



# People Infrastructure Ltd

Appendix 4D and Consolidated Financial Statements

For the half-year ended 31 December 2019

ABN: 39 615 173 076

ASX Code: PPE

Approved & Authorised by  
The Board of Directors

People Infrastructure Ltd  
75 Sandgate Road, Albion QLD 4010

## PEOPLE INFRASTRUCTURE LTD

### Appendix 4D – Half Year Financial Report

for the six months ended 31 December 2019

1. Report period (“current period”): 6 months ended 31 December 2019  
 Previous corresponding period: 6 months ended 31 December 2018

2. Results for announcement to the market

	Up/Down	Movement %	1H FY 2019 \$ '000	1H FY 2018 \$ '000
Revenues from ordinary activities	Up	46.43%	194,846	133,064
Profit after tax from ordinary activities attributable to Owners of People Infrastructure Ltd	Up	9.00%	6,343	5,819*

\* Restated

The increase in revenue and profit has been predominantly driven by organic growth within the existing services and sectors which the Group operates as well as on the 1 July 2019, the Company acquired the shares of First Choice Care Pty Ltd. The profit and loss for this entity has been consolidated into the Group results from this date.

#### Dividends

	Amount per Share (Cents)	Franked Amount per Share (Cents)	Tax Rate for Franking Credit
<b>Dividends</b>			
<u>Period ended 31 December 2019</u>			
Interim dividend	4.0	4.0	30%
<u>Financial year ended 30 June 2019</u>			
Interim dividend	4.0	4.0	30%
Final dividend	4.5	4.5	30%
	8.5	8.5	30%

#### 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

Note that this dividend has not been provided for in the financial statements given it was declared on the 14 February 2020.

#### Final Dividend for 30 June 2019

Date the final 2019 dividend was payable:	2 October 2019
Record date to determine entitlements to the dividend:	6 September 2019
Date final dividend was declared:	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

	31 December 2019 Amount per share (Cents)	30 June 2019 Amount per share (Cents) (Restated)
Net tangible assets backing per ordinary share	(24.02)	(17.39)

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

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

Name of Entity	Date of Control	Results included in the consolidated results relating to these entities for the period	
		Revenue	Profit and loss after tax
<i>Incorporated entities</i>			
First Choice Care Pty Ltd	1/07/2019	15,708,635	1,066,150

The following entities left the group during the financial period as they were dormant and voluntarily wound up.

Name of Entity	Date of Loss of Control	Results included in the consolidated results relating to these entities for the period	
		Revenue	Profit and loss after tax
<i>Incorporated entities</i>			
Edmen Recruitment Pty Ltd	30/09/2019	Nil	Nil
Recon Executive Pty Ltd	1/07/2019	Nil	Nil

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

### 6. Details of Associates

There were no associates during the period.

Additional supporting information supporting Appendix 4D disclosure requirements can be found in the Director's report and the consolidated statements for the period ended 31 December 2019. This report is based on the consolidated financial statements for the 6 months ended 31 December 2019 which have been audited by BDO.

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



Declan Sherman  
Managing Director

14 February 2020

# **PEOPLE INFRASTRUCTURE LTD**

**ACN 615 173 076**

## **and its controlled entities**

**Interim Financial Report**

**For the half year ended 31 December 2019**

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This interim financial report does not include all the notes of the type normally included in annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by People Infrastructure Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Releases, financial reports and other information are available on our website: [www.peopleinfrastructure.com](http://www.peopleinfrastructure.com)

The financial statements were authorised for issue by the directors on 14 February 2020. The directors have the power to amend and reissue the financial statements.

## Corporate Information

### AUSTRALIAN BUSINESS NUMBER

ABN 39 615 173 076

### DIRECTORS

Glen Richards  
Elizabeth Savage  
Declan Sherman  
Thomas Reardon

### COMPANY SECRETARY

Kim Bradley-Ware  
Company Matters Pty Limited  
Level 12, 680 George Street  
Sydney NSW 2000

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

69-75 Sandgate Road,  
Albion QLD 4010  
Phone: +61 7 3238 0800

### COUNTRY OF INCORPORATION

Australia

### SHARE REGISTRY

Link Market Services Limited  
Level 12, 680 George Street,  
Sydney NSW 2000  
Phone: +61 1300 554 474

### SOLICITORS

Talbot Sayer  
Level 27, Riverside Centre,  
123 Eagle Street,  
Brisbane QLD 4000  
Phone: +61 7 3160 2900

### AUDITORS

BDO Audit Pty Ltd  
Level 10, 12 Creek Street  
Brisbane QLD 4000  
Phone: +61 7 3237 5999  
Fax: +61 7 3221 9227

## Directors' Report

The Directors of People Infrastructure Ltd present their report together with the financial statements of the consolidated entity, being People Infrastructure Ltd ('the Company') and its controlled entities ('Group') for the half year ended 31 December 2019.

### Directors and company secretary details

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

Glen Richards	Non-Executive Chairman	
Elizabeth Savage	Non-Executive Director	
Declan Sherman	Managing Director	
Thomas Reardon	Executive Director	
Zoe Levendel	Company Secretary	Resigned 6 November 2019
Kimberley Chan	Company Secretary	Appointed 6 November 2019, Resigned 26 November 2019
Kim Bradley-Ware	Company Secretary	Appointed 26 November 2019

### Principal Activity

People Infrastructure's vision is to be the future of Human Capital. It provides a better future by harnessing the power of people. The principal activities of People Infrastructure are the provision of workforce management, contracted staffing, recruitment and human resources outsourcing services. Services provided 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.

### Review of operations and financial results

#### Overview

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

#### Health and Community Care

Key features of the health and community care market are as follows:

- Disability caring workforce is growing at over 5% per year due to increased funding to the sector;
- Aged care and nursing workforce is also growing significantly due to the ageing population and increased provision of health services;
- Complexities of matching care capabilities to individuals requires a high level of sophistication in workforce management to be highly effective;
- Nature of work results in higher turnover of employees and therefore more active management;
- Significant amount of short shift work; and
- Shortage of qualified employees driving increased demand for services.

People Infrastructure's competitive positioning is as follows:

- Leading provider of workforce management services in this sector;
- Only provider of outsourced workforce management services in this sector in Australia;
- Significant operational complexity, long tenure and industry leading capabilities provide a significant barrier to entry; and
- Investment and scale in the community care sector provides a platform to grow further into aged care and healthcare.

#### Information Technology

Key features of the Information Technology market are as follows:

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

People Infrastructure's competitive positioning is as follows:

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

#### **General Staffing and Specialist Services**

Key features of the General Staffing and Specialist Services market are as follows:

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

People Infrastructure's competitive positioning is as follows:

- Leader in providing general staffing services to small and medium sized business across Australia;
- People Infrastructure leverages general staffing capabilities into market segments which generate high margins: our general staffing business has spawned:
  - specialty contract planting business: leading provider in the Australian market;
  - facilities maintenance business: leverage relationships in the general staffing business into long-term services contracts;
  - childcare and early childhood staffing business: leading position in the Australian market; and
  - payrolling business: leading position in the Queensland market.
- A combination of industry expertise, a focus on small and medium sized businesses, investment in workplace health and safety and technology to streamline processes have helped drive industry leading margins.

#### **Financial Results**

The revenue of the Group for the financial period was \$194,845,922 (2018: \$133,063,799). The profit before income tax expense of the Group for the financial period was \$8,814,476 (2018: \$7,141,668). The profit of the Group for the financial period after providing for income tax amounted to \$6,343,825 (2018: \$5,819,126). The growth in the business in the first half of 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. 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. 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.

Included in the profit is a non-cash expense of \$241,782 which is the fair value adjustment of the deferred consideration to be paid 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.)

### Review and Results of Operations (cont.)

#### Financial Results (cont.)

EBITDA is how the board and management assess the performance of the Group. This is further adjusted by normalisation adjustments being non-recurring expenses including costs associated with acquisitions, fair value movement in equity investments and deferred considerations, costs of employee options and performance shares and the associated tax deduction of these expenses and the first-time adoption 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. The following reconciles statutory profit before tax to EBITDA and normalised EBITDA. December 2018 disclosed below has been restated in line with the restatement of the financial statements for the adoption of AASB 16 Leases as at 1 July 2018.

	31 December 2019	31 December 2018 (Restated)
	\$	\$
<b>Statutory Profit Before Tax</b>	<b>8,814,476</b>	<b>7,141,668</b>
Depreciation and amortisation	3,313,524	1,734,771
Finance costs	1,210,736	731,110
<b>EBITDA</b>	<b>13,338,736</b>	<b>9,607,549</b>
<i>Normalisation adjustments:</i>		
Acquisition costs	54,040	97,339
Performance rights costs	83,201	-
Fair value movement in deferred consideration	278,301	-
Fair value movement in equity account investments	-	(874,695)
Non-controlling interests	-	(121,860)
Share based payments expense	303,976	154,905
Adoption of AASB 16 Leases accounting policy	(1,111,197)	(477,565)
<b>Normalised EBITDA</b>	<b>12,947,057</b>	<b>8,385,673</b>

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 first-time adoption of AASB 16 Leases and amortisation.

	31 December 2019	31 December 2018 (Restated)
	\$	\$
<b>Statutory NPAT</b>	<b>6,343,825</b>	<b>5,819,126</b>
Acquisition costs	54,040	97,339
Performance rights costs	83,201	-
Fair value movement in deferred consideration	278,301	-
Fair value movement in equity accounted investments	-	(874,695)
Non-controlling interests	-	(121,860)
Share based payments expense	303,976	154,905
Adoption of AASB 16 Leases accounting policy:		
– operating lease payments	(1,111,197)	(477,565)
– finance costs	129,278	107,880
– depreciation expense	996,640	426,339
Tax adjustment	10,808	19,468
<b>Normalised NPAT</b>	<b>7,088,872</b>	<b>5,150,937</b>
Amortisation	1,948,632	912,865
<b>Normalised NPATA</b>	<b>9,037,504</b>	<b>6,063,802</b>

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

## Directors' Report (cont.)

### Review and Results of Operations (cont.)

#### Financial Results (cont.)

Operating cash flow was positive throughout the period resulting in \$2,614,071 (2018: \$4,638,893) in net cash provided by operating activities. Capital expenditure on plant and equipment and intangibles of \$648,180 was higher than the prior year with the largest outflow from investing activities surrounding the acquisitions for the period (\$12,099,994). Net outflows from financing activities of \$3,486,229 related to the net result of repayment of borrowings and the additional financing received during the period in the form of commercial bills. Additionally, fully franked dividends totalling \$2,892,668 were paid during the period.

The Group balance sheet has strengthened overall by \$3,762,147, with net assets at \$71,877,355 (30 June 2019: \$68,115,208). This is mainly reflective of the earnings generated during the half year.

People Infrastructure Ltd had \$41,857,348 in lending facilities at 31 December 2019 of which \$35,139,755 has been drawn. The cash balance decreased during the period mainly due to the purchase of First Choice Care Pty Ltd. Refer also to Note 4 for further explanation.

#### Future Prospects and Outlook

People Infrastructure sees a continuation of current trends in its business. The market that it services continues to grow, and People Infrastructure is well placed to take advantage of this market growth. A number of the sectors that People Infrastructure services are growing at a rate that is higher than the GDP growth rate. Furthermore, People Infrastructure continues to manage costs to maximise profitability. People Infrastructure continues to pursue organic growth across the industries and geographies it operates. The organic growth will be driven by exposure to industries with positive tailwinds and People Infrastructure leveraging its systems, geographic footprint and ongoing investment into sales teams. The organic growth will be supported by integration of acquisitions which provide the Group strong exposure to industries with strong growth prospects including healthcare and information technology. Furthermore, the Group will continue to seek acquisitions which fit a disciplined criterion and can generate significant upside through being part of People Infrastructure Group.

Conversely, People Infrastructure's economic performance and future prospects are subject to a number of risks which may impact its business which include a downturn in the employment market, increase in competition, a change in the regulatory environment, reliance on key personnel, reliance on its certified agreements, change in client circumstances, any liability arising out of terms of service 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 however does not expect any impact on their business to have a material impact on People Infrastructure. In any event, People Infrastructure will continue to reduce their reliance on these clients.

#### Significant Changes in the 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.

There was an issue of 112,081 shares under the dividend reinvestment plan during the period.

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

#### Events Arising Since the End of the Reporting Period

A dividend of 4 cents per share was declared on 14 February 2020.

There were also 1,200,000 performance rights issued on 30 January 2020.

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

## Directors' Report (cont.)

### 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 8 and forms part of this Directors' Report.

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



**Declan Sherman**  
Managing Director

Dated this 14<sup>th</sup> day of February 2020



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Australia

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

As lead auditor for the review of People Infrastructure Ltd for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

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

**T J Kendall**  
Director

**BDO Audit Pty Ltd**

Brisbane, 14 February 2020

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the half-year ended 31 December 2019**

	Note	Half year	
		31 December 2019	31 December 2018 (Restated)
		\$	\$
Revenue from contracts with customers	2	194,845,922	133,063,799
Other income	2	4,142	986,476
Employee benefits expense		(174,751,817)	(119,947,092)
Occupancy expenses		(418,208)	(770,217)
Depreciation and amortisation expense		(3,313,524)	(1,734,771)
Other expenses		(6,341,303)	(4,112,568)
Finance costs		(1,210,736)	(731,110)
Share of profit of equity-accounted investees, net of tax		-	387,151
<b>Profit before income tax expense</b>	<b>2</b>	<b>8,814,476</b>	<b>7,141,668</b>
Income tax expense		(2,470,651)	(1,322,542)
<b>Profit for the half year</b>		<b>6,343,825</b>	<b>5,819,126</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations, net of tax		7,014	31,252
		7,014	31,252
<b>Total comprehensive profit for the half year</b>		<b>6,350,839</b>	<b>5,850,378</b>
<b>Profit for the half year is attributable to:</b>			
Owners of People Infrastructure Ltd		6,343,825	5,697,266
Non-controlling interests		-	121,860
		6,343,825	5,819,126
<b>Total comprehensive profit for the half year is attributable to:</b>			
Owners of People Infrastructure Ltd		6,350,839	5,728,518
Non-controlling interests		-	121,860
		6,350,839	5,850,378
<b>Basic profit per share attributable to the shareholders of People Infrastructure Ltd</b>			
Basic profit per share (cents per share)	3	8.75	9.03
<b>Diluted profit per share attributable to the shareholders of People Infrastructure Ltd</b>			
Diluted profit per share (cents per share)	3	8.31	8.54

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

**Consolidated Statement of Financial Position  
As at 31 December 2019**

	Note	31 December 2019 \$	30 June 2019 (Restated) \$
<b>Current assets</b>			
Cash and cash equivalents	4	7,714,531	21,328,339
Trade and other receivables		43,614,153	37,855,064
Other current assets		2,009,267	1,053,007
<b>Total current assets</b>		<b>53,337,951</b>	<b>60,236,410</b>
<b>Non-current assets</b>			
Property, plant and equipment		7,385,221	7,000,045
Intangible assets	6	89,268,246	79,315,504
<b>Total non-current assets</b>		<b>96,653,467</b>	<b>86,315,549</b>
<b>Total assets</b>		<b>149,991,418</b>	<b>146,551,959</b>
<b>Current liabilities</b>			
Trade and other payables		20,671,026	19,178,024
Contingent consideration		3,581,670	1,313,481
Financial liabilities	7	17,573,396	15,467,430
Current tax liabilities		1,942,929	2,742,974
Employee benefits		2,842,676	2,658,467
<b>Total current liabilities</b>		<b>46,611,697</b>	<b>41,360,376</b>
<b>Non-current liabilities</b>			
Contingent consideration		5,760,791	8,850,679
Financial liabilities	7	23,860,700	25,381,914
Deferred tax liabilities		1,390,425	2,384,119
Employee benefits		490,450	459,663
<b>Total non-current liabilities</b>		<b>31,502,366</b>	<b>37,076,375</b>
<b>Total liabilities</b>		<b>78,114,063</b>	<b>78,436,751</b>
<b>Net assets</b>		<b>71,877,355</b>	<b>68,115,208</b>
<b>Equity</b>			
Share capital	8	60,571,013	60,205,498
Retained earnings		10,403,577	7,317,935
Reserves		902,765	591,775
		71,877,355	68,115,208
Non-controlling interests		-	-
<b>Total equity</b>		<b>71,877,355</b>	<b>68,115,208</b>

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

**Consolidated Statement of Cash Flows  
For the half-year ended 31 December 2019**

	Note	Half year	
		31 December 2019	31 December 2018 (Restated)
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		210,499,315	147,910,841
Payments to suppliers and employees		(201,791,076)	(140,823,785)
Interest received		10,446	4,304
Finance costs paid		(1,210,736)	(623,230)
Income taxes paid		(4,893,878)	(1,829,237)
<b>Net cash provided by operating activities</b>	<b>4</b>	<b>2,614,071</b>	<b>4,638,893</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		6,330	123,182
Purchase of property, plant and equipment		(436,610)	(331,077)
Purchase of intangible assets		(211,568)	(21,343)
Purchase of subsidiaries (net of cash acquired)	5	(12,099,994)	(7,110,583)
Dividends received from investments equity accounted		-	392,027
<b>Net cash (used in) investing activities</b>		<b>(12,741,842)</b>	<b>(6,947,794)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	4c	2,291,722	8,000,000
Repayments of borrowings	4c	(1,936,837)	(2,487,801)
Repayment of lease liabilities	4c	(948,446)	(515,628)
Dividends paid		(2,892,668)	(2,204,815)
<b>Net cash provided by / (used in) financing activities</b>		<b>(3,486,229)</b>	<b>2,791,756</b>
<b>Net change in cash and cash equivalents held</b>		<b>(13,614,000)</b>	<b>482,855</b>
Effects of foreign exchange on cash		192	31,251
Cash and cash equivalents at the beginning of the half year		21,328,339	4,806,541
<b>Cash and cash equivalents at end of the half year</b>		<b>7,714,531</b>	<b>5,320,647</b>

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

**Consolidated Statement of Changes in Equity  
For the half-year ended 31 December 2019**

	Share Capital	Retained earnings	Share options reserve	Foreign currency reserve	Other reserve	Total	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>39,698,791</b>	<b>3,073,334</b>	<b>234,868</b>	<b>(62,360)</b>	-	<b>42,944,633</b>	-	<b>42,944,633</b>
Impact of change in accounting policy, net of tax (refer note 13)	-	(250,183)	-	-	-	(250,183)	-	(250,183)
Balance at 1 July 2018 adjusted	<b>39,698,791</b>	<b>2,823,151</b>	<b>234,868</b>	<b>(62,360)</b>	-	<b>42,694,450</b>	-	<b>42,694,450</b>
<b>Comprehensive Income</b>								
Profit for the half year (restated)	-	5,697,266	-	-	-	5,697,266	121,860	5,819,126
Other comprehensive income, net of tax	-	-	-	31,252	-	31,252	-	31,252
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>5,697,266</b>	<b>-</b>	<b>31,252</b>	<b>-</b>	<b>5,728,518</b>	<b>121,860</b>	<b>5,850,378</b>
<b>Transactions with owners in their capacity as owners</b>								
Recognition of non-controlling interest on gain of control of entity	-	-	-	-	-	-	148,604	148,604
Employee share-based payment options	-	-	154,905	-	-	154,905	-	154,905
Dividends paid	-	(2,576,749)	-	-	-	(2,576,749)	(104,000)	(2,680,749)
Dividends reinvested	475,934	-	-	-	-	475,934	-	475,934
Additional shares acquired in non-controlling interest	-	-	-	-	32,124	32,124	(32,124)	-
	475,934	(2,576,749)	154,905	-	32,124	(1,913,786)	12,480	(1,901,306)
<b>Balance at 31 December 2018 (restated)</b>	<b>40,174,725</b>	<b>5,943,668</b>	<b>389,773</b>	<b>(31,108)</b>	<b>32,124</b>	<b>46,509,182</b>	<b>134,340</b>	<b>46,643,522</b>

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

**Consolidated Statement of Changes in Equity  
For the half-year ended 31 December 2019**

	Share Capital	Retained earnings	Share options reserve	Foreign currency reserve	Other reserve	Total Equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>60,205,498</b>	<b>7,317,935</b>	<b>547,660</b>	<b>(26,328)</b>	<b>70,443</b>	<b>68,115,208</b>
<b>Comprehensive Income</b>						
Profit for the half year	-	6,343,825	-	-	-	6,343,825
Other comprehensive income, net of tax	-	-	-	7,014	-	7,014
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>6,343,825</b>	<b>-</b>	<b>7,014</b>	<b>-</b>	<b>6,350,839</b>
<b>Transactions with owners in their capacity as owners</b>						
Employee share-based payment options	-	-	303,976	-	-	303,976
Dividends paid	-	(3,258,183)	-	-	-	(3,258,183)
Dividends reinvested	365,515	-	-	-	-	365,515
	365,515	(3,258,183)	303,976	-	-	(2,588,692)
<b>Balance at 31 December 2019</b>	<b>60,571,013</b>	<b>10,403,577</b>	<b>851,636</b>	<b>(19,314)</b>	<b>70,443</b>	<b>71,877,355</b>

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

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Corporate information

These consolidated interim financial statements as at and for the six months ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the 'Group'). They have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

### Basis of preparation

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by People Infrastructure Ltd during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### New standards, interpretations and amendments adopted by the Group

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

The adoption of any new and revised Standards and Interpretations did not have any material impact on the amounts recognised in the financial statements of the Group for the current or prior periods. The Group early adopted AASB 16 Leases at 30 June 2019 and therefore some comparatives for 31 December 2018 have been restated to reflect the adoption of this standard in the prior year. The impact of these restatements are disclosed in Note 13: Restatement of Prior Year Balances.

### Key judgements and estimates

The preparation of the interim financial report required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported assets and liabilities, income and expenses. The significant judgements made by management in applying Group accounting policies were same as those applied to the annual financial report for the year ended 30 June 2019. Judgements and estimates which are material to the interim financial report relate to:

Note 5: Acquisition of subsidiaries / Intangible assets	Page 19
Note 8: Share based payments	Page 24
Note 13: Reassessment of prior period balances	Page 28

### The notes to the financial statements

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

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

### Note 1: Segment Reporting

The Group operates in one segment, being the provision of contracted staffing and human resources (HR) outsourcing services. The Group has determined its one operating segment based on the internal information that is provided to the chief operating decision maker and which is used in making strategic decisions. The Managing Director has been identified as the Group's chief operating decision maker. Further, no geographical segments have been identified. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 2: Profit or loss information

#### Revenue and other revenue

	Half year	
	31 December 2019	31 December 2018
	\$	\$
<b>Revenue from contracts with customers</b>		
<i>Recognised at a point in time</i>		
Contract hire revenue	176,125,793	123,814,307
Planting revenue	3,196,338	3,941,217
Facilities maintenance revenue	1,234,123	3,664,089
Recruitment revenue	8,174,225	1,012,008
Consultancy and other sales revenue	1,761,888	335,359
	<b>190,492,367</b>	<b>132,766,980</b>
<i>Recognised over time</i>		
Facilities project maintenance revenue	4,083,630	-
	<b>194,575,997</b>	<b>132,766,980</b>
<b>Other revenue</b>		
Government subsidies	234,477	292,515
Rental income	25,002	-
Interest revenue – third parties	10,446	4,304
<b>Total other revenue</b>	<b>269,925</b>	<b>296,819</b>
	<b>194,845,922</b>	<b>133,063,799</b>

Revenue for the half year ended 31 December 2019 is \$194,845,922 compared to \$133,063,799 in prior half-year. The increase of \$61,782,123 is as a result of growth within the Group in existing industries and as a result of acquisitions during the half-year and prior year not being included in the prior half-year results as the entities were not yet owned.

#### Other Income

	Half year	
	31 December 2019	31 December 2018
	\$	\$
<b>Other income</b>		
Gain on fair value adjustment of gain of control of investment	-	874,695
Net gain on disposal of property, plant and equipment	4,142	111,781
<b>Total sales revenue</b>	<b>4,142</b>	<b>986,476</b>

#### Expenditure

Total expenditure has increased from \$127,295,758 to \$186,035,588 for similar reasons as revenue.

	Half year	
	31 December 2019	31 December 2018
	\$	\$
<b>Other expenses include:</b>		
Fair value adjustment of deferred consideration	278,301	-

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 3: Earnings per share

	Half year	
	31 December 2019	31 December 2018 (Restated)
	\$	\$
<b>Profit attributable to the shareholders of People Infrastructure Ltd:</b>		
Profit from continuing operations	6,343,825	5,819,126
Weighted average number of ordinary shares used in the calculation of basic profit per share	72,509,416	64,418,732
<i>Adjustments for calculation of diluted earnings per share:</i>		
Options	3,840,372	3,700,333
Weighted average number of ordinary shares used in the calculation of diluted profit per share	76,349,788	68,119,065

### Note 4: Cash and cash equivalents

	31 December 2019	30 June 2019
	\$	\$
Cash on hand	722	686
Cash at bank	7,713,809	21,327,653
	<b>7,714,531</b>	<b>21,328,339</b>

#### 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	<b>7,714,531</b>	<b>21,328,339</b>
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### Cash flow information

	Half year	
	31 December 2019	31 December 2018 (Restated)
	\$	\$
<b>(a) Reconciliation of cash flow from operations with profit/(loss) after income tax</b>		
Profit after income tax	6,343,825	5,819,126
Non-cash flows in profit:		
Depreciation and amortisation	3,313,524	1,734,771
Bad and doubtful debts	(68,327)	70,712
Net loss on disposal of property, plant and equipment	(4,142)	(108,005)
Fair value adjustment on contingent consideration	278,301	-
Gain on fair value adjustment of gain of control of investment	-	(874,695)
Share based payments expense	303,976	154,905
Share of profit of equity-accounted investees	-	(387,151)
Finance costs on lease liabilities	-	107,880
Changes in assets and liabilities:		
Change in trade and other receivables	(3,275,414)	1,779,939
Change in other assets	(888,545)	(324,005)
Change in trade and other payables	(1,014,207)	(3,015,535)
Change in income taxes payable	(1,306,291)	645,583
Change in deferred taxes payable	(1,116,935)	(1,152,278)
Change in employee benefits	48,306	187,646
<b>Net cash provided by operating activities</b>	<b>2,614,071</b>	<b>4,638,893</b>

**Notes to the Financial Statements for the half-year ended 31 December 2019**

Note 4: Cash and cash equivalents (cont.)

Cash flow information (cont.)

**(b) Non-cash financing and investing activities**

Non-cash acquisitions of plant and equipment through leases of \$124,512 (2018: \$469,098) occurred during the period.

Dividends satisfied by the issue of shares under the dividend reinvestment plan – see note 8.

Options and shares issued to employees under the employee options plan and employee share scheme for no cash consideration – see note 8.

**(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.

	1 July 2019	Net cash flows	Non-cash changes Net Acquisition and disposal of leased assets	On Acquisition	31 December 2019
Financial liabilities	\$	\$	\$	\$	\$
Credit cards	16,445	(13,199)	-	7,184	10,430
Debtor finance accounts	9,713,255	1,981,722	-	-	11,694,977
Commercial bills	25,047,986	(1,613,638)	-	-	23,434,348
Lease liabilities	6,071,658	(948,446)	974,989	196,140	6,294,341
	<b>40,849,344</b>	<b>(593,561)</b>	<b>974,989</b>	<b>203,324</b>	<b>41,434,096</b>

	1 July 2018	Net cash flows	Non-cash changes Net Acquisition and disposal of leased assets	On Acquisition	31 December 2018
Financial liabilities	\$	\$	\$	\$	\$
Credit cards	34,050	(24,055)	-	-	9,995
Debtor finance accounts	9,393,775	(2,046,346)	-	-	7,347,429
Commercial bills	2,485,000	7,582,600	-	-	10,067,600
Lease liabilities (restated)	5,126,336	(515,628)	417,221	-	5,027,929
	<b>17,039,161</b>	<b>4,996,571</b>	<b>417,221</b>	<b>-</b>	<b>22,452,953</b>

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 5: 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. The purpose of the acquisition was to expand the Health and Community Care industry sector of the Group. First Choice is the leading healthcare staffing agency in Brisbane and the Sunshine Coast (and also extends to central and north QLD). Details of the acquisition and the fair values of the assets and liabilities acquired are as follows:

	<b>1 July 2019</b>
<b>Purchase consideration</b>	<b>\$</b>
Cash consideration	11,000,000
<b>Total consideration</b>	<b>11,000,000</b>
<b>Assets and liabilities acquired:</b>	
Cash and cash equivalents	553,092
Trade and other receivables	2,415,348
Other current assets	67,715
Property, plant and equipment	333,684
Deferred tax assets	340,019
Trade and other payables	(2,846,732)
Employee entitlements	(166,690)
Current tax liabilities	(506,246)
Financial liabilities	(203,324)
<b>Fair value of assets and liabilities acquired</b>	<b>(13,134)</b>
<b>Identifiable assets acquired</b>	
Brand names	327,400
Customer relationships	1,216,808
Candidate database	225,703
Deferred tax liability	(463,264)
<b>Total identifiable assets acquired and liabilities assumed</b>	<b>1,306,647</b>
<b>Goodwill on acquisition</b>	<b>9,706,487</b>
<b>Cashflows on acquisition</b>	
Cash consideration	11,000,000
Cash acquired	(553,092)
<b>Total cashflows outflows on acquisition to 31 December 2019</b>	<b>10,446,908</b>
<b>Results included in the consolidated results relating to First Choice Care Pty Ltd for the year</b>	
Revenue	15,708,635
Profit or loss after tax	1,066,150

Note that this profit refers to the First Choice Care Pty Ltd and does not include certain expenses relating to the First Choice Care business which are incurred elsewhere in the Group.

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 5: Acquisition of subsidiaries (cont.)

#### *Halcyon Knights Group*

At the 30 June 2019 an estimate was performed of the working capital adjustment and an accrual made for this. The estimate was under accrued by \$213,560. Therefore, this is an addition to Goodwill in the current reporting period. Refer also to Note 13 for details of adjustments to the acquisition accounting for this Group.

Therefore, total additions to goodwill from business combinations in the period is:

	\$
First Choice Care Pty Ltd	9,706,487
Halcyon Knights Group	213,560
Total additions to goodwill	9,920,047

#### *Impact of acquisitions on the results of the Group*

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

	<b>31 December</b>
	<b>2019</b>
	\$
Revenue	15,708,635
Profit or loss before tax	1,487,707

#### *Key judgements and estimations*

Management uses valuation techniques in determining the fair values of the various elements of a business combination. Particularly, the fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability (see Note 11).

#### *Summary of cashflows of acquisitions*

	<b>31 December</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	\$	\$
<b>Cash paid for subsidiaries acquired (net of cash acquired)</b>		
Network Nursing Agency Pty Ltd and Australian Healthcare Academy Pty Ltd	(1,100,000)	(7,469,930)
Project Partners Corporation Pty Ltd	-	359,347
Halcyon Knights Group	(553,086)	-
First Choice Care Pty Ltd	(10,446,908)	-
<b>Total cash paid for subsidiaries acquired (net of cash acquired)</b>	<b>(12,099,994)</b>	<b>(7,110,583)</b>

The cashflows for Network Nursing Agency and Halcyon Knights Group relate to the payment of contingent consideration and working capital adjustments made under the original contract.

The cashflows for 31 December 2018 relate to the original acquisitions of those entities which were in the first half of the financial year ended 30 June 2019.

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 6: Intangible assets

	31 December 2019	30 June 2019 (Restated)
	\$	\$
<b>Goodwill – at cost</b>	<b>72,977,230</b>	<b>63,057,184</b>
<b>Brand names – at cost</b>	<b>4,636,870</b>	<b>4,309,470</b>
<b>Customer relationships</b>		
Cost	14,535,200	13,318,391
Accumulated amortisation	(4,635,801)	(3,184,241)
	<b>9,899,399</b>	<b>10,034,150</b>
<b>Candidate database</b>		
Cost	2,539,525	2,313,822
Accumulated amortisation	(1,605,783)	(1,288,342)
	<b>933,742</b>	<b>1,025,480</b>
<b>Mobile application software</b>		
Cost	417,640	375,535
Accumulated amortisation	(192,444)	(153,269)
	<b>225,196</b>	<b>222,266</b>
<b>Website</b>		
Cost	155,206	135,206
Accumulated amortisation	(121,429)	(118,944)
	<b>33,777</b>	<b>16,262</b>
<b>Software</b>		
Cost	1,432,314	1,282,589
Accumulated amortisation	(891,495)	(753,110)
	<b>540,819</b>	<b>529,479</b>
<b>Patents and trademarks</b>		
Cost	29,556	29,556
Accumulated amortisation	(8,343)	(8,343)
	<b>21,213</b>	<b>21,213</b>
<b>Total intangible assets</b>	<b>89,268,246</b>	<b>79,315,504</b>

Notes to the Financial Statements for the half-year ended 31 December 2019

Note 6: Intangible assets (cont.)

Movements in carrying amount

<b>31 December 2019</b>	<b>Goodwill</b>	<b>Brand names</b>	<b>Customer relationships</b>	<b>Candidate database</b>	<b>Mobile application software</b>	<b>Website</b>	<b>Software</b>	<b>Patents and trademarks</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
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 13)	(839,594)	-	1,581,450	-	-	-	-	-	741,856
Balance at 1 July 2019 (restated)	63,057,184	4,309,470	10,134,150	1,025,480	222,266	16,262	529,479	21,213	79,315,504
Additions through business combinations (Refer Note 5)	9,920,047	327,400	1,216,808	225,703	-	-	-	-	11,689,958
Foreign exchange movements	-	-	-	-	-	-	(250)	-	(250)
Additions	-	-	-	-	42,105	20,000	149,562	-	211,667
Amortisation expense	-	-	(1,451,559)	(317,441)	(39,175)	(2,485)	(137,972)	-	(1,948,632)
<b>Balance at 31 December 2019</b>	<b>72,977,231</b>	<b>4,636,870</b>	<b>9,899,399</b>	<b>933,742</b>	<b>225,196</b>	<b>33,777</b>	<b>540,819</b>	<b>21,213</b>	<b>89,268,247</b>
<b>30 June 2019</b>	<b>Goodwill</b>	<b>Brand names</b>	<b>Customer relationships</b>	<b>Candidate database</b>	<b>Mobile application software</b>	<b>Website</b>	<b>Software</b>	<b>Patents and trademarks</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
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 (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 13)	(839,594)	-	1,581,450	-	-	-	-	-	741,856
<b>Balance at 30 June 2019 (restated)</b>	<b>63,057,184</b>	<b>4,309,470</b>	<b>10,134,150</b>	<b>1,025,480</b>	<b>222,266</b>	<b>16,262</b>	<b>529,479</b>	<b>21,213</b>	<b>79,315,504</b>

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 7: Financial liabilities

	31 December 2019	30 June 2019 (Restated)
	\$	\$
<i>Current</i>		
Credit cards	10,430	16,445
Debtor finance account	11,694,977	9,713,255
Commercial bills	3,847,316	3,847,316
Lease liabilities	2,020,673	1,890,414
<b>Total current financial liabilities</b>	<b>17,573,396</b>	<b>15,467,430</b>
<i>Non-current</i>		
Commercial bills	19,587,032	21,200,670
Lease liabilities	4,273,668	4,181,244
<b>Total non-current financial liabilities</b>	<b>23,860,700</b>	<b>25,381,914</b>
<b>Total financial liabilities including leases</b>	<b>41,434,096</b>	<b>40,849,344</b>

### Facilities

31 December 2019	Available facility	Facility used	Remaining Facility
Credit cards	423,000	10,430	412,570
Debtor finance / invoice discounting facility	18,000,000	11,694,977	6,305,023
Commercial bills	23,434,348	23,434,348	-
	<b>41,857,348</b>	<b>35,139,755</b>	<b>6,717,593</b>
30 June 2019	Available facility	Facility used	Remaining Facility
Credit cards	460,000	16,445	443,555
Debtor finance / invoice discounting facility	19,000,000	9,713,255	9,286,745
Commercial bills	25,047,986	25,047,986	-
	<b>44,507,986</b>	<b>34,777,686</b>	<b>9,730,300</b>

### 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 3.0 times.

These covenants were not breached during the reporting period.

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 8: Share capital

	31 December 2019 \$	30 June 2019 \$
73,423,472 (30 June 2019: 72,404,030) fully paid ordinary shares	60,571,013	60,205,498

#### Ordinary Shares

	Date	31 December 2019 Number	30 June 2019 Number	31 December 2019 \$	30 June 2019 \$
At the beginning of the period		72,404,030	64,418,732	60,205,498	39,698,791
Dividends reinvested	28 September 2018	-	241,540	-	-
Issue of shares on vesting of options	26 November 2018	-	250,000	-	-
Dividends reinvested	29 March 2019	-	86,350	-	678,051
Issue of ordinary shares under a capital raising	19 June 2019	-	7,407,408	-	20,000,000
Costs to issue shares		-	-	-	(888,519)
Recognition of deferred tax on share issue costs		-	-	-	717,175
Dividends reinvested	28 September 2019	112,081	-	365,515	-
Issue of shares on vesting of options	26 November 2019	907,361	-	-	-
<b>At reporting date</b>		<b>73,423,472</b>	<b>72,404,030</b>	<b>60,571,013</b>	<b>60,205,498</b>

#### Options and performance rights

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

	Date options granted	Expiry date	Exercise price of shares	Number under option
Reardon Options	14 October 2017	14 October 2020	\$1.00	340,000
Reardon Options	14 October 2017	14 October 2021	\$1.00	340,000
NED Options	22 November 2017	22 November 2020	\$1.00	300,000
Performance Rights (Tranche 1)	22 November 2017	22 November 2021	\$0.00	500,000
Performance Rights (Tranche 2)	22 November 2017	22 November 2021	\$0.00	613,327
Performance Rights (Tranche 4)	26 November 2018	26 November 2022	\$0.00	179,062
Performance Rights (Tranche 5)	26 November 2018	26 November 2022	\$0.00	187,500
Performance Rights (Tranche 6)	15 May 2019	15 May 2022	\$0.00	24,000
Performance Rights (Tranche 7)	31 May 2019	31 May 2023	\$0.00	350,000
Performance Rights (Tranche 8)	31 May 2019	31 May 2022	\$0.00	270,758
Performance Rights (Tranche 9)	28 October 2019	28 October 2023	\$0.00	100,000
Performance Rights (Tranche 10)	26 November 2019	22 November 2023	\$0.00	62,874
<b>Total under option</b>				<b>3,267,521</b>

During the reporting period tranche 9 and 10 were granted. The conditions around these are as follows:

#### Performance Rights – Tranche 9

These Performance Rights vest equally over FY21, FY22, and FY23 (each a Vesting Period). 50% of the Performance Rights in any given Vesting Period will vest if CAGR of total shareholder return and earnings per share growth (Growth Metric) over the relevant Vesting Period is greater than 10% and a further 50% vest if the Growth Metric, over the relevant Vesting Period is greater than 15%. Additionally, in order to have their Performance Rights vest, the relevant participant must remain employed by People Infrastructure Ltd at the time of vesting.

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 8: Share capital (cont.)

#### Options and performance rights (cont.)

##### Performance Rights – Tranche 10

These Performance Rights vest equally over FY20, FY21, FY22 and FY23 (each a Vesting Period). 50% of the Performance Rights in any given Vesting Period will vest if CAGR of total shareholder return and earnings per share growth (Growth Metric) over the relevant Vesting Period is greater than 10% and a further 50% vest if the Growth Metric, over the relevant Vesting Period is greater than 15%. Additionally, in order to have their Performance Rights vest, the relevant participant must remain employed by People Infrastructure Ltd at the time of vesting.

The principal assumptions used in the valuation were:

	Performance Rights – Tranche 9	Performance Rights – Tranche 10
Grant date	28/10/2019	26/11/2019
Number of options	100,000	62,874
Vesting period end	33% 28/10/2021 33% 28/10/2022 33% 28/10/2023	25% 26/11/2020 25% 26/11/2021 25% 26/11/2022 25% 26/11/2023
Share price at grant date	\$3.32	\$3.25
Volatility	40%	40%
Options life	4 years	4 years
Dividend yield	Continuous	Continuous
Fair value at grant date	33% \$0.981, 33% \$0.717, 33% \$0.547	25% \$1.488, 25% \$1.031, 25% \$0.828, 25% \$0.692
Exercise price at grant date	\$0.00	\$0.00
Exercisable from	At end of each vesting period	30 days after the exercise date
Exercisable to	At end of each vesting period	30 days after the exercise date

During the reporting period, the following options were forfeited as a result of employees leaving the Group.

	Date options granted	Expiry date	Exercise price of shares	Number under option
Performance Rights (Tranche 2)	22 November 2017	22 November 2021	\$0.00	65,000
Performance Rights (Tranche 3)	22 November 2017	22 November 2021	\$0.00	10,500
<b>Total forfeited</b>				<b>75,500</b>

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

	Date options granted	Date exercised	Exercise price of shares	Number under option
Performance Rights (Tranche 1)	22 November 2017	22 November 2019	\$0.00	250,000
Performance Rights (Tranche 2)	22 November 2017	22 November 2019	\$0.00	306,673
Performance Rights (Tranche 3)	22 November 2017	22 November 2019	\$0.00	228,500
Performance Rights (Tranche 4)	26 November 2018	22 November 2019	\$0.00	59,688
Performance Rights (Tranche 5)	26 November 2018	22 November 2019	\$0.00	62,500
<b>Total exercised during the period</b>				<b>907,361</b>

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 8: Share capital (cont.)

#### *Options and performance rights (cont.)*

##### Share based payment expense

The amount included in profit or loss is as follows:

	Half Year	
	31 December 2019	31 December 2018
	\$	\$
Employee benefits expense	303,976	154,905

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

	31 December 2019	30 June 2019
	\$	\$
Share capital	-	-
Share based payment reserve	851,636	547,660

#### *Key estimates – share-based payments*

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

#### *Dividends*

	Half Year	
	31 December 2019	31 December 2018
	\$	\$
Dividends provided for or paid during the half-year (4 cents per share)	3,258,183	2,576,749
Dividends satisfied by the issue of shares under the dividend reinvestment plan during the year	365,515	475,934

##### **Dividends not recognised at the end of the reporting period**

Since period end the directors have recommended the payment of an interim dividend of 4 cents per fully paid ordinary share. The aggregate amount of the proposed dividend expected to be paid on 30 March 2020 out of retained earnings at 31 December 2019, but not recognised as a liability at year end, is:

	2,936,939	-
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##### **Franked dividends**

The interim dividend recommended after 31 December 2019 will be fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 30 June 2019.

Franking credits available for subsequent reporting periods based on a tax rate of 30%

	10,354,325	n/a
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## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 9: Contingent assets and contingent liabilities

The Group has no contingent assets and no contingent liabilities.

### Note 10: Related party transactions

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

#### Parent entity

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

#### Subsidiaries

The following entities have entered the group during the reporting period:

Name of Subsidiary	Country of Incorporation	Ownership interest held by the Group	
		31 December 2019	30 June 2019
First Choice Care Pty Ltd (refer to Note 5)	Australia	100%	-

The following entities have left the group during the reporting period:

Name of Subsidiary	Country of Incorporation	Ownership interest held by the Group	
		31 December 2019	30 June 2019
Edmen Recruitment Pty Ltd	Australia	-	100%
Recon Executive Pty Ltd	Australia	-	100%

Both of these entities were dormant entities which were wound up during the period.

There were no other significant changes to the group during the reporting period.

#### Other related party transactions

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

	31 December 2019
<b>Shares Issued</b>	<b>\$</b>
Glen Richards *	150,000
Elizabeth Savage	-
Declan Sherman **	154,844
Thomas Reardon **	154,844
<b>Options or Performance Rights Issued</b>	
Declan Sherman	31,437
Thomas Reardon	31,437

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

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

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

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 11: Fair value measurement

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

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

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

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

#### Financial Liabilities at fair value through the profit or loss

	Level 1	Level 2	Level 3
	\$	\$	\$
<b>31 December 2019</b>			
Contingent consideration	-	-	9,342,461
<b>Total Financial Liabilities</b>	-	-	<b>9,342,461</b>
<b>30 June 2019</b>			
Contingent consideration	-	-	10,164,160
<b>Total Financial Liabilities</b>	-	-	<b>10,164,160</b>

There were no transfers between the levels of fair value hierarchy during the half-year ended 31 December 2019. There were no other financial assets or liabilities valued at fair value at 31 December 2019 and 30 June 2019.

#### 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
Payment on settlement of deferred consideration	(1,100,000)
Gains and losses recognised in profit or loss	278,301
Closing balance at 31 December 2019	9,342,461

### Contingent consideration

The fair value of contingent consideration related to the acquisitions 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. The probability was assessed as highly likely for all of the contingent considerations that the contract's target level will be achieved. During the period the contingent consideration for the NNA Group was no longer contingent as the conditions have been met and the contract's target levels achieved and therefore the component relating to NNA Group was settled.

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

A dividend of 4 cents per share was declared on 14 February 2020.

There were also 1,200,000 performance rights granted on 30 January 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.

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 13: Restatement of prior year balances

#### AASB 16: Leases

At 30 June 2019 the Group elected to early adopt AASB 16: Leases, which was effective from 1 July 2018. As a result, a number of comparative notes have been restated to reflect the adoption of this standard from the effective date, which has impacted the 31 December 2018 results. The amounts restated only impact the 31 December 2018 results, but does not impact the 30 June 2019 results as the adoption was reflected in the financial statements for the year ended 30 June 2019.

The following table details the restatement of retained earnings:

	\$
Retained earnings 1 July 2018 (reported)	3,073,334
Change in accounting policy – adoption of AASB 16 Leases	<u>(250,183)</u>
<b>Retained earnings 1 July 2018 (restated)</b>	<b><u>2,823,151</u></b>

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

	<b>31 December 2018 (Reported)</b>	<b>Increase / (Decrease)</b>	<b>31 December 2018 (Restated)</b>
	\$		\$
Depreciation and amortisation expense	1,308,432	426,339	1,734,771
Finance costs	623,230	107,880	731,110
Other expenses	4,590,133	(477,565)	4,112,568
Profit after tax	5,875,780	(56,654)	5,819,126

The following table details the restatement of statement of cashflows:

	<b>31 December 2018 (Reported)</b>	<b>Increase / (Decrease)</b>	<b>31 December 2018 (Restated)</b>
	\$		\$
Net cash provided by operating activities	4,161,328	477,565	4,638,893
Net cash provided by financing activities	3,269,320	(477,565)	2,791,755

#### 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 to use property	<u>58,459</u>
<b>Total adjustments to Goodwill</b>	<b><u>(839,594)</u></b>

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:

	<b>30 June 2019 (Reported)</b>	<b>Increase / (Decrease)</b>	<b>30 June 2019 (Restated)</b>
	\$		\$
Goodwill	63,896,778	(839,594)	63,057,184
Customer relationships	8,552,700	1,581,450	10,134,150
Trade and other payables	18,969,062	208,962	19,178,024
Financial liabilities - current	15,408,971	58,459	15,467,430
Deferred tax liabilities	1,909,684	474,435	2,384,119

## Notes to the Financial Statements for the half-year ended 31 December 2019

### Note 13: Restatement of prior year balances (cont.)

#### *Key judgements and estimations*

##### **AASB 16: Leases:**

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

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

##### **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**

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

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Accounting Standard *AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable, after taking into consideration the extent to which such debts are limited-recourse in nature or owing to the responsible entity.

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



**Declan Sherman**  
Managing Director

Dated this 14<sup>th</sup> day of February 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of People Infrastructure Ltd

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of People Infrastructure Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

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

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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

#### Independence

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

**BDO Audit Pty Ltd**

BDO

A handwritten signature in black ink that reads 'T J Kendall'. The signature is written in a cursive style with a horizontal line underneath.

**T J Kendall**

Director

Brisbane, 14 February 2020