

**Annual Report
For the year ended
30 June 2020**

International APM Group Pty Ltd
ABN 12 618 762 977



Advanced Personnel Management

International APM Group Pty Ltd

Annual Report

For the year ended 30 June 2020

ABN: 12 618 762 977

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West Perth
WA 6005

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Auditors: PricewaterhouseCoopers

Contents

Directors' Report	3
Financial Report	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Financial Report	12
Directors' Declaration	69
Independent Auditor's Report	70

The financial statements are the consolidated financial statements of International APM Group Pty Ltd and its subsidiaries. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors on 26 October 2021.

International APM Group Pty Ltd

Directors' Report

For the year ended 30 June 2020

Your directors present their report on the consolidated entity consisting of International APM Group Pty Ltd ("the company") and the entities it controlled at the end of, or during, the year ended 30 June 2020. Throughout the report, the consolidated entity is referred to as "the group".

Directors

The names of the directors in office at any time during or since the end of the year are:

- Alexander Eady (resigned 30 June 2020)
- Megan Wynne
- Christopher Hadley (resigned 30 June 2020)
- Michael Anghie

Principal activities

The group's principal activities by segment are:

- Australia - Employment Services, Health & Wellbeing, Communities and Assessment
- APAC (including New Zealand, Korea and Singapore) – Employment Services, Health & Wellbeing, Communities and Assessment
- Europe/UK (including Germany, Switzerland, Spain and the UK) - Employment Services, Health & Wellbeing, Communities and Assessment
- North America (including Canada and the USA) - Employment Services, Health & Wellbeing

Dividends

A fully franked dividend of \$42m was declared and paid to shareholders during the financial year (2019: nil). No other dividends were declared during or since the end of the financial year.

Review of operations

Total income for the year was \$796.7 million generating a net loss after income tax of \$21.0 million.

Significant changes in the state of affairs

On 20 December 2019, the group completed its acquisition of 100% of the share capital of Konekt Limited (ASX:KKT) through a Scheme of Arrangement between KKT and its shareholders.

On 30 June 2020, the group acquired the remaining 30% of Management Consultancy International Pty Ltd, an innovative training and education provider and consultancy firm.

International APM Group Pty Ltd

Directors' Report (continued)

For the year ended 30 June 2020

Significant changes in the state of affairs (continued)

On 30 June 2020, APM Global Holdings Pty Ltd, a wholly-owned subsidiary of APM Human Services International Limited, acquired 100% of the issued share capital of International APM Group Pty Ltd. As a result of the transaction, the interest-bearing liabilities and shareholders loans outstanding at that date were fully paid out.

The COVID-19 pandemic has not had a material impact on the group's financial performance during FY20. Any impact on performance-based conversions has been materially offset by increases to the volume of participants in our programs. There has been no impact to asset values and revenue has been in line with the group's budget. However, the continued impact of the COVID-19 pandemic, including the continued imposition of government restrictions and the broader impacts on the Australian and global economies, may impact the group's performance in FY21 and beyond.

Events subsequent to year end

On 31 July 2020, Ingeus UK Limited, a wholly-owned subsidiary of International APM Group Pty Ltd, acquired 100% of the issued share capital of CNLR Horizons Limited, whose principal activity is to provide employee assistants programmes. The total consideration was £1.5 million.

On 31 August 2020, Konekt Australia Pty Ltd, a wholly-owned subsidiary of International APM Group Pty Ltd, acquired 100% of the issued share capital of FBG Group Pty Ltd. FBG delivers a wide range of innovative, practical and evidence-based programs that help organisations to identify, manage and mitigate risk, while building leadership capability and supporting individual wellbeing. The total consideration was \$81.8 million.

On 30 September 2020, Ross Innovative Employment Solutions Corporation, a wholly-owned subsidiary of International APM Group Pty Ltd, acquired 100% of the issued share capital of DB Grant Associates, Inc. ("DB Grants"), a leading provider in people-related services in the USA. The acquisition has significantly increased the group's footprint in the USA and complements the group's existing USA operations. The total consideration was \$81.8 million. The total consideration was \$12.6 million.

The Staffordshire and West Midlands Community Rehabilitation Company Limited and The Derbyshire Leicestershire Nottinghamshire and Rutland Community Rehabilitation Company Limited, both wholly-owned subsidiaries of International APM Group Pty Ltd, signed a variation with the Ministry of Justice ("MoJ") which amended the Contract Period by making the termination date 25 June 2021. As at 30 June 2021, the contract was passed back to the MoJ.

On 31 July 2021, the group has acquired 100% of Generation Health Pty Limited for \$20.4 million. The strategic rationale for the acquisition was to expand the Workcare business in Australia.

On 31 August 2021, the group acquired 100% of The Kaiser Group (DE), LLC for \$22.7 million. The strategic rationale for the acquisition was to expand the Workforce development business in the USA.

On 13 October 2021, International APM Group Pty Ltd ultimate parent, APM Human Services International Limited entered into an agreement for the acquisition of ancillary and complementary businesses from entities controlled by Megan Wynne (and one entity in which Megan Wynne and Michael Anghie have a beneficial interest), which remains subject to conditions precedent being met. The consideration for this acquisition is the issue of \$65.8 million of APM shares, \$35.7 million in cash, and up to a maximum number of 20 million deferred settlement shares that are subject to earn-out conditions. The acquired businesses will support the group's expansion into providing services in relation to Australia's NDIS and Aged Care sector. The transaction involves the direct or indirect acquisition of Early Start Australia Pty Ltd, Integra Care Pty Ltd, Mobility Holdings Pty Ltd and Mobility Australia Pty Ltd.

No other matters or circumstances have occurred subsequent to period end that have 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 subsequent financial periods.

International APM Group Pty Ltd

Directors' Report (continued)

For the year ended 30 June 2020

Likely developments and expected results of operations

The group is focused on growing its core service areas in Australia and overseas.

The continued impact of the COVID-19 pandemic, in particular the continued imposition of government restrictions and the broader impacts on the economy, has not impacted the group's performance in FY21.

The Board and Executive Leadership Team continue to monitor the situation closely and to take action in response as appropriate and as recommended by governments and health authorities.

Environmental issues

The group's operations are not subject to any significant environmental regulations or laws in Australia.

Share options

The company agreed to award incentive shares to certain members of the management team subject to the satisfaction of specified vesting and other conditions. A full description of the terms of those incentive shares, including the numbers of options issued, is contained in note 20. There are no unissued ordinary shares under option at the date of this report.

Insurance of officers and indemnities

A premium was paid by International APM Group Pty Ltd, to insure the directors, secretary and senior managers of International APM Group Pty Ltd and its subsidiaries. The premium paid covers legal costs that may be incurred defending civil or criminal proceedings that may be brought against these officers in their capacity as officers of group companies. The premium paid does not cover wilful breaches of duty, improper use of information causing damage to the group.

Indemnifying of auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the group.

International APM Group Pty Ltd

Directors' Report (continued)

For the year ended 30 June 2020

Information on directors

The following information is current for those directors in office as at the date of this report:

Megan Wynne (APM Founder and Managing Director)

Experience and expertise:

- Founded APM in 1994 and has over 30 years' industry experience.
- Appointed to Collie District Hospital in Western Australia to establish the first occupational therapy service within the region in 1987.
- Established a private Occupational Therapy practice at St John of God Hospital in 1990, and subsequently went on to manage the Vocational Rehabilitation and Occupational Therapy Services of Perth Pain Management Centre.
- Bachelor of Applied Science (Occupational Therapy), Post Grad. Diploma (Health Sciences) and a Master of Science (Rehabilitation).

Michael Anghie (APM Group Chief Executive Officer)

Experience and expertise:

- Joined APM as Group Chief Executive Officer in 2018.
- Prior to joining APM held a number of senior leadership roles in Australia and overseas at global professional services firm, EY.
- Strong relationships across Government, Corporate and Community groups.
- Involved in a number of not for profits, being the Chair of Celebrate WA, Director of Art Gallery of Western Australia, Member of CEOs for Gender Equity and Ambassador for New Colombo Plan.

Christopher Hadley (non-executive director) (resigned 30 June 2020)

Experience and expertise:

- Longest serving executive in the Australian Private Equity industry and was on the founding council members of AVCAL.
- Led and managed the raising of all nine Quadrant funds and has been a member for the investment committee of all funds.
- Led and managed a number of Quadrant investments and is a director of Quadrant investee companies A-Mart/Barbeques Galore, The Entrainment and Education Group, Superior Food Group, Rockpool Dining Group, Fitness and Lifestyle Group, RiteBite Group and APM International.

Alexander Eady (non-executive director) (resigned 30 June 2020)

Experience and expertise:

- Joined Quadrant Private Equity in March 2008.
- Prior to joining APM held a number of senior leadership roles in Australia and overseas at global professional services firm, EY.
- Strong relationships across Government, Corporate and Community groups.

International APM Group Pty Ltd

Directors' Report (continued)

For the year ended 30 June 2020

Rounding of amounts

The group is of a kind referred to in *ASIC Legislative Instrument 2016/191*, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.



Michael Anghie
Director

West Perth
26 October 2021

International APM Group Pty Ltd

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	For the year ended 30 June 2020* \$'000	For the year ended 30 June 2019* \$'000
Revenue from contracts with customers	4	795,198	534,298
Other income		2,134	1,360
Other (losses)/gain	5	(621)	42
Total income		796,711	535,700
People costs	5	(520,238)	(346,924)
Client support costs		(39,413)	(34,814)
Administration	5	(47,566)	(23,312)
Marketing		(4,459)	(5,498)
Travel expenses		(8,805)	(9,194)
Occupancy expenses	5	(22,419)	(22,598)
Other operating costs	5	(21,543)	(16,597)
Depreciation and amortisation	5	(78,435)	(51,400)
Net finance costs	6	(59,334)	(47,409)
Loss before income tax		(5,501)	(22,046)
Income tax expense	7	(15,487)	(6,100)
Loss for the year		(20,988)	(28,146)
Other comprehensive (loss)/gain, net of tax			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(3,255)	1,853
Total comprehensive loss for the year		(24,243)	(26,293)
Total comprehensive loss for the year is attributable to:			
Owners of International APM Group Pty Ltd		(24,472)	(26,391)
Non-controlling interests		229	98
		(24,243)	(26,293)

* The above balances have been restated, refer to note (d) basis of preparation in the notes to the financial statements.

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

International APM Group Pty Ltd

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020* \$'000	2019* \$'000
Current assets			
Cash and cash equivalents	8	29,918	44,542
Trade and other receivables	9	48,494	44,577
Work in progress		157	1,060
Accrued revenue	4	75,081	82,543
Prepayments		34,911	34,979
Other current assets		1,816	150
Total current assets		190,377	207,851
Non-current assets			
Deferred tax assets	7	9,593	13,224
Property, plant and equipment	11	33,219	33,189
Right-of-use assets	10	53,627	61,680
Intangible assets	12	631,518	555,913
Other non-current assets		4,463	4,650
Total non-current assets		732,420	668,656
Total assets		922,797	876,507
Current liabilities			
Trade and other payables	13	64,430	87,915
Interest-bearing liabilities	14	27,758	33,920
Current tax liabilities		4,534	1,101
Deferred revenue	4	96,864	82,481
Provisions	16	18,487	19,514
Total current liabilities		212,073	224,931
Non-current liabilities			
Deferred tax liabilities	7	54,803	38,759
Interest-bearing liabilities	14	29,075	251,240
Shareholder loans	15	-	267,183
Provisions	16	27,900	30,376
Trade and other payables	13	18,196	-
Other non-current liabilities		-	3,674
Total non-current liabilities		129,974	591,232
Total liabilities		342,047	816,163
Net assets		580,750	60,344

* The above balances have been restated, refer to note (d) basis of preparation in the notes to the financial statements.

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

International APM Group Pty Ltd
Consolidated Statement of Financial Position
As at 30 June 2020 (continued)

	Note	2020* \$'000	2019* \$'000
Contributed equity	17	688,535	94,971
Reserves	17	(13,748)	248
Accumulated losses		(94,037)	(31,026)
Non-controlling interests		-	(3,849)
Total equity		580,750	60,344

** The above balances have been restated, refer to note (d) basis of preparation in the notes to the financial statements.*

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

International APM Group Pty Ltd

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Ordinary shares \$'000	Reserves \$'000	Accumulated losses \$'000	Non- controlling interests \$'000	Total equity* \$'000
Balance at 1 July 2018		94,168	(1,735)	(2,782)	-	89,651
(Loss)/profit for the year		-	-	(28,244)	98	(28,146)
Exchange differences on translation of foreign operations	17	-	1,853	-	-	1,853
Total comprehensive loss net of tax		-	1,853	(28,244)	98	(26,293)
Transactions with owners in their capacity as owners:						
Non-controlling interests on acquisition of subsidiary		-	-	-	(3,947)	(3,947)
Employee share schemes	17,20(c)	803	130	-	-	933
Balance at 30 June 2019		94,971	248	(31,026)	(3,849)	60,344
Balance at 30 June 2019		94,971	248	(31,026)	(3,849)	60,344
(Loss)/profit for the year		-	-	(21,217)	229	(20,988)
Exchange differences on translation of foreign operations	17	-	(3,255)	-	-	(3,255)
Total comprehensive loss net of tax		-	(3,255)	(21,217)	229	(24,243)
Movement in shares on issue	17	589,963	-	-	-	589,963
Transactions with owners in their capacity as owners:						
Transactions with non-controlling interests		-	(11,167)	-	3,620	(7,547)
Dividends provided for or paid		-	-	(41,794)	-	(41,794)
Employee share schemes	17,20(c)	3,601	426	-	-	4,027
Balance at 30 June 2020		688,535	(13,748)	(94,037)	-	580,750

* The above balances have been restated, refer to note (d) basis of preparation in the notes to the financial statements.

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

International APM Group Pty Ltd

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	For the year ended 30 June 2020* \$'000	For the year ended 30 June 2019* \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST & VAT)		876,801	607,251
Payments to suppliers and employees (inclusive of GST & VAT)		(746,485)	(543,787)
Interest received		77	71
Income tax (paid)/received		(3,913)	1,012
Net cash flows from operating activities	21	126,480	64,547
Cash flows from investing activities			
Payment for property, plant and equipment, net		(14,055)	(15,972)
Payment for acquisition of subsidiaries, net of cash acquired		(80,519)	(61,412)
Net cash used in investing activities		(94,574)	(77,384)
Cash flows from financing activities			
Proceeds from issues of shares	17(a)	589,962	-
Proceeds from borrowings		59,500	73,313
Repayment of borrowings		(607,191)	(10,000)
Principal elements of lease payments		(30,158)	(17,927)
Dividends paid to shareholders		(41,794)	-
Interest paid		(16,596)	(8,454)
Net cash (used in)/from financing activities		(46,277)	36,932
Net (decrease)/increase in cash and cash equivalents held		(14,371)	24,095
Cash at beginning of year		44,542	21,299
Net foreign exchange differences		(253)	(852)
Cash and cash equivalents at the end of the year	8	29,918	44,542

* The above balances have been restated, refer to note (d) basis of preparation in the notes to the financial statements.

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

International APM Group Pty Ltd

Notes to the Financial Statements

For the year ended 30 June 2020

1 About this report

International APM Group Pty Ltd (referred to as 'APM') is a for-profit company limited by shares incorporated and domiciled in Australia. The nature of the operations and principal activities of APM and its subsidiaries (referred to as 'the Group') are described in the segment information.

The consolidated 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 26 October 2021.

These general-purpose financial statements:

- have been prepared by the Directors to meet the information needs of the shareholders and are in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board ("AASB"). The Group is a for-profit entity for the purpose of preparing the financial statements. The financial statements of the International APM Group Pty Ltd also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB");
- have been prepared on a historical cost basis unless noted otherwise;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars (\$'000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191; and
- except as outlined in note 29, does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective, applicable for the year ended 30 June 2020 only.

(a) Significant changes in the current year

The financial position and performance of the group was particularly affected by the following events and transactions during the reporting period:

On 20 December 2019, the group completed its acquisition of 100% of the share capital of Konekt Limited (ASX:KKT) through a Scheme of Arrangement between KKT and its shareholders.

On 30 June 2020, the group acquired the remaining 30% of Management Consultancy International Pty Ltd, an innovative training and education provider and consultancy firm.

On 30 June 2020, the controlling shareholders of the group changed. As a result of the transaction, the interest-bearing liabilities and shareholders loans outstanding at that date were fully paid out.

The COVID-19 pandemic has not had a material impact on the group's financial performance during FY20. There has been no impact to asset values and revenue has been in line with the group's budget. However, the continued impact of the COVID-19 pandemic, including the continued imposition of government restrictions and the broader impacts on the Australian and global economies, may impact the group performance in FY21 and beyond.

(b) 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. The ongoing impact of COVID-19 has been considered in the preparation of these consolidated financial statements and in applying the group's key judgements and estimates. The directors have reviewed liquidity and cash flow forecasts, as well as critical accounting estimates and judgements for the group. As these are subject to increased uncertainty, actual outcomes may differ from the applied estimates.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

(b) Key judgements and estimates (continued)

Judgements and estimates which are material to the financial report are found in the following notes:

- Note 4 Revenue
- Note 7 Income tax expense
- Note 10 Leases
- Note 12 Intangible assets
- Note 16 Provisions
- Note 20 Share-based payments

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the group. A list of controlled entities (subsidiaries) at year-end is contained in note 26.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intragroup transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The group controls an entity where the group is exposed to, or has 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 deconsolidated from the date that control ceases.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(d) Basis of preparation

For the financial year ended 30 June 2020, the group has elected to prepare non-statutory general purpose financial statements in accordance with Tier 1 Australian Accounting Standards. The consolidated financial statements for the financial year ended 30 June 2020 are the first financial statements issued by the group that comply with Australian Accounting Standards and Interpretations, including AASB 1 First-time Adoption Australian Accounting Standards ("AASB 1"), with a transition date of 1 July 2018. First time adoption has led to incremental disclosures being included throughout the financial report for comparative information. In addition, in order to comply with AASB 1, the group has transitioned to AASB 16 Leases on 1 July 2018 (the beginning of the comparative period presented). The group's adoption of AASB 1 did not have any other impact on the financial position, financial performance and cash flows of the group. As such these financial statements do not include an opening Statement of Financial Position. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

(d) Basis of preparation (continued)

Restatement of comparative information

(i) Change in accounting policy – lease accounting

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present (discounted) value of the remaining lease payments.

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2018 as short-term leases;
- the excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(ii) Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid accrued lease payments relating to that lease recognised in the Consolidated Statement of Financial Position as at 1 July 2018.

Corrections to comparative period information

In addition to the adoption of AASB 16, in preparation of the financial statements for the year ended 30 June 2020, the group identified certain areas which required correction to prior period balances. These areas relate to:

- Adjustment to reduce accrued expenses relating to future payroll costs.
- Reclassification of property deposits from cash and cash equivalents, due to not being readily available to convert into cash within three months.
- Adjustment to cashflow for the year ended 30 June 2020 to remove non-cash items from operating activities.

The impact of the above on the Consolidated Statement of Financial Position, Consolidated Statement of Profit and Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows - net of associated tax impacts - is as follows:

Impact 1 July 2018 Consolidated Statement of Financial Position

	1 July 2018 (Reported)	Lease adjustments	Presentation adjustments	Correction adjustments	1 July 2018 (Adjusted)
	\$'000	\$'000	\$'000	\$'000	\$'000
Right of use assets	-	26,996	-	-	26,996
Deferred tax assets	178	(8,099)	-	-	(7,921)
Total assets	547,922	18,897	-	-	566,819
Lease liability - current	-	12,032	-	-	12,032
Deferred tax liabilities	23,877	8,099	-	-	31,976
Lease liability – non-current	-	14,964	-	-	14,964
Total liabilities	470,282	35,095	-	-	505,377
Retained earnings	(14,793)	-	-	-	(14,793)
Total equity	77,640	-	-	-	77,640

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

(d) Basis of preparation (continued)

Corrections to comparative period information (continued)

Impact 2019 Consolidated Statement of Financial Position

	30 June 2019 (Reported)	Lease adjustments	Presentation adjustments	Correction adjustments	30 June 2019 (Adjusted)
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	48,020	-	-	(3,478)	44,542
Right of use assets	-	61,680	-	-	61,680
Deferred tax assets	4,401	8,823	-	-	13,224
Other non-current assets	1,172	-	-	3,478	4,650
Total assets	806,004	70,503	-	-	876,507
Trade and other payables – current	92,157	-	(66)	(4,176)	87,915
Lease liability - current	-	23,920	-	-	23,920
Deferred tax liabilities	29,203	8,303	-	1,253	38,759
Lease liability – non-current	-	40,058	-	-	40,058
Total liabilities	746,871	72,281	(66)	(2,923)	816,163
Reserves	260	(12)	-	-	248
Retained earnings	(32,249)	(1,766)	66	2,923	(31,026)
Total equity	59,133	(1,778)	66	2,923	60,344

Impact 2020 Consolidated Statement of Financial Position

	30 June 2020 (Reported)	Lease adjustments	Presentation adjustments	Correction adjustments	30 June 2020 (Adjusted)
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	33,210	-	-	(3,292)	29,918
Property, plant and equipment	33,195	-	24	-	33,219
Right of use assets	51,863	1,764	-	-	53,627
Deferred tax assets	470	9,123	-	-	9,593
Other non-current assets	1,171	-	-	3,292	4,463
Total assets	911,886	10,887	24	-	922,797
Trade and other payables – current	71,358	-	(40)	(6,888)	64,430
Lease liability - current	25,422	2,003	333	-	27,758
Deferred tax liabilities	44,012	8,725	-	2,066	54,803
Lease liability – non-current	29,151	257	(333)	-	29,075
Total liabilities	335,924	10,985	(40)	(4,822)	342,047
Reserves	(14,345)	597	(2,923)	2,923	(13,748)
Retained earnings	(98,227)	(695)	2,986	1,899	(94,037)
Total equity	575,962	(98)	64	4,822	580,750

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

(d) Basis of preparation (continued)

Impact 2019 Consolidated Profit and Loss

	30 June 2019 (Reported)**	Lease adjustments	Presentation adjustments	Correction adjustments	30 June 2019 (Adjusted)
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	534,221	-	77	-	534,298
Total income	535,623	-	77	-	535,700
People costs	(351,035)	-	(65)	4,176	(346,924)
Client support costs	(34,766)	-	(48)	-	(34,814)
Administration	(23,236)	-	(76)	-	(23,312)
Marketing	(5,547)	-	49	-	(5,498)
Travel	(9,207)	-	13	-	(9,194)
Occupancy expenses	(41,825)	19,292	(65)	-	(22,598)
Other operating costs	(15,448)	(1,219)	70	-	(16,597)
Depreciation and amortisation	(33,546)	(17,927)	73	-	(51,400)
Net Finance costs	(44,926)	(2,430)	(53)	-	(47,409)
(Loss)/profit before taxation	(23,913)	(2,284)	(25)	4,176	(22,046)
Income tax expense/(benefit)	(5,456)	518	91	(1,253)	(6,100)
(Loss)/profit for the year	(29,369)	(1,766)	66	2,923	(28,146)

Impact 2020 Consolidated Profit and Loss

	30 June 2020 (Reported)**	Lease adjustments	Presentation adjustments	Correction adjustments	30 June 2020 (Adjusted)
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from contracts with customers	795,244	-	(46)	-	795,198
Other income	1,952	-	182	-	2,134
Total income	796,575	-	136	-	796,711
People costs	(522,950)	-	-	2,712	(520,238)
Client support costs	(39,277)	-	(136)	-	(39,413)
Occupancy expenses	(25,115)	2,721	(25)	-	(22,419)
Other operating costs	(21,858)	316	(1)	-	(21,543)
Depreciation and amortisation	(76,875)	(1,584)	24	-	(78,435)
Net Finance costs	(59,073)	(261)	-	-	(59,334)
(Loss)/profit before taxation	(9,403)	1,192	(2)	2,712	(5,501)
Income tax expense/(benefit)	(14,551)	(122)	-	(814)	(15,487)
(Loss)/profit for the year	(23,954)	1,070	(2)	1,898	20,988

**The previously reported Consolidated Profit or Loss and Other Comprehensive Income was reclassified from function to nature to ensure consistency with the classification adopted for the APM Human Services International Limited's 30 June 2021 Annual Report (the group's new parent entity).

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

(d) Basis of preparation (continued)

Impact 2019 Statement of Cashflows

	30 June 2019 (Reported)	Lease adjustments	Presentation adjustments	30 June 2019 (Adjusted)
	\$'000	\$'000	\$'000	\$'000
Payment to suppliers	(562,098)	17,927	384	(543,787)
Net cash provided by operating activities	46,236	17,927	384	64,547
Principal elements of lease payments	-	(17,927)	-	(17,927)
Net cash provided by financing activities	54,859	(17,927)	-	36,932

Impact 2020 Statement of Cashflows

	30 June 2020 (Reported)	Lease adjustments	Presentation adjustments	30 June 2020 (Adjusted)
	\$'000	\$'000	\$'000	\$'000
Payment to suppliers	(746,510)	-	25	(746,485)
Net cash provided by operating activities	126,455	-	25	126,480
Proceeds from issues of shares	589,962	-	1	589,963
Dividends paid to shareholders	(41,797)	-	3	(41,794)
Net cash provided by financing activities	(46,280)	-	4	(46,276)

(e) Going concern

The financial statements have been prepared on the going concern basis, with a loss in the year of \$24.2 million (2019: \$26.3 million), net current liabilities of \$21.7 million (2019: \$17.1 million) and net assets of \$580.8 million (2019: \$60.3 million).

Despite the net current liability position and loss for the year, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. In forming this view, the directors considered the fact the group recently refinanced its external debt facilities with more favourable terms, the group has continued access to a \$75 million revolver credit facility, \$64 million of which remains undrawn at the date these financial statements are signed, a strong cash balance at 30 June 2021 of \$106.8 million, a positive working capital balance of \$32.6 million at 30 June 2021, and board-approved forecasts which show positive cash generation over the next 12 months.

After consideration of the matters set out above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

(f) Foreign currency

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange ruling at the balance date and the income statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance date.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

(f) Foreign Currency (continued)

Exchange differences arising from the application of these procedures are taken to the income statement, with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, which are taken directly to equity until the disposal of the net investment and are then recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

(g) Impairment of assets Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) 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.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

2 Segment information

(a) Description of segments and principal activities

The group operates in the human services industry across ten countries and it considers its operating segments to be the geographical regions it operates in.

The Board, Group Chief Executive Officer and Group Chief Financial Officer (the chief operating decision-makers or "CODM's") examine the group's performance from a geographic perspective and have identified three reportable segments of its business.

The operating segments are as follows:

- Australia - Employment Services, Health & Wellbeing, Communities and Assessment
- APAC (including New Zealand, Korea and Singapore) – Employment Services, Health & Wellbeing, Communities and Assessment
- Europe/UK (including Germany, Switzerland, Spain and the UK) - Employment Services, Health & Wellbeing, Communities and Assessment
- North America (including Canada and the USA) - Employment Services, Health & Wellbeing

The CODM's primarily uses the contribution of its segments prior to financing, taxation and non-cash items to assess the performance of the operating segments (Gross contribution).

(b) Gross contribution

Gross contribution is calculated utilising billings less the operating costs of the business and property and lease costs. Gross contribution excludes non-cash items such as accrued revenue, share-based payments and unrealised foreign exchange movements. The CODM's use this measure as it best represents the operating cash generation potential of the business prior to the funding costs of finance and taxation, which would allow for the investment in growth and expansion into new sectors and regions. These items are included in the reconciliation to profit before tax below.

Transactions between operating segments are eliminated within the Gross contribution information.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

2 Segment information (continued)

(b) Gross contribution (continued)

	2020 \$'000	2019 \$'000
Australia	83,860	40,027
APAC	11,899	7,754
Europe/UK	16,374	(3,848)
North America	10,178	2,650
Total Gross contribution	122,311	46,583
	2020 \$'000	2019 \$'000
Gross contribution reconciles to (loss)/profit before income tax as follows:		
Variable consideration - revenue arrangements	4,285	22,353
Lease payments included in operating expenses	31,968	19,292
Net finance costs	(59,334)	(47,409)
Depreciation and amortisation	(78,435)	(51,400)
Deal transaction costs	(18,364)	-
Other	(7,932)	10,582
(Loss)/profit before income tax	(5,501)	(22,046)

(c) Segment results

	Australia 2020 \$'000	APAC 2020 \$'000	Europe/UK 2020 \$'000	North America 2020 \$'000	Consolidated 2020 \$'000
Segment revenue					
Revenue from contracts with customers	396,174	72,741	246,872	79,412	795,198
Other income	621	921	382	210	2,134
Other gains/(losses)	(21)	-	(600)	-	(621)
Total Segment revenue	396,774	73,662	246,654	79,621	796,711
Segment net (loss)/profit after tax before amortisation (NPATA)	(1,671)	6,739	697	4,771	10,536
Net (loss)/profit after tax before amortisation as a percentage of revenue	(0.4)%	9.1%	0.3%	6.0%	1.3%

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

(c) Segment results (continued)

	Australia 2019 \$'000	APAC 2019 \$'000	Europe/UK 2019 \$'000	North America 2019 \$'000	Consolidated 2019 \$'000
Segment revenue					
Revenue from contracts with customers	296,368	53,436	152,937	31,557	534,298
Other income	168	191	902	99	1,360
Other gains/(losses)	42	-	-	-	42
Total Segment revenue	296,578	53,627	153,839	31,656	535,700

Net profit after tax before amortisation ("NPATA") is the net profit or loss after tax and after adding back the amortisation expense relating to acquired service agreement contract intangibles. Upon conversion of APM Human Services International Limited ("APMHSL") into a public company, NPATA will be used by the CODM's of the business when assessing strategic options such as the ability to pay dividends.

	Australia 2020 \$'000	APAC 2020 \$'000	Europe/UK 2020 \$'000	North America 2020 \$'000	Consolidated 2020 \$'000
Other significant (costs)/gains					
Depreciation	(24,070)	(2,994)	(16,781)	(3,066)	(46,911)
Amortisation	(22,537)	(2,294)	(5,458)	(1,235)	(31,524)
Net finance costs	(57,634)	(162)	(1,357)	(181)	(59,334)
Income tax (expense)/benefit	(10,661)	(2,666)	265	(2,425)	(15,487)
Total other significant (costs)/gains	(114,902)	(8,116)	(23,331)	(6,907)	(153,256)

	Australia 2019 \$'000	APAC 2019 \$'000	Europe/UK 2019 \$'000	North America 2019 \$'000	Consolidated 2019 \$'000
Other significant (costs)/gains					
Depreciation	(14,651)	(609)	(11,812)	(438)	(27,510)
Amortisation	(19,582)	(1,134)	(2,699)	(475)	(23,890)
Net finance costs	(45,759)	(50)	(1,598)	(3)	(47,409)
Income tax (expense)/benefit	(1,998)	(1,376)	(2,563)	(163)	(6,100)
Total other significant (costs)/gains	(81,990)	(3,169)	(18,672)	(1,079)	(104,909)

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

(d) Revenue by country

The below disclosure sets out the group's revenue by country as included within the operating segment disclosures above.

	2020 \$'000	2019 \$'000
Australia *	396,173	296,368
APAC		
New Zealand	43,150	40,905
Korea	24,397	9,570
Singapore	5,194	2,961
Europe / UK		
United Kingdom **	224,005	142,740
Germany	17,659	7,823
Switzerland	5,208	2,374
North America		
USA	36,911	14,446
Canada	42,501	17,111
Total revenue from contracts with customers	795,198	534,298

* Revenues of approximately \$264.5 million (2019: \$253.7 million) are derived from a single external government customer comprising a number of separate individual programs.

** Revenues of approximately \$224.0 million (2019: \$142.7 million) are derived from a single external government customer comprising a number of separate individual programs.

(e) Segment assets

The below disclosure sets out the group's non-current assets other than financial instruments and deferred tax assets. These assets are measured in the same way as in the financial statements. Segment assets include intersegment elimination entries.

	2020 \$'000 Non-current assets	2019 \$'000 Non-current assets
Australia	622,245	519,647
APAC		
New Zealand	7,231	7,620
Korea	5,473	8,493
Singapore	4,668	4,847
Europe / UK		
United Kingdom	51,980	78,518
Germany	7,675	9,024
Switzerland	1,756	2,012
North America		
USA	9,198	9,965
Canada	8,139	10,656
Total segment non-current assets	718,364	650,782
Deferred tax assets	9,593	13,224
Other assets	4,463	4,650
Total non-current assets per the Consolidated Statement of Financial Position	732,420	668,656

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

3 Business combinations

(a) Summary of acquisition - Konekt Group (100%)

On 20 December 2019, Advanced Personnel Management International Pty Ltd, a wholly-owned subsidiary of International APM Group Pty Ltd, acquired 100% of the issued share capital of Konekt Limited (ASX:KKT), a leading provider in people-related services in Australia.

The strategic rationale for this business acquisition was to further expand the group's people-related services in Australia.

The fair value of the Konekt group's intangible assets has been estimated by applying a multi-period excess earning method. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on an assumed nominal post-tax discount rate of 9.25%.

The determined fair values of the assets and liabilities acquired at the date of acquisition are as follows:

	Fair Value
	\$'000
Cash and cash equivalents	1,246
Trade and other receivables	5,260
Prepayments	1,248
Current tax receivables	88
Property, plant and equipment	3,471
Right-of-use assets	4,299
Intangible assets: service agreements/relationships	45,300
Trade and other payables	(10,680)
Deferred revenue	(5,138)
Current interest-bearing liabilities	(2,004)
Current provisions	(4,473)
Other current liabilities	(115)
Lease liabilities	(4,299)
Interest-bearing liabilities	(10,183)
Non-current provisions	(1,185)
Deferred tax liabilities	(9,921)
Other non-current liabilities	(306)
Net identifiable assets acquired	12,608
Goodwill	62,490
Net assets acquired	75,098

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

Revenue and profit contribution

The acquired business contributed revenues of \$24 million and net profit of \$12 million to the group for the period from December 2019 to 30 June 2020. If the acquisition had occurred on 1 July 2019, revenue and net profit contribution for the year ended 30 June 2020 would have been \$69.3 million and \$8.7 million respectively.

The acquisition-related costs for this purchase amounted to \$3 million and have been recognised as an expense in the year, in the statement of profit or loss and other comprehensive income in administrative expenses.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

3 Business combinations (continued)

(a) Summary of acquisition - Konekt Group (100%) (continued)

Contingent liabilities - There were no contingent liabilities recognised on acquisition.

Purchase consideration cash outflow

	2020 \$'000
Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	76,344
Less: Balances acquired – Cash	(1,246)
Net outflow of cash – investing activities	75,098

(b) Summary of acquisition – Ingeus Group (100%)

On 21 December 2018, Advanced Personnel Management Group Pty Ltd and APM UK Holdings Limited, both wholly-owned subsidiaries of International APM Group Pty Ltd, acquired 100% of the issued share capital of Ingeus Europe Limited, Ross Innovative Employment Solutions Corp, Ingeus Australia Holdings Pty Ltd and WCG Holdings Ltd (collectively, "the Ingeus Group"), a leading provider in people-related services globally. The strategic rationale for this acquisition was access to large existing markets with strong industry tailwinds, opportunity for growth in new sectors and markets, and proven bid capability and contract execution.

The fair value of the Ingeus group's identifiable intangible assets has been estimated by applying a multi-period excess earning method. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on an assumed nominal post-tax discount rate of 9.75%. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
<i>Purchase consideration:</i>	
Cash paid	65,331
Total purchase consideration	65,331

The determined fair values of the assets and liabilities acquired at the date of acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	29,773
Trade and other receivables	39,310
Prepayments	11,784
Current tax receivables	358
Property, plant and equipment	16,564
Intangible assets: Service agreements/relationships	41,000
Other non-current assets	1,155
Trade and other payables	(43,464)
Deferred revenue	(22,775)
Current provisions	(8,394)
Current tax liabilities	(2,245)
Non-current provisions	(21,488)
Net identifiable assets acquired	41,578
Goodwill	23,753
Net assets acquired	65,331

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

3 Business combinations (continued)

(b) Summary of acquisition – Ingeus Group (100%) (continued)

Acquired receivables

The fair value of acquired trade receivables is \$38.8 million. The gross contractual amount for trade receivables due is \$39.3 million, with a loss allowance of \$0.5 million recognised on acquisition.

Revenue and profit contribution

The acquired business contributed revenues of \$152.1 million and net loss after tax of \$14.1 million to the group for the period from acquisition to 30 June 2019.

If the acquisition had occurred on 1 July 2018, revenue and net loss for the year ended 30 June 2019 would have been \$321.2 million and \$35.6 million respectively.

Contingent liabilities

There have been contingent liabilities recognised on acquisition. The most significant contingent liability recognised relates to the payment-by-results for future cohorts in the RRP contract in the UK.

(c) Summary of acquisition - ORS Group Pty Ltd

Effective 20 July 2018, the group entered into an arrangement with ORS Group Pty Ltd, a provider of disability employment services in Australia, to acquire its business client base and other key contracts. The strategic rationale for this business acquisition was to further expand the group's people-related services in Australia.

Details of the purchase consideration and net assets acquired are as follows:

	Fair value \$'000
Other current assets	579
Intangible assets	20,241
Current provisions	(4,473)
Provisions	(306)
Net assets acquired	19,804

Contingent liabilities

There were no contingent liabilities recognised on acquisition.

Purchase consideration cash outflow

	2020 \$'000
Outflow of cash, net of cash acquired:	
Cash consideration	19,804
Less: Balances acquired – Cash	-
Net outflow of cash – investing activities	19,804

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

3 Business combinations (continued)

(d) Recognition and measurement – business combinations

The acquisition method of accounting is used to account for all business combinations by the group. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

4 Revenue

(a) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of services through its principal activities in the following major service lines:

Year ended 30 June 2020	Total \$'000
Employment Services	482,574
Health & Wellbeing	214,099
Communities & Assessment	98,525
	795,198

Year ended 30 June 2019	Total \$'000
Employment Services	324,418
Health & Wellbeing	148,822
Communities & Assessment	61,058
	534,298

(b) Assets and liabilities related to contracts with customers

	2020 \$'000	2019 \$'000
Trade receivables from customers (note 9)	43,768	43,034
Contract assets (accrued revenue)	75,081	82,543
Contract liabilities (deferred revenue)	(96,864)	(82,481)

Contract assets represent revenue recognised but not yet invoiced. All contract assets as of 30 June 2020 are expected to be invoiced during the year ending 30 June 2021.

Contract liabilities represent the group's obligation to transfer goods or services to customers, for which the group has already received consideration from the customer. All of the contract liability balance as of 30 June 2020 is expected to be recognised as revenue during the year ended 30 June 2021.

i) Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the group has also recognised an asset in relation to costs to fulfil long term employment services contracts. This is presented within prepayments in the Consolidated Statement of Financial Position.

	2020 \$'000	2019 \$'000
Asset recognised from costs to fulfil a contract at 30 June	25,238	25,848
Amortisation recognised as client support costs during the year	(25,848)	-

The asset is amortised on a systematic basis over the term of the specific contracts it relates to, consistent with the pattern of recognition of the associated revenue.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

4 Revenue (continued)

(c) Recognition and measurement – revenue from contracts with customers

While the specific terms vary by contract, the group often receives five types of fees under its various contracts with government and corporate entities: service fees, outcome fee/payment by results or milestone, cost reimbursement and cost plus, fixed fee and fee for service. Such contracts consist of termination for convenience provisions, where the customer can terminate the contract for convenience without substantive compensation.

Revenue is recognised as the group satisfies each performance obligation by transferring the promised services to a customer, based on the amount of consideration it expects to be entitled in exchange for transferring the services.

Most of the group's contracts include performance obligations to help participants achieve sustained employment outcomes. Substantially, all the group's contracts include variable consideration, whereby it earns revenues if certain contractually defined outcomes occur in the future. The group recognises outcome-based revenue on the placement date, adjusted for any material future services it may be required to deliver post placement if the contract is not terminated. The amount of the variable consideration recognised as revenue is based upon the group's estimate of the final amount of outcome fees to be earned using the expected value method for a portfolio of individuals. These estimates consider i) contractual fees, ii) assumed success rates and iii) assumed participant life in the program. The group bases its estimates on historical results as well as forward-looking information, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. For new contracts, other factors may also be considered. At each reporting period, the group updates its estimate of variable consideration based on actual results or other relevant information and records an adjustment to revenue.

The group constrains its estimates of variable consideration by reducing those estimates to amounts it considers highly probable it will not later result in a significant reversal of revenue. When determining if variable consideration should be constrained, management considers whether there are factors outside the group's control that could result in a significant reversal of revenue. In making these assessments, the group considers the likelihood and magnitude of a potential reversal of revenue.

For some non-cancellable contracts, the group recognises revenue as progress is made towards satisfaction of the related performance obligations using an input method based on efforts made to date relative to the total expected efforts. For some of the group's contracts, it recognises revenue as it invoices customers regularly, because the amount to which it is entitled to invoice approximates the fair value of the services transferred.

Contract modifications may occur, where a change in the scope or price (or both) of a contract is approved by the parties to the contract. Where a contract is modified and the additional services added are not distinct from those provided prior to the modification, the modification is treated as if it were a part of the existing contract forming part of the performance obligations that are partially satisfied at the date of the contract modification. The effect that the contract modification has on the transaction price, and on the entity's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment at the date of the contract modification. Where a contract is modified and the additional services are distinct from those provided prior to the modification but not at their stand-alone selling prices, the modification is accounted for as if it were a termination of the existing contract and the creation of a new contract.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

4 Revenue (continued)

(c) Recognition and measurement – revenue from contracts with customers (continued)

Such costs are amortised on a systematic basis that is consistent with the transfer to the customer of the services which may include anticipated renewals. An impairment loss is recognised in profit or loss to the extent that the carrying amount of an asset exceeds:

- (a) the remaining amount of consideration; less
- (b) the costs that relate directly to providing those services and that have not been recognised as expenses.

(d) Key Estimate: Recognition of revenue and deferred revenue

The directors have made estimates regarding revenue and certain other provisions based on their knowledge and estimates of the change in contract base that has occurred within the business during the period.

Outcome-based revenue

Outcomes-based revenue, primarily for the Employment Services revenue stream, is recognised as services are provided based on estimated future outcome payments. In regard to the customer's ability to terminate the contracts for convenience, APM has determined that they would be entitled to outcome payments linked to outcomes achieved post the termination date for the participants who are successfully placed prior to such termination. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In situations where the historical results are not considered to be the most reliable indicator of future results, management's forecasts can be used for estimating revenue of this nature.

As at 30 June 2020, the carrying amount of the accrued revenue relating to outcome-based revenue was \$51.7 million (2019: \$56.4 million). The group estimates the accrued revenue by applying expected conversion rates to participants currently placed in employment positions at balance date. The group also further constrains the estimated outcome-based revenue to reduce the accrued revenue to an amount the group considers is highly probable and will not later result in a significant reversal of revenue. This is performed by applying an estimated accrual rate. However, the actual conversion rates and highly probable constraints may be higher or lower. If the key inputs into the models were 5% lower, the carrying amount would be \$49.2 million as at 30 June 2020. If the key inputs into the models were 5% higher, the carrying amount would be \$54.2 million as at 30 June 2020.

Refund liabilities (clawback)

Where revenue from specific contracts is subject to clawback amounts by respective contracting bodies, a separate provision is accrued for this refund liability.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

5 Profit and loss items

The group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the group:

	2020 \$'000	2019 \$'000
<i>Included in other gains/(losses):</i>		
Loss on disposal of assets	(621)	42
	(621)	42
<i>Included in people costs:</i>		
Salaries and wages	416,611	278,975
Subcontractor costs	103,627	68,046
Other cost of services rendered	-	(97)
	520,238	346,924
<i>Included in administration:</i>		
Training, development and recruitment costs	1,769	2,298
Consulting fees	31,326	9,351
Licence costs	4,912	2,757
Information technology costs	2,854	5,119
Other	6,705	3,787
	47,566	23,312
<i>Included in occupancy expenses:</i>		
Short-term and low-value lease payments	3,289	2,555
Other occupancy-related costs	19,130	20,043
	22,419	22,598
<i>Included in other operating expenses:</i>		
Insurance	2,216	1,298
Subscriptions other	1,032	2,933
Printing, postage, storage & stationary	4,359	2,953
Impairment (reversal)/charge of right-of-use assets	(254)	1,218
Unrealised FX gain/(loss)	1,221	-
Loss on derivatives - interest	963	3,427
Other operating costs	12,006	4,768
	21,543	16,597
<i>Included in depreciation and amortisation:</i>		
Depreciation of property, plant and equipment (note 11)	16,173	7,815
Depreciation of right-of-use assets (note 10)	30,038	17,927
Amortisation of intangible assets (note 12)	32,224	25,658
	78,435	51,400

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

6 Net finance costs

	2020	2019
	\$'000	\$'000
Interest expense on lease liability	3,089	2,430
Loss on derivatives	1,166	-
Bank interest	21,275	15,204
Shareholder loan	33,804	29,705
Other	-	70
	59,334	47,409

7 Income tax expense

This note provides an analysis of the group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

(a) Income tax expense

	2020	2019
	\$'000	\$'000
<i>Current tax</i>		
Current tax on losses for the year	6,464	1,610
Adjustments for current tax of prior periods	496	(25)
Total current tax expense	6,960	1,585
<i>Deferred tax</i>		
Decrease in deferred tax assets	10,936	14,179
Increase/(decrease) in deferred tax liabilities	(2,409)	(9,664)
Total deferred tax expense	8,527	4,515
Income tax expense	15,487	6,100

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2020	2019
	\$'000	\$'000
Loss from continuing operations before income tax expense	(5,501)	(22,046)
Tax at the Australian tax rate of 30% (2019 – 30%)	(1,650)	(6,614)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not deductible	7,463	6,781
Transaction costs	6,164	-
	11,977	167
Difference in overseas tax rates	(2,022)	(5,651)
Previously unrecognised tax losses now recouped to reduce current tax expense	(1,143)	(1,541)
Previously unrecognised temporary difference	9,179	12,661
Adjustments for current tax of prior periods	(2,505)	463
Income tax expense	15,487	6,100

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

(c) Tax losses

	2020	2019
	\$'000	\$'000
Unused tax losses for which no deferred tax asset has been recognised	62,135	57,964
Potential tax benefit @ 30%	18,641	17,389

(d) Deferred tax balances

Deferred tax assets

	2020	2019
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Provisions	6,125	4,469
Accruals	4,061	2,741
Tax losses	-	1,847
Legal	5,061	152
Derivative instruments	-	1,102
Lease liabilities	9,815	19,193
Other	71	429
Total deferred tax assets	25,133	29,933
Set-off of deferred tax liabilities pursuant to set-off provisions	(15,540)	(16,709)
Net deferred tax assets	9,593	13,224

Movement reconciliation:

	Provisions	Accruals	Tax losses	Lease liabilities	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2018	1,866	933	580	-	387	3,766
Adjustment on adoption of AASB 16	-	-	-	8,099	-	8,099
Acquisition of controlled entities	9,630	9,017	2,869	10,731	-	32,247
Charged/(credited) to profit or loss	(7,027)	(7,209)	(1,602)	363	1,296	(14,179)
At 30 June 2019	4,469	2,741	1,847	19,193	1,683	29,933
Acquisition of controlled entities	1,746	1,289	-	1,290	1,811	6,136
Charged/(credited) to profit or loss	(90)	31	(1,847)	(10,668)	1,638	(10,936)
At 30 June 2020	6,125	4,061	-	9,815	5,132	25,133

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

7 Income tax expense (continued)

(d) Deferred tax balances (continued)

Deferred tax liabilities

	2020 \$'000	2019 \$'000
The balance comprises temporary differences attributable to:		
Intangible assets	(43,391)	(29,415)
Right-of-use assets	(16,088)	(18,905)
Accrued income	(10,864)	(7,148)
Total deferred tax liabilities	(70,343)	(55,468)
Set-off of deferred tax liabilities pursuant to set-off provisions	15,540	16,709
Net deferred tax liabilities	(54,803)	(38,759)

Movement reconciliation

	Intangible assets \$'000	Right-of-use assets \$'000	Accrued income \$'000	Total \$'000
At 30 June 2018	(27,196)	-	(269)	(27,465)
Adjustment on adoption of AASB 16	-	(8,099)	-	(8,099)
Acquisition of controlled entities	(12,300)	(10,731)	(6,537)	(29,568)
Credited/(charged) to profit or loss	10,081	(75)	(342)	9,664
At 30 June 2019	(29,415)	(18,905)	(7,148)	(55,468)
Acquisition of controlled entities	(15,887)	(1,290)	(107)	(17,284)
(Credited/(charged) to profit or loss	1,911	4,107	(3,609)	2,409
At 30 June 2020	(43,391)	(16,088)	(10,864)	(70,343)

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

7 Income tax expense (continued)

(d) Deferred tax balances (continued)

Offsetting within tax consolidated group

International APM Group Pty Ltd and its wholly owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Members of the group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly owned subsidiaries on a stand-alone basis. The tax sharing arrangement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The possibility of such a default is considered remote at the date of this report.

Members of the tax consolidated group have entered into a tax funding agreement. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. The tax funding agreement provides for each member of the tax consolidated group to pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgement of the consolidated return and payment of the tax liability.

Current taxes

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

7 Income tax expense (continued)

(d) Deferred tax balances (continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

International APM Group Pty Ltd and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Key judgment

Deferred tax asset and liability recognition

Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses. Deferred tax assets are based on tax laws (and tax rates) that have been enacted or substantively enacted at the balance date.

Deferred tax assets have been recognised to the extent that their recovery is probable, having regard to the availability of sufficient taxable temporary differences relating to the same tax authority and the same taxable entity, the projected future taxable income of these taxable entities and after taking account of specific risk factors that are expected to affect the recovery of these assets.

Tax balances

Tax balances are based on management's best estimate and interpretation of the tax legislation in a number of jurisdictions. This treatment can be subject to changes due to modification to legislation or differences in interpretation by authorities. Where the amount of tax payable or recoverable includes some uncertainty, the group recognises amounts based on management's best estimate of the most likely outcome.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

8 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	2020 \$'000	2019 \$'000
Cash at bank	22,691	44,542
Cash in transit	7,227	-
	29,918	44,542

Recognition and measurement – cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash in hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the group, and earn interest at the respective deposit rates. Cash at bank and on deposit is held with banks and financial institutions with investment grade credit ratings. Refer to note 18(b) for credit risk disclosures.

9 Trade and other receivables

	2020 \$'000	2019 \$'000
Trade receivables	44,915	43,475
Provision for impairment	(1,147)	(441)
	43,768	43,034
Other receivables	4,726	1,543
	48,494	44,577

Recognition and measurement – trade receivables

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Information about the impairment of trade receivables and the group's exposure to credit risk and foreign currency risk can be found in note 18.

10 Leases – Group as lessee

The group leases leasehold properties and plant and equipment. The lease terms vary and can include escalation clauses, renewal or purchase options and termination rights. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

10 Leases – Group as a lessee (continued)

	Leasehold properties \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2019			
Gross carrying amount – at cost	72,844	7,981	80,825
Accumulated depreciation and impairment	(18,130)	(1,015)	(19,145)
Net carrying amount	54,714	6,966	61,680
Movement			
As at 1 July 2018	26,996	-	26,996
Acquisition of controlled entities (note 3)	27,781	7,990	35,771
Additions	18,144	-	18,144
Depreciation	(16,912)	(1,015)	(17,927)
Impairment	(1,218)	-	(1,218)
Other including foreign exchange movements	(77)	(9)	(86)
Net carrying amount at the end of the year	54,714	6,966	61,680
Year ended 30 June 2020			
Gross carrying amount – at cost	94,614	7,943	102,557
Accumulated depreciation and impairment	(45,811)	(3,119)	(48,930)
Net carrying amount	48,803	4,824	53,627
Movement			
As at 1 July 2019	54,714	6,966	61,680
Acquisition of controlled entities (note 3)	4,299	-	4,299
Additions	17,320	-	17,320
Depreciation	(27,934)	(2,104)	(30,038)
Impairment reversal	254	-	254
Other including foreign exchange movements	150	(38)	112
Net carrying amount at the end of the year	48,803	4,824	53,627

Lease liability

Set out below are the carrying amounts of the lease liabilities and the movements during the year:

	2020 \$'000	2019 \$'000
As at 1 July	63,978	26,996
Acquisition of controlled entities (note 3)	4,299	35,771
Additions	17,397	18,144
Accretion of interest	3,089	2,430
Lease payments	(30,158)	(17,927)
Other including foreign exchange movements	(1,769)	(1,436)
Carrying amount as at 30 June	56,833	63,978
Current	27,758	23,920
Non-current	29,075	40,058

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

10 Leases – Group as lessee (continued)

Lease-related expenses

The following are the lease-related amounts recognised in the statement of comprehensive income:

	2020 \$'000	2019 \$'000
Depreciation of right-of-use assets (note 5)	30,038	17,927
Impairment (reversal)/charge of right of use assets (note 5)	(254)	1,218
Interest on lease liabilities (note 6)	3,089	2,430
Short-term and low-value lease payments (included in occupancy-related expenses) (note 5)	3,289	2,555
Total	36,162	24,130

The total cash outflow for leases in 2020 was \$30.2 million (2019: \$17.9 million).

(a) 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 an 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 year 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 asset is used is predetermined, the group has the right to direct the use of the asset if either:
 - the group has the right to use 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 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.

At inception of a contract, the lease liability is measured at the present (discounted) value of the future lease payments that are not paid as at the commencement date. The lease liability is remeasured when there is a change in the future lease payments arising from an index or rate change or if the group changes an assessment of whether it will exercise an extension or termination option. When the liability is remeasured in this way, a corresponding adjustment is made to the right-of-use asset or is recorded in the profit or loss if the carrying amount of the asset has been reduced to zero.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

10 Leases – Group as lessee (continued)

(a) Recognition and measurement (continued)

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

(b) Key Judgements and estimates

Discount rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Dilapidation provision

The group is required to restore its leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

11 Property, plant and equipment

	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2018			
At cost	-	36,121	36,121
Accumulated depreciation and impairment	-	(27,831)	(27,831)
Net book amount	-	8,290	8,290
Opening net book amount	-	8,290	8,290
Acquisition of controlled entities	16,787	-	16,787
Additions	9,336	6,636	15,972
Disposals	-	(39)	(39)
Depreciation charge	(70)	(7,745)	(7,815)
Translation differences	(4)	(2)	(6)
Closing net book amount	26,049	7,140	33,189
At 30 June 2019			
At cost	59,081	42,715	101,796
Accumulated depreciation and impairment	(33,031)	(35,576)	(68,607)
At 30 June 2019	26,049	7,140	33,189
At 1 July 2019			
Net book amount	26,049	7,140	33,189
Opening net book amount	26,049	7,140	33,189
Acquisition of controlled entities	-	3,471	3,471
Additions	-	28,067	28,067
Disposals	(14,012)	(112)	(14,124)
Depreciation charge	(4,895)	(11,278)	(16,173)
Translation differences	(323)	(888)	(1,211)
Closing net book amount	6,819	26,400	33,219
At 30 June 2020			
At cost	21,529	56,267	77,796
Accumulated depreciation and impairment	(14,710)	(29,867)	(44,577)
Net book amount	6,819	26,400	33,219

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

11 Property, plant and equipment (continued)

Recognition and measurement – property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life to the group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

- Plant & equipment - 10% to 67%
- Leasehold improvements - over the term of the lease being two to five years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 carrying amount. These are included in profit or loss.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

12 Intangible assets

	Goodwill \$'000	Service agreements / relationships \$'000	Licences & software \$'000	Total \$'000
At 1 July 2018				
Cost	396,737	107,000	408	504,145
Accumulated amortisation and impairment	-	(16,347)	(154)	(16,501)
Net book amount	396,737	90,653	254	487,644
Opening net book amount	396,737	90,653	254	487,644
Acquisition of controlled entities	30,145	61,356	-	91,501
Additions	-	468	2,059	2,527
Amortisation charge	-	(23,880)	(1,778)	(25,658)
Translation differences	-	50	(151)	(101)
Closing net book amount	426,882	128,647	384	555,913
At 30 June 2019				
Cost	426,882	168,796	2,467	598,145
Amortisation	-	(40,149)	(2,083)	(42,232)
Net book amount	426,882	128,647	384	555,913
At 30 June 2019				
Net book amount	426,882	128,647	384	555,913
Acquisition of controlled entities	62,490	45,300	-	107,790
Additions	-	-	1,403	1,403
Amortisation charge	-	(31,524)	(700)	(32,224)
Translation differences	-	(1,350)	(14)	(1,364)
Closing net book amount	489,372	141,073	1,073	631,518
At 30 June 2020				
At cost	489,372	212,746	3,870	705,988
Amortisation	-	(71,673)	(2,797)	(74,470)
Net book amount	489,372	141,073	1,073	631,518

(a) Recognition and measurement

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

12 Intangible assets (continued)

(a) Recognition and measurement (continued)

Service agreements and customer relationships

Service agreements and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method is reviewed at each financial year-end. Intangible assets with indefinite lives are tested for impairment in the same way as goodwill.

The useful lives of intangible assets is as follows:

- Service agreements / relationships - Up to 20 years
- Licence and software - Up to 3 years

(b) Key Judgements

Assessment of impairment of goodwill

The group assesses whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on the higher of fair value less cost to sell or value-in-use calculations which require the use of assumptions.

Valuation and amortisation of intangible assets – service agreements/relationships

The service agreements / relationships were all acquired as part of business combinations or contract novations. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line over their estimated useful lives. Fair value was determined using the multi-period excess earnings method, using projected post-tax cashflows, discounted at an appropriate discount rate.

(c) Impairment tests for goodwill

Goodwill is monitored by management at the country or CGU level. A country-level summary of the goodwill allocation is presented below:

	Australia	NZ	UK	Total
	\$'000	\$'000	\$'000	\$'000
Goodwill as at 30 June 2020	460,019	5,300	24,053	489,372
Goodwill as at 30 June 2019	397,529	5,300	24,053	426,882

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

12 Intangible assets (continued)

(c) Impairment tests for goodwill (continued)

The group tests whether goodwill have suffered any impairment on an annual basis. For the 2020 reporting period, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering the next 12-month period. Cash flows beyond the 12-month period are extrapolated using the estimated industry growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

2020	Australia	NZ	UK
Long-term industry growth rate (%)	3.5	3.0	2.5
Pre-tax discount rate (%)	9.25	9.25	11.0
2019			
Long-term industry growth rate (%)	2.0	2.0	-
Pre-tax discount rate (%)	9.75	9.5	9.75

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

Assumption	Approach used to determine values
Long-term industry growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.

Significant estimate: impact of possible changes in key assumptions

The directors and management have considered and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount of the CGUs to exceed their recoverable amounts. In this respect, directors and management have considered and assessed the following reasonably possible changes:

- Long-term industry growth rate – 1% decrease
- Pre-tax discount rate – 1% increase

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

13 Trade and other payables

	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables	26,593	5,565	32,158	25,819	-	25,819
Amount due to related party	-	12,630	12,630	-	-	-
Accrued expenses	34,556	-	34,556	55,699	-	55,699
Other payables	3,281	1	3,282	6,397	-	6,397
	64,430	18,196	82,626	87,915	-	87,915

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

14 Interest-bearing liabilities

	2020	2019
	\$'000	\$'000
<i>Current:</i>		
Bank loan	-	10,000
Lease liabilities (note 10)	27,758	23,920
	27,758	33,920
<i>Non-Current:</i>		
Bank loan	-	211,182
Lease liabilities (note 10)	29,075	40,058
	29,075	251,240
Total interest-bearing liabilities	56,833	285,160

Bank loan

The bank loans were secured by a negative pledge that imposed certain covenants on the subsidiary that had received those loans. The negative pledge stated that (subject to certain exceptions) the subsidiary would not provide any other security over its assets. On 30 June 2020, the controlling shareholders of the group changed. As a result of the transaction, the bank loans outstanding at that date were fully paid out.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

14 Interest-bearing liabilities (continued)

(a) Recognition and measurement

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the year in which they are incurred.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

15 Shareholder loans

	2020 \$'000	2019 \$'000
<i>Non-Current:</i>		
Unsecured:		
Loan notes	-	125,249
Redeemable preference shares	-	141,934
	-	267,183

(i) Redeemable preference shares

The redeemable preference shares represented 113,372,000 fully paid redeemable preference shares valued at \$1 each at issue date. Each redeemable preference share had a redemption premium from the issue date of 12.5% per annum compounded quarterly. The shares were entitled to receive a dividend calculated at 12.5% per annum on the Issue Price of that redeemable preference share compounded on each anniversary of the issue date. On 30 June 2020, the controlling shareholders of the group changed. As a result of the transaction, the redeemable preference shares outstanding at the date were fully paid out.

(ii) Loan notes

The loan notes represented 100,058,000 fully paid fully paid shares valued at \$1 each at issue date. Each share accrued interest of 12.5% per annum compounded quarterly. Payment and redemption terms were equivalent to the redeemable preference shares. On 30 June 2020, the controlling shareholders of the group changed. As a result of the transaction, the loan notes outstanding at that date were fully paid out.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

16 Provisions

	2020 \$'000	2019 \$'000
<i>Current:</i>		
Employee entitlements	17,950	12,830
Clawback provision	97	809
Other provisions	440	5,875
	18,487	19,514
<i>Non-Current:</i>		
Employee entitlements	3,376	3,292
Dilapidation provision	7,676	8,919
Other provisions	16,848	18,165
	27,900	30,376
Total	46,387	49,890

(a) Recognition and measurement

Provisions

Provisions are recognised when:

- the group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that resources will be expended to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

(i) Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Consolidated Statement of Financial Position.

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(ii) Post-employment obligations

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

16 Provisions (continued)

(b) Information about individual provisions and significant estimates

Dilapidation provision

The group operates from leased premises and is required to return most of its premises to a pre-lease condition at the end of the lease or on vacating the premises, whichever is earlier. The group fully provides for the cost of any dilapidations based on an estimate of the value of the work required as if the premises were vacated on the balance date. This provision is re-estimated each year.

Clawback provision

The group has a number of contracts that involve upfront payment prior to service delivery. In some cases, an adjustment to this payment is required based on actual results after certain periods of time based on outcomes achieved. Where it is considered highly probable that funds will be required to be returned in future a provision is recognised. This provision is re-estimated during the life of each relevant contract.

(c) Movements in provisions

Movement in each class of provision during the financial year are set out below:

	Employee entitlements \$'000	Clawback provision \$'000	Dilapidation provision \$'000	Other provisions \$'000	Total \$'000
Carrying amount as at 1 July 2019	16,122	809	8,919	24,040	49,890
Acquired through business combination	4,473	-	1,185	-	5,658
Charged/(credited) to income	18,812	270	(2,326)	100	16,856
Utilised	(18,081)	(982)	(102)	(6,852)	(26,017)
Carrying amount as at 30 June 2020	21,326	97	7,676	17,288	46,387

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

17 Equity

(a) Share capital

	\$'000
688,535,000 (2019: 94,971,000) ordinary shares fully paid	688,535

(i) Movements in shares on issue

	Number of shares (thousands)	Total \$'000
Ordinary shares		
Opening balance	94,168	94,168
Employee share scheme	803	803
Balance 30 June 2019	94,971	94,971
Opening balance	94,971	94,971
Employee share scheme	3,601	3,601
Shares issued	589,963	589,963
Balance 30 June 2020	688,535	688,535

(ii) Terms and conditions

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Other reserves

The following table shows a breakdown of the Consolidated Statement of Financial Position line item 'Reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Share- based payments \$'000	NCI reserve \$'000	Foreign currency translation \$'000	Total other reserves \$'000
Opening balance	11	-	(1,746)	(1,735)
Share-based payment expense	130	-	-	130
Currency translation differences	-	-	1,853	1,853
At 30 June 2019	141	-	107	248
Opening balance	141	-	107	248
Share-based payment expense	426	-	-	426
Currency translation differences	-	-	(3,255)	(3,255)
Acquisition of NCI interests	-	(11,167)	-	(11,167)
At 30 June 2020	567	(11,167)	(3,148)	(13,748)

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

17 Equity (continued)

(b) Other reserves (continued)

(i) Nature and purpose of other reserves

Share-based payments

The group operates an equity-settled, share-based compensation plan to grant shares to its employees. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income with a corresponding increase in other reserves over the vesting period. On the change of ownership on 30 June 2020, this equity-settled, share-based compensation plan ceased in its current form.

NCI reserve

This reserve is used to record the difference between the purchase consideration and the NCI balance at the date of acquiring the NCI's interest.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

18 Financial instruments and risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

(a) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (when revenue or expense is denominated in a foreign currency) and the group's net investments in foreign subsidiaries.

Exposure

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

Foreign Exchange Risk	30 June 2020		30 June 2019	
	USD	GBP	USD	GBP
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	1,583	2,933	1,589	10,516
Trade and other receivables	7,074	4,441	4,324	9,803
Financial liabilities				
Trade and other payables	40	21,968	117	19,014
Interest bearing loans and borrowings	105	12,639	721	17,698

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

18 Financial instruments and risk management (continued)

Sensitivity

The sensitivity analysis below shows the impact that a reasonably possible change in foreign exchange rates over a financial year would have on profit after tax and equity, based solely on the group's foreign exchange risk exposures existing at the balance date. The following exchange rates have been used in performing the sensitivity analysis:

Foreign Exchange Rate	2020		2019	
	USD	GBP	USD	GBP
Actual	0.6863	0.5586	0.6942	0.5478
+10% (2019: +10%)	0.7549	0.6145	0.7636	0.6026
-10% (2019: -10%)	0.6177	0.5027	0.6248	0.4930

The impact on profit and equity is estimated by applying the hypothetical changes in the US dollar ("USD") and Great British Pound ("GBP") exchange rate to the balance of financial instruments at the reporting date.

At 30 June 2020, had the Australian dollar moved against the USD and GBP as illustrated in the table above, with all other variables held constant, the group's profit after tax and equity would have been affected by the change in value of its financial assets and financial liabilities as shown in the table below:

	2020		2019	
	USD \$'000	GBP \$'000	USD \$'000	GBP \$'000
Exchange rate increase				
+10% (2019: +10%) Impact on profit	-	-	-	-
+10% (2019: +10%) Impact on equity	1,491	(24,525)	1,167	(27,151)
Exchange rate decrease				
-10% (2019: -10%) Impact on profit	-	-	-	-
-10% (2019: -10%) Impact on equity	(4,529)	23,248	1,055	10,997

(b) Credit risk

Potential concentrations of credit risk consist mainly of cash and cash equivalents, investments and trade debtors.

(i) Impairment of financial assets

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.

Trade receivables comprise of a number of customers, dispersed across different geographical areas. 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 contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2020 and the corresponding historical credit losses experienced within this year. 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

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

18 Financial instruments and risk management (continued)

(b) Credit risk (continued)

(i) *Impairment of financial assets (continued)*

Given the majority of the group's revenue-generating contracts are with government departments with very low credit risk, and the group's history of write-offs of trade receivables and contract assets is also very low, the expected credit losses were considered to be insignificant.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

Customer credit risk is managed by established policies, procedures and controls relating to customer credit risk management. The group trades primarily with recognised, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating, financial position, past experience and industry reputation. At 30 June 2020, the group did not consider there to be any significant concentration of risk that had not been adequately insured or provided for.

(ii) *Security*

For some trade receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) *Significant estimates and judgements*

Impairment of financial assets

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. The group's exposure to bad debts is not significant and default rates have historically been very low given the nature of the contracts held by the group are government related. Trade receivables are written off when there is no reasonable expectation of recovery, which may be indicated by the debtor failing to engage in a payment plan or the debtor failing to make timely contractual payments.

(c) Fair value of financial instruments

At 30 June 2020 and as at 30 June 2019, the carrying amounts of cash and cash equivalents, trade receivables and trade payables approximated their fair values due to the short-term maturities of these assets and liabilities.

At 30 June 2019, the fair value for the bank and shareholder loan is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest. The fair value of the bank loan and shareholders loans is \$221.2 million and \$267.2 million, respectively.

The carrying amounts of bank and shareholder loans have been outlined in note 14 and 15, respectively.

(d) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The group manages liquidity by monitoring forecast cash flows and ensuring adequate cash levels are maintained.

During the financial year ended 30 June 2020, the group generated net cash from operating activities of \$126.5 million (2019: \$64.5 million) and loss before tax of \$5.5 million (2019: \$22.0 million). Cash flows and profit levels are budgeted to increase in the year ending on 30 June 2021.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

18 Financial instruments and risk management (continued)

(d) Liquidity risk management (continued)

The directors have prepared the consolidated financial statements on a going concern basis in the belief that the group will realise its assets and settle its liabilities and commitments in the normal course of the business and for at least the amounts stated in the consolidated financial statements.

Maturities of financial liabilities

The following table analyses the group's financial liabilities, including lease liabilities, into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Up to 12 months \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
At 30 June 2020						
Trade payables	64,430	18,196	-	-	82,626	82,626
Lease liabilities	27,758	23,770	6,873	-	58,401	56,833
Total	92,188	41,966	6,873	-	141,027	139,459
At 30 June 2019						
Trade payables	87,915	-	-	-	87,915	87,915
Bank loan	10,000	328,311	-	-	338,311	221,182
Lease liabilities	23,920	30,890	13,961	-	68,771	63,978
Shareholders loan	-	267,183	-	-	267,183	267,183
Total	121,835	626,384	13,961	-	762,180	640,258

(e) Market risk

(i) Cash flow and fair value interest rate risk

The group's main interest rate risk is from long-term borrowings with variable rate components, which exposed the group to cash flow interest rate risk. Group policy was to enter into floating-to-fixed interest rate swaps to mitigate this interest rate risk on the variable rates when necessary. The swap contracts required settlement of net interest receivable or payable every 90 days. The settlement dates coincided with the dates on which interest was payable on the underlying debt. During 2020 and 2019, the group's borrowings at variable rate were denominated in Australian dollars.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

19 Related party disclosures

(a) Parent entities

Following the ownership changes effected on 30 June 2020, the group is controlled by APM Global Holdings Pty Ltd, the immediate parent and controlling party (2019: International APM Group Pty Ltd). The ultimate parent and controlling party is APM Human Services International Pty Ltd (2019: International APM Group Pty Ltd).

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) The directors of International APM Group Pty Ltd during the financial year were:

- Megan Wynne
- Michael Anghie
- Alexander Eady (resigned 30 June 2020)
- Christopher Hadley (resigned 30 June 2020)

(d) Compensation of key management personnel

	2020 \$'000	2019 \$'000
Short-term benefits	3,750	2,525
Share-based payments	93	31
Total	3,843	2,556

(e) The following related party transactions occurred during the financial year:

Rental payments on an operating lease under normal commercial terms to the value of \$809,130 to a related party. There is no balance outstanding to be paid as at 30 June 2020.

On 30 June 2020, APM Global Holdings Pty Ltd, a wholly-owned subsidiary of APM Human Services International Limited, acquired 100% of the issued share capital of International APM Group Pty Ltd. As a result of the transaction, the group had a payable owing to APM Global Holdings Pty Ltd (its immediate parent), relating to settlement costs totalling \$12.6 million.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

20 Share-based payments

(a) Management equity plan

The establishment of the International APM Group Pty Ltd Management Equity Plan was approved by shareholders at the board meeting on 23 April 2018.

The management equity plan is designed to provide long-term incentives for senior managers and above to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends on the occurrence of a transaction event, such as a trade sale or an IPO, the individual being continuously employed at the date of such a transaction event, and shareholder approval.

Set out below are summaries of shares granted under the plan:

	2020		2019	
	Exercise price	Number of Shares	Exercise price	Number of Shares
As at 1 July	\$1.00	7,002,176	\$1.00	6,095,876
Granted during the year	\$1.00	100,000	\$1.00	906,300
Exercised during the year	\$1.00	(7,102,176)	-	-
As at 30 June	\$1.00	-	\$1.00	7,002,176

(b) Recognition and measurement

The fair value of shares granted by the group is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each year, the entity revises its estimates of the number of shares that are expected to vest based on non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(i) Fair value of shares granted

The assessed fair value at grant date of shares granted during the year ended 30 June 2020 was \$0.05 per share.

The fair value at grant date is determined using the Black Scholes Model that takes into account the exercise price, the terms of the share, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the share and the correlation and volatilities of the peer group companies.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

20 Share-based payments (continued)

(b) Recognition and measurement (continued)

(i) Fair value of shares granted (continued)

Set out below are the assumptions applied in the Black Scholes Model:

	Tranche 1	Tranche 2
	2020	2019
Grant date	1 July 19	30 June 19
Number of shares	906,300	100,000
Fair value of shares (cents per share)	0.05	0.05
Strike price (cents per share)	0.5	0.5
Time to expiration	3 years	3 years
Volatility	40%	40%
Risk-free interest rate	0.93%	0.93%
Dividend yield	0%	0%

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2020	2019
	\$'000	\$'000
Expenses arising from share-based payment transactions	426	130

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

21 Cash flow information

(a) Reconciliation of loss after income tax to net cash flows from operating activities

	2020	2019
	\$'000	\$'000
Net loss	(20,988)	(28,146)
Non-cash flows in result		
Depreciation and amortisation	78,435	51,400
Net loss/(gain) on sale of fixed assets	721	(984)
Non-cash employee benefits expense - share-based payments	426	130
Expected credit losses	132	50
Interest expense	42,738	38,946
Net loss on fair value of interest rate swaps	963	3,427
Share of profits of associates and joint ventures	218	-
Net exchange differences	1,221	-
Impairment (reversal)/charge	(254)	1,218
Other	(21)	46
Change in operating assets and liabilities, net of effects from acquisition of controlled entities		
Decrease/(increase) in receivables	7,139	(71,843)
(Decrease)/increase in payables	(17,878)	18,433
Increase in deferred revenue	9,244	44,480
Increase in income taxes payable	3,521	4,041
(Decrease)/increase in provisions	(9,160)	1,406
Decrease in prepayments	1,369	-
Increase in deferred tax liabilities	28,654	1,942
Net cash flows from operating activities	126,480	64,547

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets (note 10); and
- unpaid interest on the shareholder loans (note 6).

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

21 Cash flow information (continued)

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented:

Net debt

	2020 \$'000	2019 \$'000
Cash and cash equivalents (note 8)	29,918	44,542
Borrowings	-	221,182
Lease liabilities	56,833	63,978
Shareholders loans	-	267,183
Net debt	86,751	596,885

	Liabilities from financing activities			
	Bank loan \$'000	Shareholder loans \$'000	Leases \$'000	Total \$'000
Net debt as at 1 July 2018	153,761	237,478	-	391,239
Adjustment on adoption of AASB 16	-	-	26,996	26,996
Acquisition of controlled entities	-	-	35,771	35,771
Cash flows	54,859	-	(17,927)	36,932
New leases (note 10)	-	-	18,144	18,144
Foreign exchange adjustments	-	-	(1,436)	(1,436)
Other changes (i)	12,562	29,705	2,430	44,697
Net debt as at 30 June 2019	221,182	267,183	63,978	552,343
Acquisition of controlled entities	-	-	4,299	4,299
Cash flows	(221,182)	(267,183)	(30,158)	(518,523)
New leases (note 10)	-	-	17,397	17,397
Foreign exchange adjustments	-	-	(1,772)	(1,772)
Other changes (i)	-	-	3,089	3,089
Net debt as at 30 June 2020	-	-	56,833	56,833

(i) Other changes include non-cash accrued interest expense on the shareholder loans, and the non-cash accretion of interest on the leases.

22 Events occurring after the reporting period

On 31 July 2020, the group acquired CNLR Horizons Limited in the UK for a purchase price of £1.5 million. On 31 August 2020, the group acquired FBG Group Pty Ltd in Australia for a purchase price of \$4.0 million.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

22 Events occurring after the reporting period (continued)

On 30 September 2020, Ross Innovative Employment Solutions Corporation, a wholly-owned subsidiary of APM Human Services International Limited, acquired 100% of the issued share capital of DB Grant Associates, Inc. ("DB Grants"), a leading provider in people-related services in the USA. The acquisition has significantly increased the group's footprint in the USA and complements the group's existing USA operations. The total consideration was \$12.6 million.

The fair values of the assets and liabilities acquired at the date of acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	1,437
Trade and other receivables	17,619
Property, plant and equipment	138
Right-of-use assets	15,276
Deferred tax assets	5,526
Other non-current assets	268
Trade and other payables	(2,539)
Interest-bearing liabilities	(15,276)
Deferred tax liabilities	(10,103)
Net identifiable assets acquired	12,346
Goodwill	279
Net assets acquired	12,625

In January 2020, The Staffordshire and West Midlands Community Rehabilitation Company Limited and The Derbyshire Leicestershire Nottinghamshire and Rutland Community Rehabilitation Company Limited, both wholly-owned subsidiaries of International APM Group Pty Ltd, signed a variation with the Ministry of Justice ("MoJ") which amended the Contract Period by making the termination date 25 June 2021. As at 30 June 2021, the contract was passed back to the MoJ.

On 31 July 2021, the group has acquired 100% of Generation Health Pty Limited for \$20.4 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to expand the Workcare business in Australia.

The provisional fair values of the assets and liabilities acquired at the date of acquisition are as follows:

	Provisional fair value \$'000
Cash and cash equivalents	2,613
Trade and other receivables	3,716
Property, plant and equipment	967
Right-of-use assets	991
Intangible assets	7,522
Trade and other payables	(2,734)
Deferred revenue	(312)
Provisions	(405)
Interest-bearing liabilities	(991)
Net identifiable assets acquired	11,367
Goodwill	9,080
Net assets acquired	20,447

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

22 Events occurring after the reporting period (continued)

In addition, on 31 August 2021, the group acquired 100% of The Kaiser Group (DE), LLC for \$22.7 million. The provisionally determined fair values of the net assets acquired and goodwill have been shown below. The strategic rationale for the acquisition was to expand the Workforce development business in the USA.

The provisional fair values of the assets and liabilities acquired at the date of acquisition are as follows:

	Provisional fair value \$'000
Trade and other receivables	9,892
Property, plant and equipment	293
Right-of-use assets	73
Intangible assets	375
Other non-current assets	1,038
Trade and other payables	(3,114)
Deferred revenue	(214)
Interest-bearing liabilities	(73)
Net identifiable assets acquired	8,270
Goodwill	14,415
Net assets acquired	22,685

On 13 October 2021, APM entered into an agreement for the acquisition of ancillary and complementary businesses from entities controlled by Megan Wynne (and one entity in which Megan Wynne and Michael Anghie have a beneficial interest), which remains subject to conditions precedent being met. The consideration for this acquisition is the issue of \$65.8 million of APM shares, \$35.7 million in cash, and up to a maximum number of 20 million deferred settlement shares that are subject to earn-out conditions. The acquired businesses will support APM's expansion into providing services in relation to Australia's NDIS and Aged Care sector. The transaction involves the direct or indirect acquisition of Early Start Australia Pty Ltd, Integra Care Pty Ltd, Mobility Holdings Pty Ltd and Mobility Australia Pty Ltd.

23 Commitments

(a) Capital commitments

There is no significant capital expenditure contracted for at the end of the reporting period that has not been recognised as a liability.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

24 Contingent liabilities

Various entities in the group have in the normal course of business issued guarantees to certain customers, suppliers and landlords to guarantee the performance obligations of a controlled entity.

25 Parent entity information

Statement of Financial Position

	2020	2019
	\$'000	\$'000
Assets		
Current assets	-	453
Non-current assets	636,081	307,789
Total assets	636,081	308,242
Liabilities		
Non-current liabilities	-	267,183
Total liabilities	-	267,183
Equity		
Contributed equity	688,535	94,971
Reserves	567	141
Accumulated losses	(53,020)	(54,053)
	636,082	41,059
Income/(loss) for the year	42,731	(29,705)
Total comprehensive income/(loss)	42,731	(29,705)

(a) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and amounts owed from related parties

Investments in subsidiaries and amounts owed from related parties are accounted for at cost in the consolidated financial statements of International APM Group Pty Ltd.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

26 Interests in other entities

The group's subsidiaries at 30 June 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Entity	Country of incorporation	Ownership % held by the group held by the group 2020	Ownership % held by the group 2019
Advanced Personnel Management Investments Pty Ltd	Australia	100%	100%
Advanced Personnel Management Holdings Pty Ltd	Australia	100%	100%
Advanced Personnel Management Group Pty Ltd	Australia	100%	100%
Advanced Personnel Management International Pty Ltd	Australia	100%	100%
Advanced Personnel Management Global Pty Ltd	Australia	100%	100%
APM Training Services Pty Ltd	Australia	100%	100%
Serendipity (WA) Pty Ltd	Australia	100%	100%
Workcare Australia Pty Ltd	Australia	100%	100%
APM NZ Holdings Limited	New Zealand	100%	100%
APM Workcare Limited	New Zealand	100%	100%
Pelim Ltd	New Zealand	100%	100%
Te Tautoko Nga Tangata Limited	New Zealand	100%	100%
APM Employment Limited	New Zealand	100%	100%
APM Integrated Care Ltd	New Zealand	100%	100%
APM UK Holdings Limited	United Kingdom	100%	100%
Advanced Personnel Management Holdings (UK) Limited	United Kingdom	100%	100%
Advanced Personnel Management Group (UK) Limited	United Kingdom	100%	100%
APM Disability Consultancy Limited	United Kingdom	100%	100%
APM Learning and Education Alliance Limited	United Kingdom	100%	100%
APM Employment Alliance Ltd	United Kingdom	100%	100%
Advanced Personnel Management (UK) Limited	United Kingdom	100%	100%
IPA Personnel Limited	United Kingdom	100%	100%
Ability Insight Limited (formerly Podclass Limited)	United Kingdom	100%	100%
Management Consultancy International Pty Ltd	Australia	100%	70%
Ingeus Australia Holdings Pty Ltd	Australia	100%	100%
Ingeus Australia Investments Pty Ltd	Australia	100%	100%
Ingeus Pty Ltd	Australia	100%	100%
Ingeus Australia Pty Ltd	Australia	100%	100%

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

26 Interests in other entities (continued)

Entity	Country of incorporation	Ownership % held by the group held by the group 2020	Ownership % 2019
Ingeus Victoria Pty Ltd	Australia	100%	100%
Ross Innovative Employment Solutions	United States	100%	100%
WCG Holdings Ltd	Canada	100%	100%
WCG Investments Ltd	Canada	100%	100%
WCG International Consultants Ltd	Canada	100%	100%
Ingeus Pte. Ltd	Singapore	100%	100%
Ingeus Co. Ltd	South Korea	100%	100%
Ingeus Europe Limited	United Kingdom	100%	100%
Ingeus UK Limited	United Kingdom	100%	100%
Invisage Limited	United Kingdom	100%	100%
Ingeus Scotland Limited	United Kingdom	100%	100%
ITL Training Limited	United Kingdom	100%	100%
The Reducing Reoffending Partnership Ltd	United Kingdom	100%	90%
Derbyshire Leicestershire Nottinghamshire & Rutland Community Rehabilitation Company Ltd	United Kingdom	100%	90%
The Staffordshire and West Midlands Community Rehabilitation Company Ltd	United Kingdom	100%	90%
Ingeus GmbH	Germany	100%	100%
Ingeus AG	Switzerland	100%	100%
Ingeus S.L.	Spain	51%	51%
Konekt Limited	Australia	100%	0%
Konektiva Pty Limited	Australia	100%	0%
Konekt Workplace Health Solutions Pty Ltd	Australia	100%	0%
Konekt Employment Pty Ltd	Australia	100%	0%
Konekt International Pty Ltd	Australia	100%	0%
Konekt Australia Pty Ltd	Australia	100%	0%
SRC Solutions Pty Ltd	Australia	100%	0%
Communicorp Group Pty Ltd	Australia	100%	0%
Busiflow Nominees Pty Ltd	Australia	100%	0%
Innovative Training & Recruitment Pty Ltd	Australia	100%	0%
MCI Institute Pty Ltd	Australia	100%	100%

27 Deed of cross guarantee

International APM Group Pty Ltd, Advanced Personnel Management Investments Pty Ltd, Advanced Personnel Management Holdings Pty Ltd, Advanced Personnel Management Group Pty Ltd, Advanced Personnel Management International Pty Ltd, Advanced Personnel Management Global Pty Ltd, Serendipity (WA) Pty Ltd, Workcare Australia Pty Ltd, Ingeus Australia Holdings Pty Ltd, Ingeus Australia Investments Pty Ltd, Ingeus Pty Limited, Ingeus Australia Pty Ltd, Ingeus Victoria Pty Ltd, APM Training Services Pty Ltd, Konekt Limited, Konektiva Pty Limited, Konekt Workplace Health Solutions Pty Ltd, Konekt Employment Pty Ltd, Konekt International Pty Ltd, Konekt Australia Pty Ltd, SRC Solutions Pty Ltd, Communicorp Group Pty Ltd, Busiflow Nominees Pty Ltd and Innovative Training & Recruitment Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. 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*.

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

27 Deed of cross guarantee (continued)

(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income

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 International APM Group Pty Ltd, they also represent the 'extended closed group'. Set out below is a Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020 of the closed group.

	Note	For the year ended 30 June 2020 \$'000	For the year ended 30 June 2019 \$'000
Revenue from contracts with customers		396,173	296,368
Other income		621	169
Other gains/(losses)		(21)	42
Total income		396,773	296,579
People costs		(204,538)	(152,676)
Client support costs		(31,773)	(28,479)
Administration		(33,865)	(10,727)
Marketing		(3,628)	(4,710)
Travel expenses		(4,685)	(4,519)
Occupancy expenses		(11,459)	(10,667)
Other operating costs		(16,132)	(6,151)
Depreciation and amortisation		(46,349)	(34,233)
Net finance costs		(57,635)	(45,759)
Loss before income tax		(13,291)	(1,342)
Income tax expense		(10,661)	(1,998)
Loss for the year from continuing operations		(23,952)	(3,340)

(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 \$'000	2019 \$'000
Current assets		
Cash and cash equivalents	19,733	21,158
Trade and other receivables	28,657	18,200
Work in progress	157	1,060
Accrued revenue	50,192	45,920
Prepayments	3,171	1,741
Other current assets	358	-
Total current assets	102,268	88,079

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

27 Deed of cross guarantee (continued)

(b) Consolidated Statement of Financial Position (continued)

	2020 \$'000	2019 \$'000
Non-current assets		
Property, plant and equipment	2,458	12,229
Right-of-use assets	49,934	30,557
Amounts owed from group undertakings	53,179	42,996
Other non-current assets	-	-
Intangible assets	625,575	541,835
Deferred tax assets	1,140	9,572
Total non-current assets	732,286	637,189
Total assets	834,554	725,268
Current liabilities		
Trade and other payables	19,245	16,691
Interest-bearing liabilities	28,580	22,137
Deferred revenue	41,741	22,706
Provisions	12,051	8,003
Total current liabilities	101,950	69,537
Non-current liabilities		
Interest-bearing liabilities	2,518	230,209
Deferred tax liabilities	45,667	37,980
Provisions	8,963	1,602
Trade and other payables	18,217	-
Other non-current liabilities	2	3,674
Shareholder loans	-	267,183
Total non-current liabilities	75,367	540,648
Total liabilities	177,317	610,185
Net assets	657,570	115,083
Equity		
Contributed equity	676,790	74,708
Reserves	(4,634)	3,095
Accumulated losses	(14,586)	37,280
Total equity	657,570	115,083

International APM Group Pty Ltd

Notes to the Financial Statements (continued)

For the year ended 30 June 2020

28 Auditors' remuneration

	2020 \$'000	2019 \$'000
Fees to PwC (Australia)		
Fees for the audit and review of the financial reports of the group and any controlled entities	225	118
Fees for other assurance and agreed-upon procedures services		
Fees for other services	39	39
Total auditors' remuneration	264	157

29 New accounting standards and interpretations

(i) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

- AASB 2017-6 *Amendments to Australian Accounting Standards - Prepayment Features with Negative Compensation*
- AASB 2017-7 *Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures*
- AASB 2018 -1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*
- AASB 2018 -2 *Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement*

There are no new or amended accounting standards adopted by the group the year ended 30 June 2020 that have had a material impact on any entity or transaction within the group.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

International APM Group Pty Ltd
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

Directors' Declaration
For the year ended 30 June 2020

The Directors of International APM Group Pty Ltd declare that:

(a) The financial statements and notes set out on pages 8 to 69 are non-statutory financial statements.

These financial statements:

(i) comply with Accounting Standards and other mandatory professional reporting requirements;
and

(ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and 30 June 2019 and of its performance for the two financial years then ended.

(b) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable at the date of this declaration.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors of International APM Group Pty Ltd.



Michael Anghie
Director

26 October 2021
West Perth



Independent auditor's report

To the members of International APM Group Pty Ltd

Our opinion

In our opinion the accompanying financial report gives a true and fair view of the financial position of International APM Group Pty Ltd (the Company) and its controlled entities (together the Group) as at 30 June 2020 and 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2020 and 30 June 2019
- the consolidated statement of changes in equity for the years then ended
- the consolidated statement of cash flows for the years then ended
- the consolidated statement of profit or loss and other comprehensive income for the years then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & 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.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for internal purposes to assist International APM Group Pty Ltd and its members. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for International APM Group Pty Ltd and its members and should not be used by parties other than International APM Group Pty Ltd and its members. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers, ABN 52 780 433 757

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Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors Report for the years ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the directors for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, Management is 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 Management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

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 the 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 at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'William P R Meston'.

William P R Meston
Partner

Perth
26 October 2021