability (Restated)
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)	-	(3,028,818)	-	(3,028,818)
Brand names	(673,785)	(619,056)	-	(1,292,841)	-	(1,292,841)
Workers compensation receivable	(20,035)	(726)	-	(20,761)	-	(20,761)
Right of use assets	-	(1,415,455)	-	(1,415,455)	-	(1,415,455)
TOTAL	**(1,321,190)**	**(1,305,669)**	**717,175**	**(2,384,119)**	**5,008,798**	**(7,392,917)**

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 2020 (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 2020 (cont.)

Note 7: Cash and cash equivalents

	2020 $	2019 $
Cash on hand	730	686
Cash at bank	31,464,235	21,327,653
	31,464,965	**21,328,339**

Cash at bank bear floating interest rates between 0.01% and 1.85% (2019: 0.01% and 2.42%).

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	**31,464,965**	**21,328,339**

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

	2020 $	2019 $
(a) Reconciliation of cash flow from operations with profit/(loss) after income tax		
Profit after income tax	16,396,195	9,693,783
Non-cash flows in profit:		
Depreciation and amortisation	6,597,692	4,210,655
Bad and doubtful debts	282,786	248,881
Net loss on disposal of property, plant and equipment	15,371	(89,281)
Lease reassessment	(202,938)	-
Fair value adjustment on contingent consideration	(2,863,261)	69,393
Gain on fair value adjustment of gain of control of investment	-	(993,641)
Share based payments expense	465,913	312,792
Share of profit of equity-accounted investees	-	(372,779)
Changes in assets and liabilities:		
Change in trade and other receivables	(1,205,211)	(1,642,350)
Change in net deferred taxes	402,690	(552,541)
Change in other assets	(345,530)	(169,460)
Change in trade and other payables	9,163,488	(1,433,155)
Change in income taxes payable	(1,977,546)	1,085,171
Change in employee benefits	399,198	488,991
Net cash provided by operating activities	**27,128,847**	**10,856,458**

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 8: Cash flow information (cont.)

(b) Non-cash financing and investing activities

Non-cash acquisitions of plant and equipment through leases of $265,251 (2019: $469,098) 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		
	2019	**Net cash flows**	**Acquisition of leased assets**	**On Acquisition**	**2020**
Borrowings	**$**	**$**	**$**	**$**	**$**
Credit cards	16,445	52,918	-	7,184	76,547
Working capital facility	9,713,255	(9,713,255)	-	-	-
Commercial bills	25,047,986	(3,537,296)	-	-	21,510,690
Lease liabilities	6,071,658	(1,878,910)	654,635	196,140	5,043,523
	40,849,344	**(15,076,543)**	**654,635**	**203,324**	**26,630,760**

			Non-cash changes		
	2018	**Net cash flows**	**Acquisition of leased assets**	**On Acquisition**	**2019**
Borrowings	**$**	**$**	**$**	**$**	**$**
Credit cards	34,050	(17,605)	-	-	16,445
Working capital facility	9,393,775	208,971	-	110,509	9,713,255
Commercial bills	2,485,000	22,562,986	-	-	25,047,986
Lease liabilities	6,790,958	(1,246,857)	527,556	-	6,071,658
	18,703,783	**21,507,495**	**527,556**	**110,509**	**40,849,344**

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 9: Acquisition of subsidiaries

First Choice Care Pty Ltd

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	9,590
Property, plant and equipment	391,808
Deferred tax assets	360,141
Trade and other payables	(2,846,732)
Employee entitlements	(166,690)
Current tax liabilities	(506,246)
Financial liabilities	(203,324)
Fair value of assets and liabilities acquired	6,987
Identifiable assets acquired	
Brand names	327,399
Customer relationships	1,216,808
Deferred tax liabilities	(483,383)
Candidate database	225,703
Total identifiable assets acquired and liabilities assumed	1,293,514
Goodwill on acquisition	**9,706,486**
Results included in the consolidated results relating to First Choice Care Pty Ltd for the year	
Revenue	26,414,385
Profit and loss after tax	2,046,467

Summary of cashflows of acquisitions

	2020	2019
	$	$
Cash paid for subsidiaries acquired (net of cash acquired)		
Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd	(1,100,000)	(7,469,930)
Project Partners Corporation Pty Ltd	-	59,347
Recon Solutions Group	-	(2,395,386)
Victorian Nursing Specialists Pty Ltd	(250,000)	(2,022,051)
Halcyon Knights Group	(553,086)	(12,729,834)
Carestaff Nursing Services Pty Ltd	-	(5,433,646)
First Choice Care Pty Ltd	(10,446,908)	-
Total cash paid for subsidiaries acquired (net of cash acquired)	**(12,349,994)**	**(29,991,500)**

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 9: Acquisition of subsidiaries (cont.)

The cashflows in the 2020 financial year includes the payment of contingent consideration and working capital adjustments made in the prior period under the original contract.

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 2020 (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	
		2020	2019
Peoplein Pty Ltd (formerly 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	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%
Edmen Community Staffing Solutions Pty Ltd	Australia	100%	100%
AWX 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	Australia	100%	100%
Edmen Workforce Pty Ltd (formerly AWX Workforce Pty Ltd)	Australia	100%	100%
Expect A Star Staffing Services Pty Ltd	Australia	100%	100%
Edmen Community Staffing Solutions Services NSW Pty Ltd	Australia	100%	100%
AWX Workforce Services Pty Ltd	Australia	100%	100%
Edmen Community Staffing Solutions Services Pty Ltd	Australia	100%	100%
AWX Workforce Staffing Services Pty Ltd	Australia	100%	100%
AWX Workforce Recruitment Services Pty Ltd (formerly Edmen Workforce Recruitment Services Pty Ltd)	Australia	100%	100%
Edmen Homecare Pty Ltd	Australia	100%	100%
People Infrastructure Admin Pty Ltd	Australia	100%	100%
Mobilise People Pty Ltd	Australia	100%	100%
NNA Hco Two Pty Ltd	Australia	100%	100%
Network Nursing Agency Pty Ltd	Australia	100%	100%
Australian Healthcare Academy Pty Ltd	Australia	100%	100%
Victorian Nurse Specialists Pty Ltd	Australia	100%	100%
Carestaff Nursing Services Pty Ltd	Australia	100%	100%
PI ITG Holdco Pty Ltd	Australia	100%	100%
Project Partners Corporation Pty Ltd	Australia	100%	100%
Halcyon Knights QLD Pty Ltd (formerly Recon Solutions Pty Ltd)	Australia	100%	100%
Halcyon Knights Pty Ltd	Australia	100%	100%
Halcyon Knights Commercial and Contracting Pty Ltd	Australia	100%	100%
Halcyon Knights New Zealand Ltd	New Zealand	100%	100%
Halcyon Knights Pte Ltd	Singapore	100%	100%

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 10: Interests in other entities (cont.)

(a) Subsidiaries (cont.)

Name of Subsidiary	Country of Incorporation	Ownership interest held by the Group	
		2020	2019
PI Healthcare Admin Pty Ltd	Australia	100%	-
First Choice Care Pty Ltd	Australia	100%	-
Peoplein Professional Services Pty Ltd	Australia	100%	-
PI GSSS Admin Pty Ltd	Australia	100%	-
NNA Homecare Services Pty Ltd	Australia	100%	-

Note 11: Trade and other receivables

Current	2020 $	2019 $
Trade receivables	30,491,367	32,680,827
Allowance for impairment of receivables	(700,555)	(408,218)
	29,790,812	32,272,609
Contract assets	7,636,586	5,450,139
Government subsidies receivable	3,756,000	-
Other debtors	9,439	132,316
	41,192,837	**37,855,064**

Recognition and measurement

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.

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').

Debt instruments at amortised cost are 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.

Contract assets

Refer to Note 2 for details on the recognition of revenue relating to facilities project maintenance. At the end of the reporting period a contract asset exists which relates to the services rendered which exceeds payments received.

Impairment

AASB 9 requires the Group to record an allowance for expected credit losses (ECL's) for all loans and other debt financial assets not held at FVPL.

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

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

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 11: Trade and other receivables (cont.)

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.

As a result of Covid-19 further analysis was performed this year of trade receivables. A review for each of the entities and the significant debtors was performed to assess whether they have been paying within terms, whether they have raised cashflow issues with the Group and if they have advised of significant impacts to them as a result of Covid-19. For those which have raised concerns we increased the provision for impairment accordingly.

Movement in provision for impairment

	2020 $	2019 $
Opening balance	(408,218)	(91,569)
Balance at acquisition	-	(318,218)
Charge for the year	(282,786)	(248,881)
Amounts written off	(9,551)	250,450
Closing balance	**(700,555)**	**(408,218)**

Refer to Note 21 for disclosures surrounding credit risk.

Note 12: Property, plant and equipment

	2020 $	2019 $
Property improvements		
At cost	1,060,868	762,453
Accumulated depreciation	(484,372)	(390,073)
	576,496	**372,380**
Vehicles		
At cost	721,190	838,917
Accumulated depreciation	(498,771)	(560,626)
	222,419	**278,291**
Plant and equipment		
At cost	147,624	130,911
Accumulated depreciation	(110,334)	(90,078)
	37,290	**40,833**
Office furniture and equipment		
At cost	3,418,246	2,840,260
Accumulated depreciation	(2,405,409)	(1,905,697)
	1,012,837	**934,563**
Right-of-use asset - equipment		
At cost	1,200,487	1,029,405
Accumulated depreciation	(463,635)	(379,365)
	736,852	**650,040**
Right-of-use asset – property		
At cost	8,936,194	7,971,239
Accumulated depreciation	(5,288,935)	(3,247,301)
	3,647,259	**4,723,938**
Total property, plant and equipment	**6,233,153**	**7,000,045**

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

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

Right-of-use assets

The Group has determined that it has two classes of right-to-use assets those relating to equipment and those relating to property. Refer to Note 24 for further details on leases.

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 2020 (cont.)

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

Movements in carrying amount

2020	Property improvement	Vehicles	Plant and equipment	Office equipment	Right of use asset - equipment	Right of use asset - property	Total
	$	$	$	$	$	$	$
Balance at the beginning of the year	372,380	278,291	40,833	934,563	650,040	4,723,938	7,000,045
Transfers between classes	-	(3,404)	-	-	69,885	(66,481)	-
Lease reassessments	-	-	-	-	24,325	(515,189)	(490,864)
Foreign exchange movements	(124)	(392)	-	(1,355)	-	4,199	2,328
Additions – through business combinations	106,255	7,620	8,304	34,407	-	235,222	391,808
Additions – through ordinary course	171,839	49,783	7,284	498,631	221,554	1,195,187	2,144,278
Disposals	-	(33,864)	-	(2,085)	(4,744)	(104,861)	(145,554)
Depreciation expense	(73,854)	(75,615)	(19,131)	(451,324)	(224,208)	(1,824,756)	(2,668,888)
Carrying amount at the end of the year	**576,496**	**222,419**	**37,290**	**1,012,837**	**736,852**	**3,647,259**	**6,233,153**

2019	Property improvement	Vehicles	Plant and equipment	Office equipment	Right of use asset - equipment	Right of 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	-	-	-	-	-	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**

Notes to the Financial Statements for the year ended 30 June 2020 (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 of use asset - equipment	5 – 8 years
Right of 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 may vary from time to time as a result of this being an estimate of useful life.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 13: Intangible assets

	2020 $	2019 $ (Restated)
Goodwill – at cost (Refer to Note 9)	**72,977,230**	**63,057,183**
Brand names – at cost	**4,636,869**	**4,309,470**
Customer relationships		
Cost	14,535,200	13,318,391
Accumulated amortisation	(6,087,361)	(3,184,241)
	8,447,839	**10,134,150**
Candidate database		
Cost	2,539,525	2,313,822
Accumulated depreciation	(1,923,223)	(1,288,342)
	616,302	**1,025,480**
Mobile application software		
Cost	458,359	375,535
Accumulated amortisation	(237,051)	(153,269)
	221,308	**222,266**
Website		
Cost	162,373	135,206
Accumulated amortisation	(126,065)	(118,944)
	36,308	**16,262**
Software		
Cost	1,553,449	1,282,589
Accumulated amortisation	(1,053,474)	(753,110)
	499,975	**529,479**
Patents and trademarks		
Cost	31,256	29,556
Accumulated amortisation	(8,371)	(8,343)
	22,885	**21,213**
Total intangible assets	**87,458,716**	**79,315,503**

Refer to note 33 for details of the restatement of the comparatives.

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.

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.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 13: Intangible assets (cont.)

Movements in carrying amount

2020	Goodwill	Brand names	Customer relationships	Candidate database	Mobile application software	Website	Software	Patents and trademarks	Total
	$	$	$	$	$	$	$	$	$
Balance at 1 July 2019 (reported)	63,896,778	4,309,470	8,552,700	1,025,480	222,266	16,262	529,479	21,213	78,573,648
Adjustments to business combinations (Refer Note 33)	(839,595)	-	1,581,450	-	-	-	-	-	741,855
Balance at 1 July 2019 (restated)	63,057,183	4,309,470	10,134,150	1,025,480	222,266	16,262	529,479	21,213	79,315,503
Additions through business combinations (Refer Note 9)	9,920,047*	327,399	1,216,808	225,703	-	-	-	-	11,689,957
Foreign exchange movements	-	-	-	-	-	-	(455)	-	(455)
Additions	-	-	-	-	82,824	27,167	271,625	1,700	383,316
Disposals	-	-	-	-	-	(801)	-	-	(801)
Amortisation expense	-	-	(2,903,119)	(634,881)	(83,782)	(6,320)	(300,674)	(28)	(3,928,804)
Balance at 30 June 2020	**72,977,230**	**4,636,869**	**8,447,839**	**616,302**	**221,308**	**36,308**	**499,975**	**22,885**	**87,458,716**

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**

* Includes $213,561 working capital adjustment for the Halcyon Knights Group.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 13: Intangible assets (cont.)

Impairment tests for goodwill and brand names

The Group tests whether goodwill and brand names have suffered any impairment on an annual basis. Intangible assets with indefinite useful lives are 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.

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

2020	**General Staffing and Specialist Services**	**Information Technology**	**Health and Community Care**	**Total**
Goodwill	5,758,515	23,134,295,	44,084,420	72,977,230
Brand names	1,249,500	1,574,026	1,813,342	4,636,868
Sales volume (% annual growth rate)	2.75%	2.75%	2.75%	
Budgeted earnings before interest and tax	3.82%	14.17%	15.36%	
Long term growth rate	2.75%	2.75%	2.75%	
Pre-tax discount rate	15.74%	15.74%	15.74%	

2019	**General Staffing and Specialist Services**	**Information Technology**	**Health and Community Care**	**Total**
Goodwill	25,586,980	23,760,328	14,549,470	63,896,778
Brand names	2,245,950	1,574,026	489,494	4,309,470
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%	

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

The assumptions used in determining value in use calculations have been adjusted in the current financial year to take into consideration the impact of Covid-19. The budgeted earnings before interest and tax is based on an average rate between the current year and the budget. The budget has been determined taking into account the impact of Covid-19 to date and the current status of the Group at June 2020 which shows that a recovery has commenced.

Sensitivity analysis

A 1% decrease in the long term growth rate used in the value-in-use calculations does not result in an impairment across any of the cash generating units. Similarly a 1% increase in the pre-tax discount rate does not result in an impairment across any of the cash generating units.

Notes to the Financial Statements for the year ended 30 June 2020 (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 the three CGU's identified in the prior year are still relevant for the current year. 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 current year there has been a reallocation of the Edmen Goodwill from the General Staffing and Specialist Services CGU to the Health and Community Care CGU.

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 4-5 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 2020 (cont.)

Note 14: Trade and other payables

	2020 $	2019 $ (Restated)
Current		
Trade payables	16,156,168	12,171,487
Accrued expenses	4,814,505	3,111,683
GST payable	8,908,549	3,675,191
Other payables	969,498	219,662
	30,848,720	**19,178,023**

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.

GST Payable includes deferred payments to the Australian Taxation Office (ATO) for the period of March 2020 to June 2020 in relation to Business Activity Statements. These deferrals are in accordance with agreement with the ATO.

Refer to note 33 for details of the restatement of the comparatives.

Note 15: Contingent Consideration

	2020 $	2019 $
Current		
Contingent consideration	2,230,416	1,313,481
	2,230,416	**1,313,481**
Non-current		
Contingent consideration	3,720,483	8,850,679
	3,720,483	**8,850,679**
Total contingent consideration	**5,950,899**	**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.

During the reporting period both the NNA and VNS contingent consideration has been settled. The remaining contingent consideration relates to the Halcyon Group which will be settled by a share issue. It has been classified as a financial liability as there is a variable number of shares to be issued on settlement. The first of the three possible payments is due subsequent to the audited financial results of 30 June 2020 and therefore this component has been classified as current.

A fair value gain of $2,863,261 (2019: loss $69,393) was reflected in the profit and loss for the year ended 30 June 2020.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 16: Financial liabilities

	2020 $	2019 $ (Restated)
Current		
Credit cards	76,547	16,445
Working capital facility	-	9,713,255
Commercial bills	3,847,316	3,847,316
Lease liabilities	1,812,914	1,890,414
Total current borrowings	**5,736,777**	**15,467,430**
Non-current		
Commercial bills	17,663,374	21,200,670
Lease liabilities	3,230,609	4,181,244
Total non-current borrowings	**20,893,983**	**25,381,914**
Total borrowings	**26,630,760**	**40,849,344**

Refer to note 33 for details of the restatement of the comparatives.

Lease liabilities

Lease liabilities have been recognised with regards to right-to-use assets relating to property and equipment. Refer to note 31 for further details on the recognition and measurement.

Recognition and measurement

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A borrowing is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing borrowing is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

Facilities

2020	**Available facility**	**Facility used**	**Remaining Facility**
Credit cards	433,500	76,547	356,953
Working capital facility	18,000,000	-	18,000,000
Commercial bills	21,510,690	21,510,690	-
	39,944,190	**21,587,237**	**18,356,953**

2019	**Available facility**	**Facility used**	**Remaining Facility**
Credit cards	460,000	16,445	443,555
Working capital 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**

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 16: Financial liabilities (cont.)

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 2020.

These covenants were not breached during the reporting period.

Note 17: Employee benefits

	2020 $	2019 $
Current		
Annual leave	2,556,738	2,204,537
Long services leave	610,527	453,930
	3,167,265	**2,658,467**
Non-current		
Long service leave	516,753	459,663
	516,753	**459,663**

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 re-measurement 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 reporting 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 2020 (cont.)

Note 18: Share capital

	2020 $	2019 $
89,646,996 (2019: 72,404,030) fully paid ordinary shares	78,230,119	60,205,498

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

	2020 Number	2019 Number	2020 $	2019 $
At the beginning of the period	72,404,030	64,418,732	60,205,498	39,698,791
Dividends reinvested [1]	335,605	327,890	1,016,059	678,051
Issue of shares on vesting of options [2]	907,361	250,000	-	-
Issue of ordinary shares under a capital raising [3]	16,000,000	7,407,408	17,600,000	20,000,000
Costs to issue shares	-	-	(844,907)	(888,519)
Recognition of deferred tax on shares issue costs	-	-	253,469	717,175
At reporting date	**89,646,996**	**72,404,030**	**78,230,119**	**60,205,498**

[1] Dividends reinvested 2 October 2019 and 30 March 2020 (2019: 28 September 2018 and 29 March 2019).
[2] Issue of shares on vesting of options 22 and 26 November 2019 (2019: 26 November 2018).
[3] Issue of ordinary shares 17 April 2020 and 18 May 2020 (2019: 19 June 2019).

Options and performance rights

Information relating to the People Infrastructure employee options plan and share scheme, including details of options and performance rights issued, exercised and lapsed during the financial year and options and performance rights outstanding at the end of the report period, is set out in note 19.

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 2020 (cont.)

Note 18: Share capital (cont.)

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.

Dividends

	2020 $	2019 $
Dividends provided for or paid during the year		
Final fully franked dividend relating to 30 June 2019 of 4.5 cents per share (2018: 4.0 cents) paid on 2 October 2019	3,258,183	2,576,749
Interim fully franked dividend relating to 31 December 2019 of 4.0 cents per share (2019: 4.0 cents) paid on 30 March 2020	2,936,939	2,596,400
	6,195,122	5,173,149
Dividends satisfied by the issue of shares under the dividend reinvestment plan during the year	1,016,059	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 6 October 2020 out of retained earnings at 30 June 2020, but not recognised as a liability at year end, is:	4,034,115	3,258,183
Franked dividends The final dividend recommended after 30 June 2020 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 2020. Franking credits available for subsequent reporting periods based on a tax rate of 30%	12,891,430	10,715,402

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.

Note 19: Share-based payments

The following share-based payment arrangements existed at 30 June 2020.

Shares

During the year ended 30 June 2020, 907,361 (2019: 250,000) shares were issued to directors and employees as a result of performance rights achieving their conditions and being eligible for exercising. The weighted average shares price at the exercise date was $3.28 (2019: $1.93).

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 19: Share-based payments (cont.)

Options and Performance Rights

The following summarised the options and performance rights granted under the plan.

	2020		2019	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	No.	$	No.	$
Outstanding at beginning of the period	4,087,508	0.26	3,353,000	0.28
Exercised	(907,361)	-	(250,000)	-
Forfeited	(321,442)	-	(149,000)	-
Granted	1,362,874	-	1,133,508	-
Outstanding at year-end	4,221,579	0.22	4,087,508	0.26
Exercisable at year-end	300,000	0.06	300,000	0.08

No options or performance rights expired during the periods covered by the above tables.

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 30 June 2020	Number under option 30 June 2019
TR Options	14 October 2017	14 October 2020	$1.00	340,000	340,000
TR Options	14 October 2017	14 October 2021	$1.00	340,000	340,000
NED Options	22 November 2017	22 November 2020	$1.00	300,000	300,000
Performance Rights (Tranche 1)	22 November 2017	22 November 2021	$0.00	500,000	750,000
Performance Rights (Tranche 2)	22 November 2017	22 November 2021	$0.00	554,163	985,000
Performance Rights (Tranche 4)	26 November 2018	26 November 2022	$0.00	179,062	239,000
Performance Rights (Tranche 5)	26 November 2018	26 November 2022	$0.00	187,500	238,750
Performance Rights (Tranche 6)	15 May 2019	15 May 2023	$0.00	24,000	24,000
Performance Rights (Tranche 7)	31 May 2019	31 May 2023	$0.00	262,500	350,000
Performance Rights (Tranche 8)	31 May 2019	31 May 2022	$0.00	171,480	270,758
Performance Rights (Tranche 9)	28 October 2019	26 November 2023	$0.00	100,000	-
Performance Rights (Tranche 10)	26 November 2019	26 November 2023	$0.00	62,874	-
Performance Rights (Tranche 11)	3 January 2020	30 January 2024	$0.00	1,200,000	-
Total under option				**4,221,579**	**4,087,508**

The weighted average remaining contractual life of options and performance rights outstanding at the end of the reporting period is 2.1 years (2019: 2.5 years).

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 19: Share-based payments (cont.)

Terms and Conditions of options and performance rights

TR 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 to 10

These Performance Rights vest equally over a three or four year period (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% or 15% and a further 50% vest if the Growth Metric, over the relevant Vesting Period is greater than 12% or 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 11

The vesting of these performance rights are 500,000 FY22, 400,000 FY23, and 300,000 in FY24 (each a Vesting Period). There are three scenarios relevant for these rights which operate independently. Additionally, in order to have their Performance Rights vest, the relevant participant must remain employed by People Infrastructure Ltd at the time of vesting.

Scenario 1

Lot 1 in each tranche is not subject to any market vesting conditions. Lot 2 in each tranche is subject to the following market vesting conditions:

- Tranche 1 – Closing share price of PPE at or above $4.00 on 30 June 2022;
- Tranche 2 – Closing share price of PPE at or above $4.60 on 30 June 2023; and
- Tranche 3 – Closing share price of PPE at or above $4.80 on 30 June 2024.

Lot 2 in each tranche is subject to the following non market vesting conditions:

- Tranche 1 – Earnings per share (“EPS”) in FY22 (or earlier) financial year is 24.94c or above;
- Tranche 2 – Earnings per share (“EPS”) in FY23 (or earlier) financial year is 28.68c or above;
- Tranche 3 – Earnings per share (“EPS”) in FY24 (or earlier) financial year is 32.98c or above;

Scenario 2

Lot 1 and Lot 2 in each tranche is subject to the following market vesting conditions:

- Tranche 1 – Closing share price of PPE at or above $4.00 for 30 consecutive days prior to 30
- June 2022;
- Tranche 2 – Closing share price of PPE at or above $4.80 for 30 consecutive days prior to 30
- June 2023; and
- Tranche 3 – Closing share price of PPE at or above $5.60 for 30 consecutive days prior to 30
- June 2024.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 19: Share-based payments (cont.)

Terms and Conditions of options and performance rights (cont.)

Performance Rights – Tranche 11 (cont.)

Both Lots in each tranche are subject to achieving and of the following non market vesting conditions:

	FY19 Cents	FY20 Cents	FY21 Cents	FY22 Cents	FY23 Cents
EPS Target	16.40	17.00	19.50	22.40	25.80

Scenario 3 relates to a change of control event and has been assessed as unlikely.

Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period as a part of employee benefit expenses were as follows:

	2020 $	2019 $
Options and performance rights issued under employee share plan	465,913	312,792

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

	2020 $	2019 $
Share capital	-	-
Share based payment reserve	1,013,573	547,660

Fair value of performance rights granted

The assessed fair value at granted date of performance rights granted during the year ended 30 June 2020 are disclosed on page 58. The fair value at grant date is independently determined using a Monte Carlo simulation model that takes into account the exercise price, the term of the performance right, the impact of dilution (where material), the share price at grant date and expected price volatility of the underling share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 19: Share-based payments (cont.)

Fair value of performance rights granted (cont.)

The following principal assumptions were used in the valuation of options and performance rights granted during the year ended 30 June 2020:

	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 9	28/10/2019	100,000	33% 28/10/2021 33% 28/10/2022 33% 28/10/2023	$3.32	40%	4 years	Continuous	33% $0.981, 33% $0.717, 33% $0.547	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights – Tranche 10	26/11/2019	62,874	25% 26/11/2020 25% 26/11/2021 25% 26/11/2022 25% 26/11/2023	$3.25	40%	4 years	Continuous	25% $1.488, 25% $1.031, 25% $0.828, 25% $0.692	$0.00	At end of each vesting period	30 days after the exercise date
Performance Rights – Tranche 11	03/01/2020	1,200,000	500,000 31/8/2022 400,000 31/8/2023 300,000 31/8/2024	$3.55	40%	4 years	Continuous	**Scenario 1:** Tranche 1, Lot 1 $2.97, Lot 2 $1.35, Tranche 2 Lot 1 $2.89, Lot 2 $1.21, Tranche 3 Lot 1 $2.81, Lot 2 $1.23 **Scenario 2:** Tranche 1, Lot 1 & 2 $1.39, Tranche 2 Lot 1 & 2 $1.10, Tranche 3 Lot 1 & 2 $0.91	$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 2020 (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 financial liabilities

Categories of financial assets and financial liabilities

	2020 $	2019 $ (Restated)
Financial assets at amortised cost		
Cash and cash equivalents	31,464,965	21,328,339
Trade and other receivables	41,192,837	37,855,064
Total financial assets	**72,657,802**	**59,183,403**
Financial liabilities at amortised cost		
Trade and other payables	30,848,720	19,178,024
Credit cards	76,547	16,445
Working capital facility	-	9,713,255
Commercial bills	21,510,690	25,047,986
Lease liabilities	5,043,523	6,071,658
	57,479,480	60,027,368
Financial liabilities at fair value through the profit and loss		
Contingent consideration	5,950,899	10,164,160
	5,950,899	10,164,160
Total financial liabilities	**63,430,379**	**70,191,528**

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 20: Financial assets and financial liabilities (cont.)

Borrowings at amortised cost

The current interest rate on the commercial bills range from 3.81% to 3.98% (2019: 4.88% to 5.30%) at 30 June 2020. 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 was 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.

The contingent consideration for the acquisition of the NNA Group of $1,100,000 and $250,000 for Victorian Nursing Specialist Pty Ltd was paid during the year. A fair value gain of $2,863,261 (2019: loss $69,393) was reflected in the profit and loss for the year ended 30 June 2020.

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
- working capital facility

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 2020 (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:

	2020	2019
	$	$
Cash and cash equivalents	31,464,965	21,328,339
Trade and other receivables	41,192,837	37,855,064
	72,657,802	**59,183,403**

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

Bank deposits are held with the following parties:

	2020	2019
	$	$
St George Bank	17,585,542	14,625,191
Australian and New Zealand Banking Group Limited	4,594,612	1,644,807
National Australia Bank Limited	7,013,470	2,090,101
Westpac Banking Corporation	2,125,004	2,860,024
Commonwealth Bank	-	72,850
OCBC Bank Singapore	145,608	34,680
Cash on hand	729	686
	31,464,965	**21,328,339**

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 past due but not 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 and contract assets 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 and contract assets.

To measure the expected credit losses, trade receivables and contract assets 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 2020 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. The impacts of Covid-19 have been taken into account by assessing the largest outstanding debtors for each of the entities within the group and taking into account whether they have been paying within terms, whether they have raised cashflow issues with the Group and if they have advised of significant impacts to them as a result of Covid-19. For those which have raised concerns we increased the provision for impairment accordingly.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 21: Financial risk management (cont.)

(b) Credit risk (cont.)

On that basis, the loss allowance as at 30 June 2020 was determined as follows for trade receivables:

30 June 2020	Expected loss rate %	Gross Carrying Amount $	Loss allowance $
Not more than 4 months	-	29,383,225	96,529
More than 4 months but not more than 6 months	45%	683,330	307,499
More than 6 months but not more than 1 year	45%	142,548	64,147
More than 1 year	85%	273,338	232,380
		30,491,367	700,555
30 June 2019			
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

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. No provision for loss allowance has been raised on the contract assets as this is generally converted to trade receivables within 1-2 weeks of recognition.

(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 $30,869,202 at 30 June 2020 (2019: $18,876,034).

Maturity analysis – Financial liabilities

Consolidated	Carrying Amount	Contractual Cash flows	within 1 year	1 – 5 years	5 years +
2020	**$**	**$**	**$**	**$**	**$**
Trade and other payables	30,848,720	30,848,720	30,848,720	-	-
Credit cards	76,547	76,547	76,547	-	-
Contingent consideration	5,950,899	8,097,206	2,872,206	5,225,000	-
Working capital facility	-	-	-	-	-
Commercial bills	21,510,690	24,286,168	4,469,156	19,817,012	-
Lease liabilities	5,043,523	5,681,736	1,790,047	3,387,642	504,047
2019					
Trade and other payables	19,178,024	19,178,024	19,178,024	-	-
Credit cards	16,445	16,445	16,445	-	-
Contingent consideration	10,164,160	9,208,286	1,327,500	7,880,786	-
Working capital facility	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	6,071,658	6,990,086	2,118,857	3,771,032	1,100,197

Notes to the Financial Statements for the year ended 30 June 2020 (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**
2020	**$**	**$**	**$**	**$**	**%**
Financial assets					
Cash and cash equivalents	31,464,965	-	-	31,464,965	0.04%
Trade and other receivables	-	-	41,192,837	41,192,837	n/a
Total financial assets	**31,464,965**	**-**	**41,192,837**	**72,657,802**	
Financial liabilities					
Trade and other payables	-	-	30,848,720	30,848,720	n/a
Credit cards	-	76,547	-	76,547	Nil
Contingent consideration	-	-	5,950,899	5,950,899	n/a
Working capital facility	-	-	-	-	5.68%
Commercial bills	21,510,690	-	-	21,510,690	4.85%
Lease liabilities	-	5,043,523	-	5,043,523	6.31%
Total financial liabilities	**21,510,690**	**5,120,070**	**36,799,619**	**63,430,379**	

Notes to the Financial Statements for the year ended 30 June 2020 (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**
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	-	-	19,178,024	19,178,024	n/a
Credit cards	-	16,445	-	16,445	Nil
Contingent consideration	-	-	10,164,160	10,164,160	n/a
Working capital facility	-	9,713,255	-	9,713,255	5.50%
Commercial bills	25,047,986	-	-	25,047,986	5.30%
Lease liabilities	-	6,071,658	-	6,071,658	4.63%
Total financial liabilities	**25,047,986**	**15,801,358**	**29,342,184**	**70,191,528**	

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. A 1% change in the interest rate would impact the profit or loss by $99,543 (2019: $(37,196).

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 2020 was NZD 2,007,485 (2019: NZD 1,221,096) and SGD 139,434 (2019: SGD 32,919). 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 and for borrowings with longer terms as a result of them having floating interest rates.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 22: Fair value measurement (cont.)

Financial Liabilities at fair value through the profit and loss 2020	**Level 1**	**Level 2**	**Level 3**
Contingent consideration	-	-	5,950,899
Total Financial Liabilities	**-**	**-**	**5,950,899**

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**

There were no transfers between the levels of fair value hierarchy during the year ended 30 June 2020. There were no other financial assets or liabilities valued at fair value at 30 June 2020 and 2019.

The following table summarised the quantitate information about the significant unobservable inputs used in level 3 fair value measurements of contingent consideration.

30 June 2020

Unobservable Inputs	**Range of Inputs**	**Relationship of unobservable inputs to fair value**
EBITDA achieved	Nil to $3,000,000	If expected EBITDA was the maximum achievable then the fair value would increase by $196,000.
Risk-adjusted discount rate	5.11%	A change in the discount rate by 100 bps would increase/decrease the fair value by $65,500.

Reconciliation of Level 3 fair value movements	**Contingent Consideration**
Opening balance at 1 July 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
Repayments	(1,350,000)
Gains and losses recognised in profit or loss	(2,863,261)
Closing balance at 30 June 2020	5,950,899

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 is estimated using a present value technique. The value is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting. During the year the expected contingent consideration was adjusted based on agreed targets and expected share price at the date of payment.

During the year the contingent consideration for the NNA Group and Victorian Nursing Specialists Pty Ltd were settled.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

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

A dividend of 4.5 cents per share was declared on 25 August 2020.

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. In some cases, the Group has options to purchase the assets 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 2020, 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 statement of financial position:

	2020 $	2019 $
Low value assets payable:		
- not later than 12 months	122,152	111,332
- between 12 months and 5 years	217,638	141,676
	339,790	253,008
Short term property leases payable:		
- not later than 12 months	22,638	18,212
- between 12 months and 5 years	-	-
	22,638	18,212

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

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 24: Leases (cont.)

Recognition and measurement

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.

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 2020 (cont.)

Note 24: Leases (cont.)

Recognition and measurement (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.

Key judgements and estimations

In determining both the right of 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 of use asset and lease liability.
- No impairments were identified as each of the right of 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 a significant casual workforce given the nature of its business. Therefore, when the recent Federal Court decision in WorkPac Pty Ltd v Rossato [2020] FCAFC 84 was released the outcomes were reviewed for its potential application to the Group. The decision provided further clarity around how the courts would define a casual worker and pointed to circumstances where there was a firm advance commitment from the employer and as a result the employee had an expectation of continuing and indefinite work.

Management has performed a review of its businesses and how they engage with their casual employees and has determined that the outcomes of this case have limited implications for the People Infrastructure Group primarily as there is no firm advance commitment to our casual workers and there is no expectation on behalf of the worker of continuing and indefinite work. However, given the broad application and the significant number of casuals that People Infrastructure engage there is a potential that an obligation may arise in the future should the courts judgement be more broadly interpreted.

The Group has no other contingent assets and no contingent liabilities.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 26: Auditor's Remuneration

	2020 $	2019 $
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	197,000	146,000
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	89,545	83,231
- Corporate services	5,005	8,531
- Overseas subsidiary taxation compliance services	2,967	-
- Corporate finance services	7,313	-
	303,910	**237,762**

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

	2020 $	2019 $
Short-term employee benefits (including annual leave accruals)	1,004,479	1,294,589
Long-term employee benefits – long service leave	11,670	22,456
Post-employment benefits – superannuation	63,467	79,371
Share-based payments	129,937	185,587
Total key management personnel (KMP) compensation	**1,209,553**	**1,582,003**

Detailed remuneration disclosures are provided in the remuneration report on pages 10 to 17.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 27: Related party transactions (cont.)

Key Management Personnel (cont.)

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

	2020	2019
Shares Issued	**No.**	**No.**
Glen Richards *	257,282	300,000
Elizabeth Savage *	3,596	20,225
Declan Sherman **	3,641	-
Declan Sherman **	154,844	125,000
Thomas Reardon **	154,844	125,000
Thomas Reardon *	211,171	66,085
Shares Disposed		
Thomas Reardon *	-	(500,000)
Declan Sherman *	(1,000,000)	-
Options or Performance Rights Issued		
Declan Sherman	31,437	119,375
Thomas Reardon	31,437	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 2020 (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.

	2020 $	2019 $
Statement of financial position		
ASSETS		
Current assets	2,554,042	1,770,423
Non-current assets	131,086,370	77,912,729
Total assets	133,640,412	79,683,152
LIABILITIES		
Current liabilities	1,347,543	2,135,900
Non-current liabilities	52,049,393	16,566,619
Total liabilities	53,396,936	18,702,519
EQUITY		
Issued capital	78,230,118	60,205,498
Reserves	1,013,573	547,660
Retained earnings	999,784	227,475
Total equity	**80,243,475**	**60,980,633**
Statement of profit or loss and other comprehensive income		
Other revenue	12,601,107	31,427,617
Other expenses	(189,709)	(1,419,725)
Finance costs	(1,947)	(2,756)
Share of profit of equity-accounted investees, net of tax	-	433,647
Fair value adjustment of investment on gain of control	-	874,695
Share based payments expense	-	(312,792)
Profit before income tax expense	**12,409,451**	**31,000,686**
Income tax expense	(5,442,019)	(17,226,685)
Profit for the year	**6,967,432**	**13,734,001**
Other comprehensive income	-	-
Total comprehensive income	**6,967,432**	**13,734,001**

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 2020 (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, First Choice Care Pty Ltd, PI GSSS Admin Pty Ltd, PI Healthcare Admin Pty Ltd, PeopleIn Professional Services Pty Ltd NNA Homecare Services Pty 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. The entities which have either been acquired or incorporated during the current year had not entered into the closed group by 30 June 2020. 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 and other 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 2020 of the Closed Group.

	2020 $	2019 $
Statement of profit or loss and other comprehensive income		
Revenue	336,292,192	271,245,212
Other income	3,049,734	1,089,721
Employee benefits expense	(300,425,816)	(243,545,324)
Occupancy expenses	(843,055)	(656,102)
Depreciation and amortisation expense	(6,326,296)	(4,182,229)
Other expenses	(11,012,112)	(9,531,063)
Finance costs	(2,232,184)	(1,684,941)
Share of profit of equity-accounted investees, net of tax	-	372,779
Profit before income tax expense	18,502,462	13,108,053
Income tax expense	(4,700,421)	(3,669,499)
Profit for the period	**13,802,041**	**9,438,554**
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive profit / (loss) for the period	**13,802,041**	**9,438,554**
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**138,432**	**(3,199,601)**
Profit for the period	13,802,041	9,438,554
Retained earnings at the end of the financial year	**13,940,473**	**6,238,953**

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 29: Deed of cross guarantee (cont.)

b. Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 30 June 2020 of the Closed Group.

	2020	2019
	$	$
CURRENT ASSETS		
Cash and cash equivalents	26,578,589	20,126,486
Trade and other receivables	38,416,321	37,096,210
Other current assets	1,345,588	1,007,934
TOTAL CURRENT ASSETS	**66,340,498**	**58,230,630**
NON-CURRENT ASSETS		
Trade and other receivables	1,207,396	555,198
Property, plant and equipment	5,252,882	6,893,054
Intangible assets	87,441,158	78,556,030
TOTAL NON-CURRENT ASSETS	**93,901,436**	**86,004,282**
TOTAL ASSETS	**160,241,934**	**144,234,912**
CURRENT LIABILITIES		
Trade and other payables	27,890,251	18,651,884
Contingent consideration	2,230,416	1,313,481
Financial liabilities	5,501,499	15,382,604
Current tax liabilities	1,299,165	2,730,854
Employee benefits	2,763,416	2,420,096
TOTAL CURRENT LIABILITIES	**39,684,747**	**40,498,919**
NON-CURRENT LIABILITIES		
Contingent consideration	3,720,483	8,850,679
Financial liabilities	20,334,778	25,379,878
Deferred tax liabilities	2,749,999	1,955,066
Employee benefits	469,488	459,663
TOTAL NON-CURRENT LIABILITIES	**27,274,748**	**36,645,286**
TOTAL LIABILITIES	**66,959,495**	**77,144,205**
NET ASSETS	**93,282,439**	**67,090,707**
EQUITY		
Share capital	78,226,838	60,202,539
Retained earnings	13,940,473	6,238,953
Reserves	1,115,128	649,215
TOTAL EQUITY	**93,282,439**	**67,090,707**

Notes to the Financial Statements for the year ended 30 June 2020 (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 2020, with the exception of AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions.

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 2020 (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 2020-4 (issued June 2020) Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions. The Group has elected to early adopt this standard.

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. However, the accounting policies have changed from that disclosed in the 30 June 2019 financial statements.

AASB 2020-4 (issued June 2020) Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions

This standard introduces a practical expedient that permits lessees not to assess whether a rent concession that occurs as a direct consequence of the Covid-19 pandemic is a lease modification, provided all of the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately prior to the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a concession would meet this condition if it resulted in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021), and
- There is no substantive change to other terms and conditions of the lease.

In such cases, the concessions are accounted for as if they were not a lease modification.

For the Group this has resulted in $146,092 rent concessions being recognised in income.

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 2020-4 with a date of initial application of 1 July 2019. Refer to Note 30 for further details.

Note 32: Covid-19

Covid-19 had an impact on workforces globally, not previously seen in the last 50 years. From a business perspective, whilst the first wave of Covid-19 created increased volatility in parts of our staffing business it was only a short-term impact and the business returned to a normal operating level by June 2020. The second wave of Covid-19 that Victoria experienced has had a significantly lower impact on our business than the first wave in Victoria; this demonstrated clients' ability to adjust to a new way of operating in a Covid-19 affected world.

The great majority of People Infrastructure's clients are large corporations, government or government backed organisations and not-for-profits who are well positioned to manage the impact of Covid-19 and continue to utilise People Infrastructure workforce solutions. We provide a critical service to these organisations and demand from our clients for most of our business is largely unchanged.

As a result of a short period of reduced demand for our employees' services People Infrastructure reduced the work hours of a number of its employees. It also made the decision to not permanently reduce its workforce but to apply for Jobkeeper in order to keep employing those individuals.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 32: Covid-19 (cont.)

The impact on the health and community care division was diverse with the community services business being moderately impacted by the initial impact of Covid-19 and then its hours increasing quickly back to pre-Covid-19 hours. The nursing businesses however were significantly impacted by private hospital's decisions to transfer management to government health agencies at the outset of the Coivd-19 outbreak. There was a significant decline in the utilisation of hospitals as this time. The impact of the second wave in Victoria has been that private hospitals have not restricted operations during the second wave to the same degree and our Victorian nursing business has experienced a 17% increase during the second wave and lockdown verse a 70% decrease in the first wave.

The general staffing and specialist services division was impacted to a lesser extent than the group overall. The most significant impact of Covd-19 on this division was for the childhood education staff business and the hospitality business. These have both seen an increase in hours since the initial impact of Covid-19 however the early childhood business is still below the pre-Covid-19 hours. The hospitality business is predominantly in Queensland and therefore hasn't had the second wave impact.

The permanent recruitment section of the information technology division still has not entirely bounced back but this is expected to continue over the next 6 months.

Senior management across the business and the directors also took a pay reduction of between 25% and 50% whilst the business was impacted by Covid-19. Senior Management have also chosen to forego the award of short and long term incentives in respect of the 2020 financial year in recognition of the sacrifices made by its employees and the benefit of certain government subsidies that were received during the year.

People Infrastructure has seen a significant rebound in its business since the initial impact of the Covid-19 lockdown and expects a strong profit contribution from each division in 2021. In particular we note the current Coivd-19 containment measures in Victoria are not having the same impact as those related to the first wave of Covid-19. In fact the Victorian nursing business has seen an increase in demand during this second wave versus a significant drop in demand during the first wave. The diversity of our clients, low client concentration and the critical nature of many of the services that our clients provide means that our core business is incredibly resilient even in times of economic uncertainty.

Notes to the Financial Statements for the year ended 30 June 2020 (cont.)

Note 33: Restatement of prior year balances

Provisional accounting and adjustments to acquisition accounting

At 30 June 2019 provisional accounting was applied for the acquisitions of the Halcyon Knights Group. During the reporting period this accounting has been finalised with the below adjustments being identified. Comparatives have not been restated for these changes.

	$
Reassessment of fair value of customer relationships	(1,581,450)
Recognition of deferred tax liabilities on customer relationships	474,435
Reassessment of accrued commissions	208,962
Reassessment of right of use property	58,459
Total adjustments to Goodwill	**(839,594)**

The above table shows the adjustments that have been made to the acquisition accounting for the Halcyon Knights Group acquisition. The most significant was to reassess the fair value of the customer relationships intangible asset based on the estimated useful life. This has had the impact of decreasing Goodwill and increasing Customer Relationships by $1,581,450.

The following table details the restatement of statement of financial position:

	30 June 2019 (Reported) $	Increase / (Decrease) $	30 June 2019 (Restated) $
Goodwill	63,896,778	(839,595)	63,057,183
Customer relationships	8,552,700	1,581,450	10,134,150
Trade and other payables	18,969,062	208,961	19,178,023
Financial liabilities - current	15,408,971	58,459	15,467,430
Deferred tax liabilities	1,909,684	474,435	2,384,119

Key judgements and estimations

Provisional accounting and adjustments to acquisition accounting

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Additional information has been obtained which has resulted in a number of fair value adjustments to the items as reflected above.

Directors' Declaration

For the year ended 30 June 2020

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 2020 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 25th day of August 2020

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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 2020, 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 2020 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 (including Independence Standards)* (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 goodwill as a result of both historic acquisitions over a number of years and business acquisition in the current year. The impairment assessment of the Group's intangible asset balances incorporated significant judgment in respect of factors such as discount rates, revenue growth, cost assumptions and the impact of COVID-19 on these 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: • Evaluation of the methodology applied by the group in determining the cash generating units (CGU). • Assessment of the Group's value in use model by reference to budgets and future plans. • Performance of tests over the mathematical accuracy of the model and underlying calculations. • Challenging of the key assumptions, including forecast growth rates by comparison to historical results, business trends, and economic and industry forecasts, and evaluation of the discount rates used by assessing the cost of capital for each CGU. • 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.

Acquisition of subsidiaries

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 9 - Acquisition of Subsidiaries The Group acquired First Choice Care on 1 July 2019. 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.	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.

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 2020, 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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 10 to 17 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of People Infrastructure Ltd, for the year ended 30 June 2020, 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, 25 August 2020

SHAREHOLDER INFORMATION AS AT 3 AUGUST 2020

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 2020 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 2020 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	%
Perennial Value Management Limited (PVM)	8,693,691	9.70%
IDSInvest Pty Ltd and Declan Andrew Sherman	7,231,175	8.07%
Andnatco AWX Pty Ltd and Andrew Peter Brosnan	6,058,323	6.76%
AP Brosnan Pty Ltd and Mark Dennis Reiken	6,078,999	6.78%

3. Number of security holders and securities on issue

People Infrastructure Ltd has issued the following securities:

(a) 89,646,996 fully paid ordinary shares held by 3,837 shareholders;

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

(c) 3,241,579 performance rights held by 36 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	1,040	27.10	533,056	0.59
1,001 - 5,000	1,456	37.95	3,964,624	4.42
5,001 - 10,000	634	16.52	4,743,122	5.29
10,001 - 100,000	653	17.02	14,491,169	16.16
100,001 and over	54	1.41	65,915,025	73.53
Total	**3,837**	**100.00**	**89,646,996**	**100.00**

SHAREHOLDER INFORMATION AS AT 3 AUGUST 2020 (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 3 August 2020.

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	NATIONAL NOMINEES LIMITED	9,330,285	10.41
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,250,327	10.32
3	IDSINVEST PTY LTD	7,079,972	7.90
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,989,394	7.80
5	ANDNATCO AWX PTY LTD	3,581,671	4.00
6	CITICORP NOMINEES PTY LIMITED	3,462,009	3.86
7	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	2,950,066	3.29
8	NAMBAWAN INVESTMENTS PTY LTD	2,949,461	3.29
9	A P BROSNAN PTY LTD	2,109,073	2.35
10	BNP PARIBAS NOMS PTY LTD	2,015,016	2.25
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,346,029	1.50
12	BROSPHARM PTY LTD	1,284,977	1.43
13	RYAN GROWTH PTY LTD	1,075,752	1.20
14	UBS NOMINEES PTY LTD	910,351	1.02
15	BNP PARIBAS NOMINEES PTY LTD	789,397	0.88
16	SIMON BLACK PROMOTIONS PTY LTD	756,916	0.84
17	BNP PARIBAS NOMINEES PTY LTD	681,010	0.76
18	LOCKYER FAMILY INVESTMENTS PTY LTD	653,126	0.73
19	GWYNVILL TRADING PTY LTD	629,142	0.70
20	GF & LH RICHARDS SUPER PTY LTD	603,641	0.67
	Total	**58,447,615**	**65.20**
	Balance of register	**31,199,381**	**34.80**
	Grand total	**89,646,996**	**100.00**

SHAREHOLDER INFORMATION AS AT 3 AUGUST 2020 (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. There are no restricted securities or securities subject to voluntary escrow that are on issue.

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 2019 and 30 June 2020, 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 2019.