ignite

2019
IGNITE LIMITED
ANNUAL REPORT

IGNITE LIMITED

ABN 43 002 724 334

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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EXECUTIVE CHAIRMAN

Garry Sladden

CHIEF FINANCIAL OFFICER

Mahendra Tharmarajah

COMPANY SECRETARY

Ian Gilmour

AUSTRALIAN SECURITIES EXCHANGE LISTING

IGN

AUDITOR

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

SOLICITOR

Hall & Wilcox
Level 9, 60 Castlereagh Street
Sydney NSW 2000

BANKER

National Australia Bank
Level 36, 255 George Street
Sydney NSW 2000

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CHAIRMAN'S LETTER

Dear Shareholder,

Financial year 2019 has proven to be a very challenging year for the company. In particular, the performance in the second half of the financial year was significantly below budget and expectations.

Despite the outstanding performance of our Australian Capital Territory (ACT) and People Services divisions, all other Australian divisions underperformed. Whilst industry challenges in attracting experienced staff persist, we have continued to invest in our human resource and learning and development programs to ensure that we have industry-leading training to provide our staff the greatest opportunity to create and build a successful recruitment career with the company. The timing delays in attracting and training new staff, although now largely addressed, had a significant impact on our revenues over 2019.

The Lloyd Morgan division in China also had a very challenging year as it continued to rebuild under the leadership of a new China Chief Executive Officer appointed in October 2018. It has taken longer than expected to attract the experienced talent, which has resulted in increased short-term people costs and delays in developing revenues. While the China market continues to offer strong opportunities, it remains a challenging and complex business environment, with a particularly competitive labour market.

In January 2019, the Chief Executive Officer, Julian Sallabank, resigned and I stepped into the role of Executive Chairman. We have been actively engaged in the search for a new Chief Executive Officer, and currently have several strong candidates in the final stages of negotiations. Our ideal candidate is a highly experienced industry specialist, who is motivated by the opportunity to be part of the continued turnaround and with the leadership skills to maximise the upside from leveraging our existing customers, contractors, candidates, consultants and staff.

We have recently promoted the highly experienced and successful General Manager of our ACT and People Services division to also manage the Victorian operations in the interim to assist with the continued turnaround and development actions recently put into place. A new experienced team leader has also recently been appointed in Victoria to replace the previous General Manager and together with the upcoming office relocation, this will result in significant people and property efficiencies for the Victorian division. We have downsized our underperforming Queensland division, resulting in further operating efficiencies returning the division to profit. Our Queensland customers, contractors and candidates continue to be successfully serviced by our other offices.

The On Demand IT Services division was expected to convert several large pipeline projects in the second half of 2019, however, a number were delayed. We continue to believe there are excellent opportunities in this sector and are anticipating increased project delivery in the first half of 2020.

During 2019, our bids and tenders' team was successful in retaining all customer contract renewals, as well as acquiring new customer contracts, achieving its highest win/loss ratio in many years. Ongoing investment in this function not only ensures that the business is retaining its current customer base, but also winning new customers to drive the number and volume of contractor and permanent placements.

In Australia, our key focus remains on the continued successful growth of our ACT and People Services divisions, the turnaround of our New South Wales (NSW) and Victorian operations and the conversion of the significant and growing On Demand IT Services pipeline. In China, we continue to focus on generating appropriate returns from our significant investment in a challenging market.

Despite the challenges of 2019, the Directors and executive team remain committed and focused on driving the changes required to return the company to a successful and profitable future.

On behalf of the Directors, I would like to thank our shareholders for their continued support, our executive team and staff for their dedication and hard work, and our customers, contractors and candidates for supporting our business.

The Directors have resolved that no dividend be paid in respect of the 2019 financial year.

Garry Sladden
Executive Chairman

FINANCIAL AND OPERATIONAL REVIEW

The Year in Review

Since stepping into the Executive Chairman role in late January 2019 following the resignation of the Chief Executive Officer, my key areas of focus have included:

- Driving the search for a new Chief Executive Officer.
  - This process is ongoing and over the last six months we have interviewed a number of high-quality candidates who match our required profile of an experienced leader with strong local industry experience.
  - At the date of this report, we have several candidates in the final stages of negotiations. They are attracted by the opportunity to lead a business with strong revenue and gross margin foundations, while at the same time leveraging their experience and business networks to create a leading recruitment business.
- Undertaking a deep-dive review of each division, resulting in the following actions.
  - Right-sizing our Queensland operations, which are now managed through our other states by utilising a wider pool of talent within the business. We now anticipate profitable Queensland operations in 2020.
  - Appointing our highly successful ACT and People Services General Manager to also lead our Victorian operations in the interim. Together with the recent hiring of an experienced team leader, we believe this appointment will enable Victoria to continue growing and become a profitable contributor. Many of the Victorian team are new joiners, and with a strong investment in staff training under the new leadership team, we expect ongoing performance improvement. Significant savings will also be achieved in Victoria with the relocation to new offices in the first half of 2020.
  - Continuing focus within the On Demand IT Services division on building a long-term, sustainable pipeline of opportunities which has resulted in the largest pipeline in many years. The On Demand IT Services division maintains long-term relationships with major tier one system integrators and has established new relationships with several other major system integrators in this growing sector. Several large opportunities were delayed in the second half of 2019 due to our customers experiencing contract delays. We anticipate that a number of these opportunities will be realised in the first half of 2020.
  - Ongoing management of the strong demand for recruitment services in China while also meeting the challenges of attracting and retaining quality staff in a competitive market and navigating complex legal and regulatory issues. As previously reported, we appointed a new highly experienced Chief Executive Officer to our Lloyd Morgan division in China in October 2018. Although a key focus has been rebuilding the Beijing and Guangzhou office teams, this has taken longer than anticipated. The majority of new consultants only joined late in the second half of 2019, leading to an immediate increase in costs without an associated increase in revenue. The focus is now on rapidly growing the pipeline of jobs and driving productivity, in order to bring the operations back to profitability. Having now been operating in China for over 12 years, we continue to assess the future opportunities for our investment.
- Reviewing the company's overall people, systems and operating platforms, with the following actions and outcomes:
  - Increased focus on the bids and tenders' function, leading to the acquisition of several new customers in 2019 and retention of all our existing customer contracts. We have implemented a more rigorous bid/no bid process and a focus on lower volume/higher margin business.

- Attracting new talent to our consultant team in Australia. We have attracted many new consultants over 2019 and expect these new consultants to grow their revenue contributions during 2020 backed by a strong industry recognised learning and development program.
- Reducing employee attrition rates through a range of human resource investments and strategies.
- Rationalising inefficient offices and operations.
- Further planned property relocations to right size certain offices and reduce fixed operating costs.
- Significant re-focus on business development strategies resulting in increased volumes of work from existing and new customers.
- Greater focus on driving productivity through our recruitment teams.

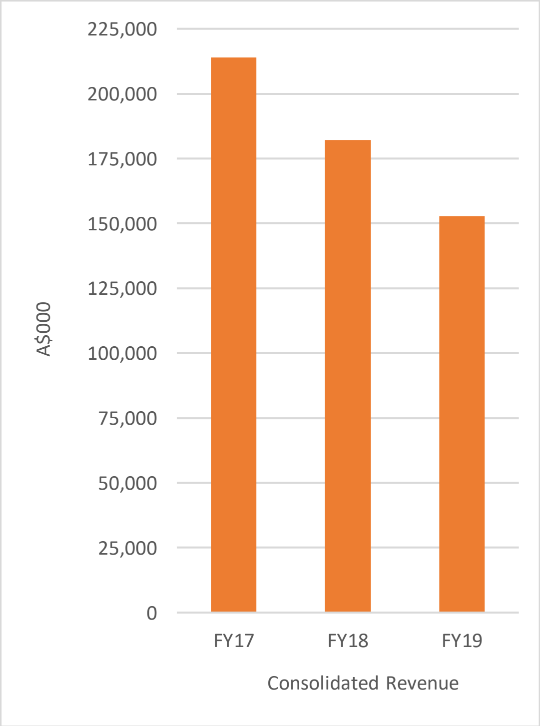
Key Financial Metrics

Metric	2019 $000	2018[1] $000	Change $000	Change %
Revenue	152,900	182,203	(29,303)	(16.1)
Gross profit	25,832	31,700	(5,868)	(18.5)
Gross profit margin	16.9%	17.4%	-	-
Loss for the year after tax	(5,812)	(2,566)	(3,246)	(126.5)
Operating cash flow	(1,232)	1,492	(2,724)	(182.6)
Debtor finance facility	(5,798)	(628)	(5,170)	(823.2)
Cash	1,287	2,782	(1,495)	(53.7)
Net assets	8,872	14,075	(5,203)	(37.0)
Gearing	33.7%	-	-	-

1. Refer to Note 3(t) on the restatement of prior period comparatives. The restatement of prior period comparatives has no impact on key metrics including gross profit and loss from operating activities.

Financial Review

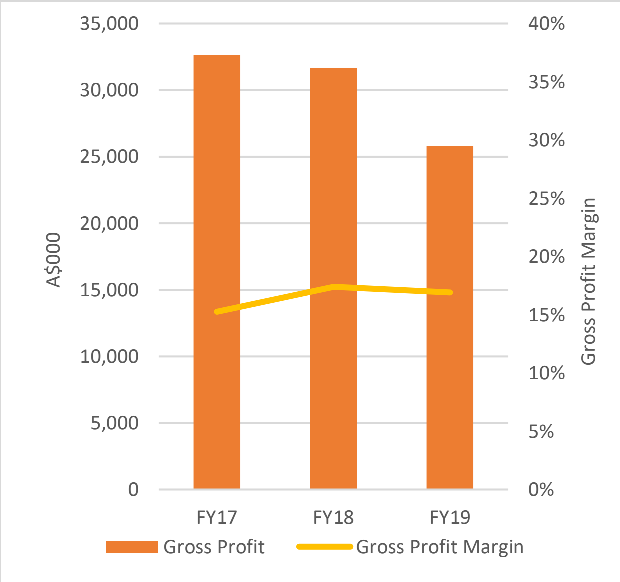
In the 2019 financial year, revenue declined 16.1% from $182,203k to $152,900k and gross profit decreased 18.5% from $31,700k to $25,832k while the gross profit margin deteriorated slightly from 17.4% in 2018 to 16.9% this year. The revenue decline was largely due to the full year impact of the loss of two large payrolling services contracts in the prior year. The deterioration in margin was due to the proportion of permanent recruitment revenue declining to 39.0% (2018: 46.8%) of gross profit due primarily to the decline in China revenue. As a result we experienced deterioration in our key financial metrics, including trade debtors, debtor finance facility and operating cash flows.



The Australia and New Zealand Specialist Recruitment business accounted for 86.6% of revenue (2018: 87.2%), the China Specialist Recruitment business represented 4.6% (2018: 6.2%), the On Demand IT Services business accounted for 7.1% (2018: 5.2%) and the People Services business made up the balance.

Consolidated profit before corporate overheads and tax fell 47.5% to $2,561k (2018: $4,878k), reflecting the performance of the four operating segments and in particular the Specialist Recruitment divisions in NSW, Victoria and China.

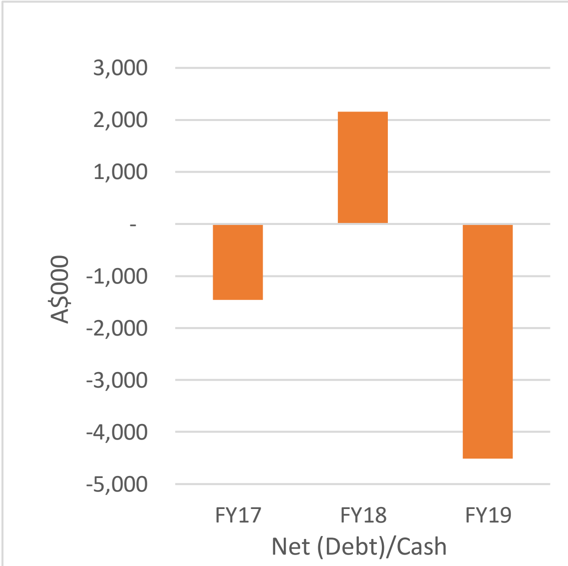
The loss from operating activities increased 185.9% to $5,958k (2018: $2,084k loss) wholly due to the $5,868k reduction in gross profit while net operating overheads decreased 5.9% from $33,784 to $31,790. Employee benefits expense reductions came from lower headcount predominantly in the China division. The

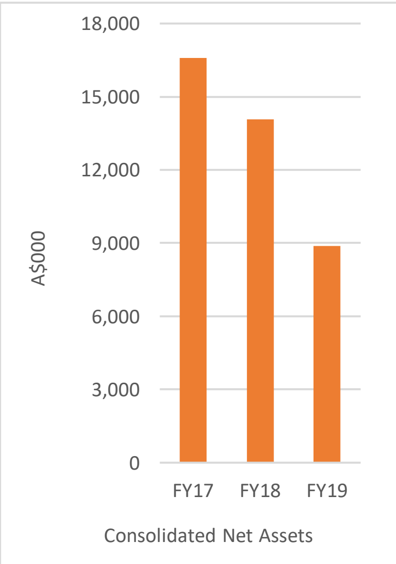


operating rental expense increase this year was associated with the relocation to new Brisbane premises in the second half of 2018.

Operating cash flow deteriorated significantly for the year to $1,232k outflow (2018: $1,492k inflow) due to the reduced revenue and gross profit and the associated lower cash inflows.

The loss for the year after tax increased 126.5% to $5,812k (2018: $2,566k loss).





At 30 June 2019 the consolidated entity had net assets of $8,872k (2018: $14,075k). The consolidated entity's total assets of $24,490k (2018: $27,966k) primarily consisted of net trade receivables of $13,593k (2018: $17,848k) and accrued income of $6,955k (2018: $4,856k). Net trade receivables reduced 23.8% on the back of improved collections and reduced billings. The consolidated entity's total liabilities of $15,618k (2018: $13,891k) primarily comprised trade and other payables of $8,186k (2018: $11,198k).

The cash balance at 30 June 2019 reduced 53.7% to $1,287k (2018: $2,782k). The deterioration in trade debtors and cash flow saw the debtor finance facility utilised at the end of the financial year increase 823.2% to $5,798k (2018: $628k). The debtor finance facility drawdown fluctuates during the course of a month depending on contractor pay and client bill cycles as well as the timing of staff payroll, supplier payments and federal and state government statutory tax payments. As a result, gearing at 30 June 2019 was 33.7% (2018: nil) with net debt of $4,511k (2018: $2,154k net cash).

Our People

The Australian operations saw 72 new staff join over 2019, including 47 new starters in our Specialist Recruitment division. In China we had 60 new staff join over 2019, with many joining late in the second half.

Attracting new talent is always challenging in a competitive recruitment market and consumes significant management time to ensure that the right talent is recruited. A certain level of disruption occurs as these new starters go through the intensive learning and development training programs required to develop highly productive consultants. This in turn leads to short term costs without offsetting revenues as new hires progressively develop their skills.

We remain committed to our learning and development training programs, and strongly believe they are an excellent foundation for developing talented consultants, and in turn a strong and profitable business.

One of our leading recruiters was a finalist in the 2019 RCSA Awards within the category of Recruitment Professional of the Year.

Our excellent human resources and learning and development staff are recognised as adding significant value to the business. They are continually developing industry-leading training programs to assist our recruiters become the best in their chosen field. As a recognition of this, our learning and development program was shortlisted in the top five for the Recruitment International Awards' Training and Development Initiative of the Year award, a first for the company and this important function.

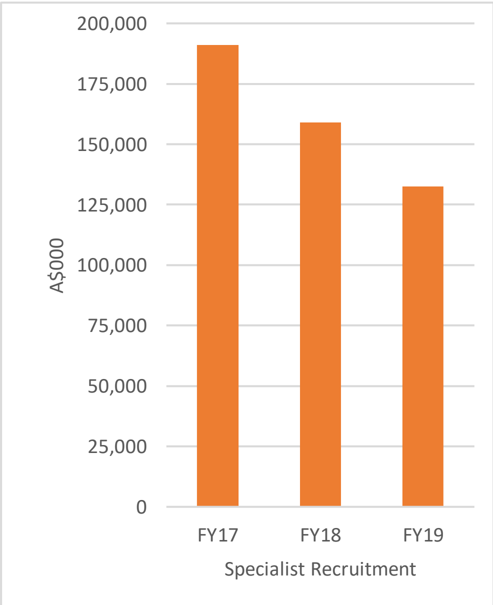
Operational Review

Specialist Recruitment

Revenue from the Australian and New Zealand Specialist Recruitment division declined 16.7% to $132,414k (2018: $158,931k). This reduction largely resulted from the flow on impact of losing two large payrolling services contracts in 2018 and the ongoing rebuild of the NSW and Victorian operations.

The NSW operation managed with only a small number of experienced consultants during 2019 and the focus was on attracting, training and retaining staff to build for 2020. The loss of two major accounts in 2018 and the continued transition of other customers to a Recruitment Process Outsourcing model meant that the focus had to move from account management to a significant ramp up in business development. Staff turnover in NSW continues to fall, and several new hires are now increasing their billings and we expect this to continue throughout 2020. A key focus continues to be on increasing training at all levels and increasing productivity from fee earners.

The Victorian operations also faced challenging conditions in attracting experienced consultants and, like NSW, the focus has been on attracting, training and retaining staff to build for 2020. As previously noted, we recently appointed our highly experienced ACT and People Services General Manager to lead the Victorian operations in the interim and believe that together with a new experienced team leader this will result in the Victorian operations being a profitable contributor in 2020.



Despite the challenging year, there were several standout performances:

- Our ACT operations continued their strong performance and delivered a record result with a profit before corporate overheads improving 80.3% over 2018;
- The NSW division won a number of new commercial, state and local government contracts which will have a positive impact on the 2020 performance.
- The bids and tenders' function has assisted in the acquisition and retention of key strategic customers. We have secured new customers for the provision of both permanent and contractor recruitment services across various industry sectors including property management, commercial products and services, as well as federal and state governments. Over the past 12 months, all existing customers who have tendered their business have been retained at improved margins including several long-standing customers.

On Demand IT Services

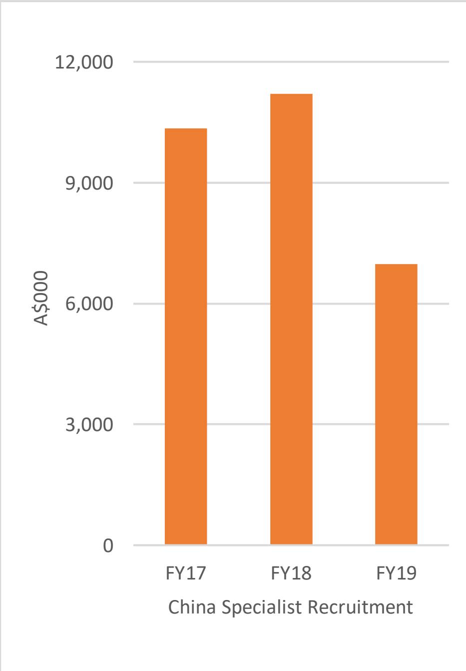
Revenue from the Australian and New Zealand On Demand IT Services division grew 15.9% to $10,882k (2018: $9,386k). This highly specialised and unique division continues to build what will be a significant business and currently has its largest pipeline in many years. Despite a number of opportunities in the financial services sector expected in the second half of 2019 being delayed to the first half of 2020 it increased profit before corporate overheads by 24.0% during the year to $652k (2018: $526k).

There is an exciting evolution occurring in the On Demand IT Services business model as it enters into stronger partnerships with its customers, moving from being engaged simply as a resourcing arm to operating as an integral strategic partner. For example, one of our newest systems integrator customers has started to use the On Demand IT Services to co-solution a number of its projects. As a result of this strategic partnership, our volume of work with this customer has increased significantly and will provide further revenue opportunities going forward.

People Services

The People Services division continued its strong performance from the previous year, and though revenue declined marginally, it delivered a record profit before corporate overheads of $701k (2018: $368k), up 90.5% on the prior year.

China



2019 proved to be a challenging year for Lloyd Morgan with revenues falling 37.8% to $6,976k (2018: $11,212k) and profit before corporate overheads falling 872.8% to a loss of $966k (2018: $125k profit). This was a direct result of the high staff turnover in our key Beijing and Guangzhou offices early in 2019, leading to a significant negative impact on revenue, notably in Beijing which was historically a significant contributor to China revenues.

This negative impact was compounded as we sought to rebuild by replacing headcount and carrying costs. A total of 45 new consultants were employed in the second half of 2019, with most commencing late in the third quarter or early in the fourth quarter.

The China operations have been self-funding over the past five years as we invested in and built out our platform to take advantage of the strong demand for recruitment services across the country. While we continue to manage the universal challenges of attracting and retaining quality staff in the complex and competitive Chinese market, we will closely monitor our investment and future opportunities for this business.

The Year Ahead

Our major focus in the first half of 2020 will be on appointing a new Chief Executive Officer who we expect will bring a depth of industry experience to our business.

A key part of our strategy in 2020 and beyond is to future-proof the business by continuing to invest in human resources and learning and development such that we are continuously empowering and building capability in our people.

The “Ignite” brand is now well established throughout the Australian recruitment industry and this is reflected in our ability to attract new consultants, win new business and retain existing customers.

Returning the NSW and Victorian operations to profit has been and continues to be a significant focus as the impact on the company has been material. Many of the consultants in these two states joined in 2019, and it takes both time and investment in training to develop the necessary recruitment skills. We anticipate these two states will continue to improve their performance during 2020 as our investment in people leads to increased revenues.

With a renewed focus on business development in the On Demand IT Services division, the pipeline has grown significantly, and we anticipate that successful execution of these opportunities will lead to the division making a meaningful contribution to the consolidated entity's 2020 results.

The People Services division continues to grow in its core ACT market and will now focus on new opportunities in other states with NSW being the initial focus. Having returned to sustainable and growing profits after its restructure in 2017, we believe the time is right to invest and expand this division.

There has been and continues to be a focus on driving business development and productivity through our recruitment teams, including continued investment in our customer relationship management system, Bullhorn, in order to provide increased visibility into customer, contractor and candidate services and sales activities.

We have a passionate and dedicated team all the way from the front office, where constant work goes into delivering on the needs of our customers, contractors and candidates, through to the back office, where the dedicated and hardworking team go out of their way to ensure the business operates day in and day out.

Garry Sladden
Executive Chairman

DIRECTORS' REPORT

The Directors present their report together with the financial report of Ignite Limited, (the "Company") and its controlled entities (the "consolidated entity") for the financial year ended 30 June 2019 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Garry Sladden
Jennifer Elliott
Craig Saphin
Fred van der Tang (Appointed 23 January 2019)

Principal activities

The principal activities of the consolidated entity during the financial year were the provision of contingent labour and permanent recruitment services (Specialist Recruitment), on demand information technology services (On Demand IT Services) and outsourced recruitment and human resource consulting services (People Services). There have been no changes in the principal activities of the consolidated entity during the year.

The consolidated entity operates in 10 cities across Australia and China and employs more than 230 people.

Review of operations

The loss attributable to equity holders of the Company for the financial year was $5,812k (2018: $2,566k loss).

The Chairman's Letter and Financial and Operational Review form part of the Directors' Report for the financial year ended 30 June 2019.

Dividends

No dividends were paid or declared during the financial year. On 30 August 2019 the Directors resolved not to declare a final dividend for the year ended 30 June 2019.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Events subsequent to the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Future developments

The consolidated entity continues to pursue a strategy centred on the provision of Specialist Recruitment, On Demand IT Services and People Services in the Asia-Pacific region.

Environmental issues

The consolidated entity's operations are regulated by relevant Commonwealth and State legislation in Australia and legislation in New Zealand and China. The nature of the consolidated entity's business does not give rise to any significant environmental issues.

Information on the Directors

GARRY SLADDEN

Executive Chairman

Garry is a business and strategic adviser who has a diversified business background in the areas of real estate, private equity, business operations, banking and finance, and equity raising. He was General Manager Operations at Consolidated Press Holdings for six years.

During the last three years Garry has been a director of listed company Folkstone Limited (resigned November 2018). Garry is currently Chairman of Star Car Wash Café Holdings Pty Ltd.

Garry is Executive Chairman of the Board of Directors, a member of the Board Audit, Risk and Compliance Committee and a member of the Board Remuneration and Nomination Committee.

Since the resignation of the previous Chief Executive Officer on 23 January 2019 and until such time as a new Chief Executive Officer is appointed, Garry has and will act as the Executive Chairman of the Company.

JENNIFER ELLIOTT

Independent Non-Executive Director

Jennifer has broad experience across senior executive roles in financial services, with a particular focus on strategic planning, risk and compliance, joint ventures in Asia and global human resources. During a 20-year career with Moody's Corporation, Jennifer held a variety of analytic and management roles, including over five years as head of Moody's Investors Service Asian business, and also several years as Chief Human Resources Officer for Moody's Corporation.

She holds a Master of Asian Business Studies from SOAS, University of London, and arts and law degrees from the University of Sydney.

During the last three years Jennifer has not been a director of any other listed company. Jennifer currently sits on several boards as an independent non-executive director, including not-for-profit entities.

Jennifer is Chairman of the Board Audit, Risk and Compliance Committee and a member of the Board Remuneration and Nomination Committee.

During the period that the Chairman of the Board has acted as Executive Chairman, Jennifer has chaired the meetings of directors.

CRAIG SAPHIN GAICD

Independent Non-Executive Director

Craig is a seasoned executive with over 30 years' experience in Asia-Pacific operations. He has held chief executive officer, general management, executive and non-executive directorships and board oversight roles with full profit and loss experience for public, private and not-for-profit organisations.

Previously, Craig was Executive Director with the technology and HR services company, en Japan, Inc., which is a publicly listed company in Tokyo. He also held the role of Chief Executive Officer at recruitment company en world where he led the growth strategy across Asia.

Prior to this he worked in executive roles leading diverse teams in Australia, China, Japan and Asia for the US technology company EFI, Inc. and Japanese company Fuji Xerox. He has been Chairman for the NFP English service lifeline in Japan, "TELL".

During the last three years Craig has not been a director of any other listed company.

Craig is Chairman of the Board Remuneration and Nomination Committee and a member of the Board Audit, Risk and Compliance Committee.

FRED VAN DER TANG

Independent Non-Executive Director

Fred is a highly experienced senior executive at international level, having built a career of over 20 years at Randstad, currently the world's largest recruitment company. In his time at Randstad, he held senior roles which included responsibility for Randstad's operations in the Netherlands, Italy, the UK and Australia/New Zealand. He also served as Chief Sales Officer at a global level. Fred brings a deep understanding of growth and transformation in the recruitment industry.

Following Randstad, Fred was General Manager Australia/New Zealand for Ascender HCM, a private equity owned payroll and human capital management provider. Fred is currently Chief Executive Officer and a shareholder of Make it Cheaper, a privately owned Australian company providing business energy price comparison and switching.

A Dutch national, now residing in Sydney, Fred attained a Masters degree in Business and Economics from the University of Amsterdam as well as qualifications from several leading business schools.

During the last three years Fred has not been a director of any other listed company.

Fred is a member of the Board Audit, Risk and Compliance Committee and a member of the Board Remuneration and Nomination Committee.

Directors' interests in shares and options

At the date of this report, the particulars of shares and options in which each Director has a relevant interest either directly or indirectly are disclosed in the Remuneration Report on page 14.

Company Secretary

IAN GILMOUR FGIA, FCIS, FAICD

Company Secretary

Ian is a seasoned and experienced company secretary and is currently director and company secretary of Gilmour & Co Pty Ltd, a provider of company secretarial services. He is company secretary of Property Exchange Australia Limited, Optalert Holdings Pty Limited and Sydney Institute of Marine Science. Ian was formerly director and company secretary of AQRB Pty Ltd (formerly Audit Quality Review Board Ltd) and company secretary of RedHill Education Limited (ASX: RDH), Goodman Fielder Limited (ASX: GFF) and has provided company secretarial services to a number of ASX listed companies.

Audited remuneration report

The remuneration report is set out under the following headings:

- Director Remuneration
- Principles Used to Determine the Nature and Amount of Executive Remuneration
- Details of Directors' and Key Management Personnel Remuneration
- Short-Term Incentive
- Long-Term Incentive
- Employment Contracts
- Option Holdings
- Shareholdings

The information provided under these headings includes remuneration disclosures that are required under the Corporations Act 2001. These disclosures have been transferred from the financial report and have been audited.

Director Remuneration

The policy of the Board of Directors (Board) is to remunerate Directors at market rates for comparable companies. Such remuneration is provided in recognition of the time, commitment and responsibilities assumed by Directors. The Board Remuneration and Nomination Committee determines payments to Directors and reviews their remuneration annually, based on market practice, duties and accountability.

Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Directors is $500,000 per annum as approved by shareholders at the 2005 Annual General Meeting. Fees for Directors are not linked to the performance of the consolidated entity. Directors do not receive options or any form of equity as remuneration.

Directors are entitled to statutory superannuation and do not receive any other retirement benefits.

Principles Used to Determine the Nature and Amount of Executive Remuneration

Executive Remuneration Principles

The Board Remuneration and Nomination Committee's Charter includes setting out the terms and conditions by which executive remuneration is determined. The Board Remuneration and Nomination Committee did not seek professional advice from independent external consultants in the financial year on executive remuneration. All executives receive a base salary (which is based on factors such as experience) and statutory superannuation and are eligible for fringe benefits as well as service and performance-based incentives. The Board Remuneration and Nomination Committee reviews senior executive remuneration annually, as requested by the Chief Executive Officer, by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The consolidated entity's executive remuneration practices have been designed to align executive and shareholder interests and objectives. The Board believes these practices to be appropriate and effective in attracting and retaining skilled executives to manage and operate the business.

The performance of executives is measured against criteria agreed annually with each executive. The criteria are based predominantly on the forecast financial performance of the consolidated entity. Bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can review the Board Remuneration and Nomination Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract and retain skilled executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives may also be invited to participate in the Company's Equity Incentive Plan.

Executives are entitled to statutory superannuation and do not receive any other retirement benefits.

All remuneration paid to executives is valued at cost to the Company and expensed.

Performance Based Remuneration

As part of the Chief Executive Officer and executives' remuneration packages there is a performance-based component, related to Key Performance Indicators (KPIs). The intention of this program is to facilitate congruence of goals between executives and those of the business and shareholders. The KPIs are set annually, in consultation with executives to ensure their commitment to achieving those goals.

The KPIs target the areas the Board believes hold the greatest potential for the consolidated entity's expansion and profitability, covering financial and non-financial as well as short-term and long-term goals. The measures are specifically tailored to the areas of each executive's involvement within the business and over which they have control. The level set for each KPI is based on budgeted amounts for the consolidated entity and industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. In determining whether or not a financial KPI has been achieved, the Company bases the assessment on audited financial information. The Chief Executive Officer's achievement of KPIs is determined by the Board while each executive's achievement of KPIs is determined by the Chief Executive Officer.

Following the annual assessment, the KPIs are reviewed by the Chief Executive Officer, with assistance as may be required from the Board Remuneration and Nomination Committee in light of the desired and actual outcomes for that year. The KPIs are then set for the year in order to align with the consolidated entity's objectives.

Consequences of Performance on Shareholder Wealth

In considering the consolidated entity's performance and impact on shareholder wealth, the Board Remuneration and Nomination Committee has regard to the following information in respect of the current financial year and prior four financial years.

	2019 $000	2018 $000	2017 $000	2016 $000	2015 $000
Loss attributable to the Owners of the Company	(5,812)	(2,566)	(3,724)	(3,864)	(11,328)
Loss excluding impairment and de-recognition of tax losses	(5,812)	(2,566)	(3,724)	(2,033)	(7,790)

	$	$	$	$	$
Share price at the beginning of the year	0.05	0.08	0.19	0.27	0.24
Share price at the end of the year	0.04	0.05	0.08	0.19	0.27
Return on capital employed	-	-	-	-	-

	Cents	Cents	Cents	Cents	Cents
Basic loss per share	(6.49)	(2.86)	(4.16)	(4.31)	(12.65)
Diluted loss per share	(6.49)	(2.86)	(4.16)	(4.31)	(12.65)

Details of Directors' and Key Management Personnel Remuneration

The remuneration of Directors and key management personnel of the consolidated entity is as follows:

	Short-term Employment Benefits			Post-Employment Benefits		Long-term Employment Benefits	
	Salary $	Bonus $	Non-Monetary Benefits $	Superannuation $	Termination Benefits[4] $	Share Based Payments $	Total Remuneration $
Directors							
Garry Sladden							
2019	176,044	-	-	13,725	-	-	189,769
2018	99,000	-	-	9,405	-	-	108,405
Jennifer Elliott							
2019	53,425	-	-	5,075	-	-	58,500
2018	53,425	-	-	5,075	-	-	58,500
Craig Saphin							
2019	53,425	-	-	5,075	-	-	58,500
2018	53,425	-	-	5,075	-	-	58,500
Fred van der Tang[1]							
2019	23,699	-	-	2,251	-	-	25,950
2018	-	-	-	-	-	-	-
Gabrielle Trainor[2]							
2019	-	-	-	-	-	-	-
2018	4,452	-	-	423	-	-	4,875
Key Management Personnel							
Julian Sallabank[3]							
2019	324,883	-	-	17,873	33,815	-	376,571
2018	379,951	-	-	20,049	-	2,747	402,747
Mahendra Tharmarajah							
2019	311,925	-	-	25,041	-	-	336,966
2018	295,080	20,000	5,769	24,969	-	-	345,818

1. Fred van der Tang was appointed on 23 January 2019.
2. Gabrielle Trainor resigned on 25 July 2017.
3. Julian Sallabank resigned as Chief Executive Officer on 23 January 2019.
4. Julian Sallabank's termination payment comprised accrued annual leave.

The relative proportions of remuneration that are fixed and performance based are as follows:

		Performance Based Remuneration			Service Based Remuneration		
	Fixed Remuneration %[1]	Performance Based Remuneration %[1]	% Vested in Year[2]	% Forfeited in Year	Service Based Remuneration %	% Vested in Year[2]	% Forfeited in Year
Directors							
Garry Sladden							
2019	100	-	-	-	-	-	-
2018	100	-	-	-	-	-	-
Jennifer Elliott							
2019	100	-	-	-	-	-	-
2018	100	-	-	-	-	-	-
Craig Saphin							
2019	100	-	-	-	-	-	-
2018	100	-	-	-	-	-	-
Fred van der Tang[3]							
2019	100	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
Gabrielle Trainor[4]							
2019	-	-	-	-	-	-	-
2018	100	-	-	-	-	-	-
Key Management Personnel							
Julian Sallabank[5]							
2019	100	-	-	-	-	-	-
2018	99	-	-	-	1	67	-
Mahendra Tharmarajah							
2019	100	-	-	-	-	-	-
2018	93	7	100	-	-	-	-

1. Fixed remuneration %, performance-based remuneration % and service-based remuneration % are based on the entitlements of each key management person during the financial year.
2. Vesting percentages are based on actual remuneration payable in the financial year.
3. Fred van der Tang was appointed on 23 January 2019.
4. Gabrielle Trainor resigned on 25 July 2017.
5. Julian Sallabank resigned as Chief Executive Officer on 23 January 2019 at which time the previously granted 335,000 options over ordinary shares lapsed unexercised.

The remuneration packages of key management personnel contain a performance-based remuneration component related to achievement of agreed KPIs. The remuneration of key management personnel and the returns to the Company's shareholders are aligned through the remuneration policies implemented by the Board as follows.

Performance linked compensation includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short-term incentive is a bonus provided in the form of cash, while the long-term incentive is provided as options pursuant to the rules of the Company's Equity Incentive Plan.

Short-Term Incentive

The objective of the short-term incentive (STI) is to reward key management personnel for their contribution to the achievement of the consolidated entity's annual financial objectives, as well as individual KPIs. Each year the Board Remuneration and Nomination Committee sets KPIs for the key management personnel. The KPIs generally include measures relating to the consolidated entity, the relevant segment, and the individual, and include financial, people, customer and strategy measures. The measures are chosen as they directly align an individual's reward to the KPIs of the consolidated entity and to its strategy and performance.

The Company's STI plan provides for a cash payment based on achieving pre-determined KPIs and is assessed and paid annually. The financial performance objectives are set annually as deemed appropriate by the Board Remuneration and Nomination Committee and include measures such as gross margin, earnings before interest and tax (EBIT) margins and EBIT margin % targets. The non-financial objectives vary with role and responsibility and include measures such as achieving strategic outcomes, adhering to legal and operational compliance, customer satisfaction and staff development. Each financial and non-financial objective accounts for between 20 to 40 percent of the maximum STI.

The KPIs assigned to key management personnel directly impact the amount of bonus payments made and potential salary increases. These KPIs are directly linked to the profitability of the consolidated entity, and the achievement of the consolidated entity's financial goals during the financial year. Therefore, the level of remuneration of key management personnel is directly linked to the performance of the consolidated entity in each financial year.

At the end of the financial year, the Board Remuneration and Nomination Committee assesses the actual performance of the consolidated entity, the relevant segment and the individual against the KPIs set at the beginning of the financial year. In determining whether or not a financial KPI has been achieved, the Company bases the assessment on audited financial information.

Long-Term Incentive

The objective of the long-term incentive (LTI) is to reward the Chief Executive Officer and key management personnel for their contribution to the creation of shareholder value over the long-term. Options are granted under the Company's Equity Incentive Plan which provides for key management personnel to receive options as part of their remuneration. The options are granted based on performance criteria and to encourage staff retention.

The goal is to increase congruence of goals between executives and those of the business and shareholders. Options only vest where the performance and tenure hurdles are satisfied.

Employment Contracts

It is the consolidated entity's policy that service contracts for key management personnel are on-going until terminated by either party. Remuneration and other terms of employment for the key management personnel are formalised in contracts of employment. Each of these contracts of employment specify the remuneration terms including the fixed and performance-based remuneration components providing for cash bonuses, options and other benefits. There are no specified lengths of service included within the contracts of employment. The contracts of employment of the key management personnel may be terminated by either party with three months' notice.

Option Holdings

There are currently no options over ordinary shares on issue pursuant to the Company's Equity Incentive Plan.

Shareholdings

	Balance 1 July 2018	Movement	Balance 30 June 2019
Directors			
Garry Sladden	175,142	65,000	240,142
Jennifer Elliott	50,000	200,000	250,000
Craig Saphin	150,600	80,000	230,600
Fred van der Tang[1]	-	-	-
Key Management Personnel			
Julian Sallabank[2]	-	-	-
Mahendra Tharmarajah	200,000	-	200,000

1. Fred van der Tang was appointed on 23 January 2019.
2. Julian Sallabank resigned as Chief Executive Officer on 23 January 2019.

No shares were issued during the year to key management personnel pursuant to the exercise of options over ordinary shares.

Shareholdings are unchanged as at the date of this report.

End of Audited Remuneration Report

Meetings of Directors and Board committees

During the financial year, the following meetings of Directors, the Board Audit, Risk and Compliance Committee and the Board Remuneration and Nomination Committee were held with attendances as indicated:

	Meetings of Directors		Meetings of the Board Audit, Risk and Compliance Committee		Meetings of the Board Remuneration and Nomination Committee	
Directors	Meetings Held(1)	Meetings Attended	Meetings Held(1)	Meetings Attended	Meetings Held(1)	Meetings Attended
Garry Sladden	19	19	6	6	3	3
Jennifer Elliott	19	19	6	6	3	3
Craig Saphin	19	19	6	6	3	3
Fred van der Tang	9	9	3	3	2	2

(1) The number of meetings held during the time the Director was a member of the Board or Committee.

Indemnifying Officers

The Company has entered into deeds of indemnity, insurance and access with each of the Directors and the Company Secretary. The form of these deeds was approved by shareholders at the 2001 Annual General Meeting. The indemnity will only indemnify a Director and the Company Secretary to the extent permitted by the law and the Company's Constitution.

During the year the Company paid a premium to insure the Directors and the Company Secretary listed in this report against liabilities for the costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of non-executive officers of the Company. The terms of the policy prohibit disclosure of the premium paid.

Directors' benefits

No Director has received or become entitled to receive, during or since the end of the financial year, a benefit because of a contract made by the Company, a controlled entity or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest other than as disclosed in the Remuneration Report.

This statement excludes a benefit included in the aggregate of emoluments received or due and receivable by Directors and shown in the Company's financial statements, or the fixed salary of a full-time employee of the Company, a controlled entity or a related body corporate.

Proceedings on behalf of the Company

No person has applied for leave of the Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company, or to intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Board, in accordance with advice from the Board Audit, Risk and Compliance Committee, are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Board are satisfied that the services disclosed in Note 24 did not compromise the external auditor's independence for the following reasons:

- The nature and scope of all non-audit services are reviewed and approved by the Board Audit, Risk and Compliance Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the APES 110 Code of Ethics for Professional Accountants.

Refer to Note 24 for amounts paid or payable during the financial year to the external auditors in respect of non-audit services.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2019 is set out on page 17 of the Directors' Report.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars or in certain cases to the nearest dollar, unless otherwise indicated.

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

Garry Sladden
Executive Chairman

Dated at Sydney this 30th day of August 2019.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Ignite Limited
Level 9, 1 York Street
Sydney NSW 2000

30 August 2019

Dear Directors

Auditor's Independence Declaration to Ignite Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Ignite Limited.

As lead audit partner for the audit of the financial report of Ignite Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel
Partner
Chartered Accountants

Corporate Governance Statement

This statement sets out the material governance principles and processes of the Company and the consolidated entity. The Board has followed recommendations established in the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations, Third Edition (the "ASX Recommendations").

The Directors have resolved to consider and apply these ASX Recommendations unless it is determined that, in the circumstances of the consolidated entity, there is a sound reason in the interests of shareholders not to do so. Furthermore, the Directors have determined not to adopt the ASX Corporate Governance Principles and Recommendations, Fourth Edition prior to the mandatory adoption date of 1 January 2020.

Features of the consolidated entity's corporate governance regime are summarized below. Details of the consolidated entity's corporate governance codes, charters and policies are available on the consolidated entity's website under Investor Information - Corporate Governance (www.igniteco.com/investor-information/corporate-governance) (Website).

Principle 1 – Lay solid foundations for management and oversight

The role of the Board is to approve the strategic direction of the consolidated entity, guide and monitor management and the business in achieving its strategic plans and oversee good governance practice. The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including customers, contractors, candidates, vendors, employees and the wider community.

The responsibilities and accountabilities of the Board have been framed in a Board Charter which reflects its governance principles. The Board Charter is available on the consolidated entity's Website.

During the year the Board met 19 times. Meetings are held at regular intervals throughout the year supplemented by additional meetings as required in the conduct of the Board's responsibilities.

The Board operates on the principle that all significant matters are dealt with by the full Board and has specifically reserved the following matters for its decisions:

- Strategy and planning
- Staffing
- Remuneration
- Capital management and financial reporting
- Performance monitoring
- Risk management
- Audit, risk and compliance
- Board processes and policies

To assist in its deliberations, the Board has established two main committees which, apart from routine matters, act primarily in a review or advisory capacity on the matters set out in their respective charters. These are the Board Audit, Risk and Compliance Committee and the Board Remuneration and Nomination Committee. The charters of each Committee are summarised in this report. Other committees may be established to address specific issues as may be required from time to time.

Chairman's Responsibilities

The Chairman's responsibilities are expressly identified in the Board Charter. The Chairman is responsible for ensuring that the Board receives timely, clear and relevant information to facilitate the efficient organisation and conduct of the Board's duties in regard to strategic direction, governance and monitoring the performance of management. The Chairman is also responsible for ensuring that procedures to assess the performance of the Board and the Directors are operating; facilitating Board discussion and effective contribution of all Directors; and overseeing representations to and communications with the shareholders.

Director Selection

It is the role of the Board Remuneration and Nomination Committee to identify suitable candidates to complement the existing Board and to make recommendations to the Board on their appointment. The Board considers the appointment or retirement of Directors annually under succession plan principles having regard to the size of the consolidated entity and to the appropriate skills and experience of Directors. Skills and experience regarded as important include experience as a chief executive officer; recruitment and broader service industry experience; experience in financial markets, including acquisitions; financial experience; and broad experience in governance and risk management, including ASX listed companies.

Before appointing a Director, the Company undertakes comprehensive due diligence including employment, character reference, criminal history, bankruptcy and disqualified company director investigations.

Directors' Performance Review

During the year the Board surveyed the Directors regarding the performance of the Chairman, the Directors, the Board and its committees and discussed the results.

Company Secretary

The Company Secretary is appointed by the Board and is accountable to the Board, through the Chairman, on all governance matters. Biographical details showing the relevant skills, experience and expertise held by the Company Secretary are included in the Directors' Report.

Role of the Chief Executive Officer

The responsibility for implementing the approved business plans and for the day-to-day operations of the consolidated entity is delegated to the Chief Executive Officer who, with the management team, is accountable to the Board. The Board approves the Delegation of Authority which sets out the authority limits for the Chief Executive Officer and the management team.

Performance Based Remuneration

Across the consolidated entity, there is a strong performance management discipline teamed with competitive reward and incentive programs. As part of the management team's remuneration packages there is a performance-based component, related to Key Performance Indicators (KPI's). The intention of this program is to facilitate congruence of goals between management and those of the business and shareholders. The KPI's are set annually, in consultation with management to ensure their commitment to achieving those goals. The measures are specifically tailored to the areas of each manager's involvement within the business and over which they have control. Performance reviews have been carried out in accordance with policy during the financial year.

Diversity Policy

The consolidated entity understands that a diverse workforce is one that recognises and embraces the varied skills and perspectives that people bring to the organisation through their differences.

The consolidated entity values the differences between people and the contribution these differences make to its business. The consolidated entity recognises its talented and diverse workforce is a key competitive advantage and that its business success is a reflection of the quality and skills of its people. As such the consolidated entity is committed to seeking out and retaining the best people to ensure business growth and performance.

Above all, the consolidated entity is committed to ensuring that all employees, customers, consultants, suppliers and third-party stakeholders are treated with respect and dignity. It strives to create and foster a supportive and understanding environment in which all individuals realise their maximum potential within the consolidated entity, regardless of their differences.

The Board understands the importance of maintaining a diversity policy. The values are set out in the consolidated entity's diversity policy which is available on the consolidated entity's Website.

As part of monitoring its diversity policy, the Board measures its gender diversity noting the respective proportions of men and women on the Board, in key management roles and within broader management. However, the Board has determined not to set measurable objectives for achieving gender diversity for the foreseeable future.

	30 June 2019		30 June 2018	
Gender Diversity	Female (%)	Male (%)	Female (%)	Male (%)
Board of directors	25%	75%	34%	66%
Key management personnel	-	100%	-	100%
Management	40%	60%	20%	80%
Consolidated entity	69%	31%	68%	32%

Principle 2 – Structure the Board to add value

The Board comprises four Directors. The Board considers this number appropriate in the present circumstances of the Company. The Board Charter requires that there be a majority of Directors who are independent and non-executive. The majority of Directors in office are independent and non-executive. One-third of the Board is required to retire at each Annual General Meeting and may stand for re-election. The Director(s) to retire shall be those who have been longest in office since their last election. A Director appointed to fill a casual vacancy or as an additional Director only holds office until the next Annual General Meeting, when they must retire, and seek re-election by shareholders at the meeting.

Biographical details showing the relevant skills, experience and expertise of each Director are included in the Information on Directors section of the Directors' Report.

The Board comprises the following Directors at the date of this report:

Name	Position	Appointed
Garry Sladden	Executive Chairman[1]	September 2013
Jennifer Elliott	Independent non-executive Director	May 2014
Craig Saphin	Independent non-executive Director	March 2017
Fred van der Tang	Independent non-executive Director	January 2019

1. Garry Sladden was an Independent Non-Executive Chairman until 23 January 2019. Following the resignation of the previous Chief Executive Officer, and until such time as a new Chief Executive Officer is appointed, Garry has acted and will continue to act as the Executive Chairman of the Company. During the period that Garry has acted as Executive Chairman, Jennifer Elliott, Chairman of the Board Audit, Risk and Compliance Committee, has chaired the meetings of directors.

Directors' Independence

The Board has established a policy on Directors' independence. An "independent non-executive Director" is independent of management, free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment, and otherwise meets the criteria for independence set out in the ASX Recommendations.

Directors are considered to be independent if they meet the following criteria:

- they are not a substantial (5% or greater) shareholder of the Company or an officer of a substantial shareholder of the Company;
- they have not been employed in an executive capacity in the last three years by the Company or a subsidiary of the Company;
- they have not been employed as a principal of a material professional advisor to the consolidated entity during the past three years;
- they are not a material supplier or customer of the Company or any subsidiary of the Company;
- they have no material contractual relationship with the consolidated entity (other than as a Director of the Company); and
- they are free from any interest, business or personal, which could, or could reasonably be perceived to materially interfere with their ability to act in the best interests of the consolidated entity.

In determining whether or not a material relationship exists with a third party such as a supplier, professional advisor or customer, the Board considers that relationship to be material if it meets the following criteria:

- the customer accounts for more than 5% of the consolidated entity's consolidated gross revenue per annum;
- the consolidated entity accounts for more than 5% of the supplier's consolidated revenue;
- the total value of any contract or relationship between the consolidated entity and the Director (other than as a Director of the Company) exceeds $200,000.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Company's expense. The consent of the Board is required prior to obtaining such advice and the concerned Director does not participate in the Board's consideration of its consent.

Induction of New Directors and Ongoing Development

New Directors are provided with a formal letter of appointment which sets out the key terms and conditions of appointment, including their duties and responsibilities, required time commitment, requirement to disclose notifiable interests or other interests and matters affecting independence.

New Directors participate in an induction program designed to introduce the Director to all aspects of the consolidated entity's business and corporate strategies, as well as incorporating information in relation to areas in which the Director will particularly be involved. The new Director will meet with the Chairman and each Director, the Chief Executive Officer and management in order to gain an insight into the values and culture of the consolidated entity.

On an ongoing basis, Directors are provided with presentations and briefings on matters impacting the strategy and operations of the consolidated entity.

Board Skills Matrix

The Board skills matrix is set out below:

Strategic Areas	Skills
Strong capital management and appropriate oversight of financial controls and risk	• Risk management • Financial accounts literacy • Shareholder and investor relations • Investment banking and capital management
Understanding of employment/labour hire business	• Employment/labour hire business acumen • Information technology • Marketing • Digital strategy
International business experience	• Senior management experience leading international divisions • Strategy
Other areas	• Executive/senior management experience • Corporate governance experience • Diversity and inclusion

Board Remuneration and Nomination Committee

The Board Remuneration and Nomination Committee operates under a Charter approved by the Board. The Committee Charter is available on the consolidated entity's Website. The Committee's objective is to assist the Board in the consideration of personnel and remuneration issues within the consolidated entity. The Committee ordinarily comprises a minimum of three Directors, a majority of whom are independent non-executive Directors.

The members of the Committee during the year were:

Name	Position
Craig Saphin	Chairman of the Committee
Garry Sladden	Member of the Committee
Jennifer Elliott	Member of the Committee
Fred van der Tang	Member of the Committee appointed in January 2019

Qualifications of Committee members are set out in the Information on Directors section of the Directors' Report.

The Committee, which is accountable to the Board, is required by its Charter to meet at least twice per year. Details of the number of meetings of the Committee held during the year, and the attendees at those meetings, are set out in the Meetings of Directors and Board Committees section of the Directors' Report.

The responsibilities of the Board Remuneration and Nomination Committee are delegated by the Board and include:

- recommending the structure and constituency of the Board such that it has the effective composition, size and commitment to properly discharge its responsibilities and duties;
- ensuring appropriate Board succession planning, including identification, induction and training of new Directors as required;
- performance assessment in relation to the Board and individual Directors;
- assisting the Chairman in relation to the efficacy of Board processes;
- recommending Chairman and non-executive Director remuneration;
- recommending remuneration framework and levels for the Chief Executive Officer and management;
- assisting the Chairman in relation to performance goals for, and assessment of, the Chief Executive Officer and management;
- policies and procedures regarding the management team for recruitment, retention, remuneration, training and succession planning; and
- policies on superannuation arrangements for the consolidated entity.

For details on the amount of remuneration, and all monetary and non-monetary components for each of the key management personnel who were not Directors during the year, and for all Directors, refer to the Details of Directors' and Key Management Personnel Remuneration section of the Directors' Report. In relation to the payment of bonuses, granting of options, and other incentive payments, discretion is exercised by the Board having regard to the overall performance of the consolidated entity and the performance of the individual during the period.

There is no scheme to provide retirement benefits to non-executive Directors, other than statutory superannuation.

Principle 3 – Act ethically and responsibly

Code of Conduct/Ethical Business Behaviour

The Board recognises the need to observe the highest standards of corporate practice and business conduct. The Board has adopted a Code of Conduct applicable to all Directors, management and employees. The Code directs standards of behaviour and interpersonal dealings. Within the letter and spirit of the Code, the Directors, management and all employees are expected to act lawfully, in a professional manner, and with the utmost integrity and objectivity in their dealings with customers, contractors, candidates, vendors, competitors, the community and each other, striving at all times to enhance the reputation and performance of the consolidated entity.

The Code is available on the consolidated entity's Website.

In addition, the consolidated entity has implemented a whistle-blower policy, empowering employees to report instances of workplace misconduct. The procedures are protective of the interests and concerns of employees who are genuinely exposed to such instances.

Share Ownership and Dealings

Details of shareholdings of Directors in the Company are set out in the Directors' Report.

Securities Trading Policy

Directors, management and employees are subject to the Corporations Act 2001 which restricts their buying, selling or trading in securities in the Company if they are in possession of inside information.

The Board has adopted a formal policy for securities trading which is available on the consolidated entity's Website.

Directors, management and employees of the consolidated entity are not permitted to undertake any transactions in relation to shares in the Company in the period between the end of the financial half-year or full-year and the release of the financial information relating to that period. Directors, management and employees of the consolidated entity are further prohibited from undertaking transactions involving the Company's shares at any time whilst in possession of information which is not in the public domain and which could reasonably lead to a change in the share price of the Company.

Principle 4 – Safeguard integrity in corporate reporting

Board Audit, Risk and Compliance Committee

The Board Audit, Risk and Compliance Committee operates under a Charter approved by the Board. The Committee Charter is available on the consolidated entity's Website. The Committee's objectives are to assist the Board in safeguarding integrity in financial reporting; making timely and balanced disclosure to shareholders, and potential shareholders in accordance with the principles of continuous disclosure; recognising and managing risk; and overseeing the Company's process for monitoring compliance with laws and regulations and the code of conduct. The Committee ordinarily comprises a minimum of three Directors, a majority of whom are independent non-executive Directors.

The members of the Committee during the year were:

Name	Position
Jennifer Elliott	Chairman of the Committee
Garry Sladden	Member of the Committee
Craig Saphin	Member of the Committee
Fred van der Tang	Member of the Committee appointed in January 2019

Qualifications of Committee members are set out in the Information on Directors section of the Directors' Report.

The Committee, which is accountable to the Board, is required by its Charter to meet at least twice per year. Details of the number of meetings of the Committee held during the year, and the attendees at those meetings, are set out in the Meetings of Directors and Board Committees section of the Directors' Report.

The responsibilities of the Board Audit, Risk and Compliance Committee are delegated by the Board and include:

- monitoring the integrity of statutory reporting and reviewing, with recommendations, the policies and disclosures inherent in the half-year and full-year financial statements;
- reviewing and approving financial policies and procedures so as to ensure the effectiveness of financial management and reporting; the completeness of compliance obligations; and adherence with continuous disclosure requirements;
- monitoring and appropriately advising the Board in relation to related party transactions;
- monitoring and assessing the consolidated entity's internal control frameworks and risk management strategies and processes, including recommending the insurance strategy;
- overseeing the scope, cost and performance of external audit; and directing the strategies and scope of internal audit; and
- recommending the appointment of external auditors and monitoring the independence of external auditors.

External Auditors

The consolidated entity's policy is to appoint external auditors who are independent and who demonstrate that independence.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in Note 24 to the Consolidated Financial Statements. The external auditors provide an annual declaration of their independence to the Board and explain the basis upon which non-audit services do not impair their independence.

The external auditor will attend the Annual General Meeting and will be available to answer shareholder questions about the conduct of the audit and preparation and content of the Independent Auditor's Report.

Financial Reporting

The Executive Chairman and Chief Financial Officer have stated, in writing, to the Board that the consolidated entity's financial statements for the year ended 30 June 2019 present a true and fair view in all material respects of the consolidated entity's financial position and its operations for the year, and that they are in accordance in all material respects with all relevant accounting standards. The Executive Chairman and Chief Financial Officer have further stated to the Board, in writing, that the consolidated entity's records have been properly maintained under law; that the financial statements are underpinned by sound systems of risk management and internal compliance and control which are operating effectively in all material respects; and that there are no post 30 June 2019 events which would materially impact the effectiveness of those systems.

Principle 5 – Make timely and balanced disclosure

The consolidated entity's practice, as reflected in the Communication and the Continuous Disclosure Policies which are available on the consolidated entity's Website, is to release all price-sensitive information in a timely manner and in accordance with practices directed by the ASX Listing Rules. For disclosure purposes, price-sensitive information is taken to be information that a reasonable person would expect to have a material effect on the price of the Company's securities.

All material information issued to ASX, published annual reports, half-year and full-year results and presentation material provided to analysts, is published on the consolidated entity's Website.

The Company Secretary is the primary person responsible for communication with ASX.

The Executive Chairman is the authorised spokesperson who can communicate on behalf of the consolidated entity with shareholders, the media and the investment community.

Principle 6 – Respect the rights of shareholders

The rights of shareholders are detailed in the Company's Constitution. Those rights include electing members of the Board. In addition, shareholders have the right to vote on important matters which have an impact on the Company. To allow shareholders to effectively exercise these rights, the Board is committed to improving the communication to shareholders of high quality, relevant and useful information in a timely manner, through:

- ASX announcements;
- Company publications including annual reports;
- The Annual General Meeting; and
- The consolidated entity Website.

Shareholders are encouraged to make their views known to the Company and to directly raise matters of concern. Shareholders are encouraged to attend the Annual General Meeting and use this opportunity to ask questions. The Annual General Meeting will remain the main opportunity each year for the majority of shareholders to question the Board and management and make their views known. The Company encourages two-way communication with shareholders and to this end has set up electronic communications facility via its Website (www.igniteco.com/contact-us).

Principle 7 – Recognise and manage risk

The Board has a Risk Management Framework which formalises the approach to management of material business risks. The policy is in the process of being fully implemented through a top down and bottom up approach to identifying, assessing, monitoring and managing key risks across the consolidated entity.

The Board is responsible for approving strategies and policies in relation to the identification of and management of risk and compliance. The Board oversees the effective management of risk and compliance, including delegation to the Board Audit, Risk and Compliance Committee and to management. The Board Audit, Risk and Compliance Committee reports to the Board on the effectiveness of the Risk Management Framework that is in place and all material business risks.

The external audit function, which is separate and independent to the internal audit function, also reviews the consolidated entity's risk assessment and risk management.

The consolidated entity monitors its exposure to all material business risks including economic, social, governance and environmental risks. The consolidated entity has no material exposure to environment and social sustainability risks, other than in the normal course of business.

Internal Audit

The Board and the Board Audit, Risk and Compliance Committee are yet to implement an internal audit function.

In the absence of an internal audit function, management regularly review the consolidated entity's risk management and internal control processes to ensure that they meet the evolving needs of the business.

Workplace Health and Safety

The consolidated entity recognises the importance of workplace health and safety issues and is committed to the highest level of performance. The Board Audit, Risk and Compliance Committee facilitates the systematic identification of issues relevant to all workers under the consolidated entity's responsibility and ensures effective management of them.

Principle 8 – Remunerate fairly and responsibly

The Board Remuneration and Nomination Committee's Charter includes setting out the terms and conditions by which the Chief Executive Officer and management remuneration is determined. The Board Remuneration and Nomination Committee seeks professional advice from independent external consultants where required. All management receive a base salary and statutory superannuation and are eligible for fringe benefits as well as service and performance-based incentives. The Board Remuneration and Nomination Committee reviews management remuneration annually, as requested by the Chief Executive Officer, by reference to the consolidated entity's performance, individual performance and comparable information from industry sectors and other listed companies in similar industries.

The consolidated entity recognises the importance of ensuring that any recommendations given in relation to the remuneration of key management personnel provided by remuneration consultants are provided independently of those to whom the recommendations relate.

Management may be invited to participate in the Company's Equity Incentive Plan, subject to the rules of the Plan. Pursuant to Section 5.3 of the Plan participants must not hedge the value of, or enter into a derivative arrangement in respect of, unvested or vested options.

Consolidated Financial Statements

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

	Note	2019 $000	2018[1] $000
Continuing operations			
Revenue	5	152,900	182,203
Contingent labour costs		(127,068)	(150,503)
Gross profit		25,832	31,700
Other income		571	509
Employee benefits expense		(22,315)	(24,369)
Depreciation and amortisation expense	7	(844)	(1,143)
Operating rental expense		(3,599)	(3,334)
Other expenses	7	(5,603)	(5,447)
Loss from operating activities		(5,958)	(2,084)
Finance income		16	11
Finance cost		(312)	(315)
Loss before income tax		(6,254)	(2,388)
Income tax benefit/(expense)	8	442	(178)
Loss for the year attributable to the Owners of the Company		(5,812)	(2,566)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		608	47
Income tax on other comprehensive loss		-	-
Other comprehensive income for the year, net of income tax		608	47
Total comprehensive loss for the year		(5,204)	(2,519)

		2019 Cents	2018 Cents
Basic loss per share	21	(6.49)	(2.86)
Diluted loss per share	21	(6.49)	(2.86)
Net tangible assets per share	21	9.69	15.33

1. Refer to Note 3(t) on the restatement of prior period comparatives. The restatement of prior period comparatives has no impact on key metrics including gross profit and loss from operating activities.

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

Consolidated Statement of Financial Position
As at 30 June 2019

	Note	2019 $000	2018 $000
Current assets			
Cash and cash equivalents	9	1,287	2,782
Trade and other receivables	10	22,415	23,855
Total current assets		23,702	26,637
Non-current assets			
Plant and equipment	11	596	990
Intangible assets	12	192	339
Total non-current assets		788	1,329
Total assets		24,490	27,966
Current liabilities			
Trade and other payables	13	8,186	11,198
Debtor finance facility	14	5,798	628
Provisions	15	1,130	1,254
Other liabilities	16	229	323
Total current liabilities		15,343	13,403
Non-current liabilities			
Provisions	15	249	240
Other liabilities	16	26	248
Total non-current liabilities		275	488
Total liabilities		15,618	13,891
Net assets		8,872	14,075
Equity			
Contributed equity	19	83,541	83,541
Reserves	20	(411)	(1,020)
Accumulated losses		(74,258)	(68,446)
Total equity		8,872	14,075

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

	Contributed Equity $000	Reserves $000	Accumulated Losses $000	Total $000
Current Year				
Balance as at 1 July 2018	83,541	(1,020)	(68,446)	14,075
Loss for the year attributable to the Owners of the Company	-	-	(5,812)	(5,812)
Other comprehensive income/(loss) for the year				
Foreign currency translation differences for foreign operations	-	608		608
Total comprehensive income/(loss) for the year	-	608	(5,812)	(5,204)
Transactions with the Owners recorded directly in equity				
Equity remuneration reserve	-	1	-	1
Total transactions with the Owners	-	1	-	1
Balance as at 30 June 2019	83,541	(411)	(74,258)	8,872

Prior Year				
Balance as at 1 July 2017	83,541	(1,070)	(65,880)	16,591
Loss for the year attributable to the Owners of the Company	-	-	(2,566)	(2,566)
Other comprehensive income/(loss) for the year				
Foreign currency translation differences for foreign operations	-	47	-	47
Total comprehensive income/(loss) for the year	-	47	(2,566)	(2,519)
Transactions with the Owners recorded directly in equity				
Equity remuneration reserve	-	3	-	3
Total transactions with the Owners	-	3	-	3
Balance as at 30 June 2018	83,541	(1,020)	(68,446)	14,075

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 $000	2018[1] $000
Cash flows from operating activities			
Receipts from customers		175,810	202,793
Payments to suppliers and employees		(166,459)	(187,922)
Interest received		16	11
Interest and other borrowing costs paid		(312)	(315)
Goods and services tax paid		(10,287)	(12,830)
Foreign income tax paid		-	(245)
Net cash (used in)/provided by operating activities	23	(1,232)	1,492
Cash flows from investing activities			
Purchase of plant and equipment	11	(280)	(315)
Payments for intangible assets	12	(27)	(230)
Net cash used in investing activities		(307)	(545)
Net (decrease)/increase in cash held		(1,539)	947
Cash and cash equivalents at the beginning of the year		2,782	1,788
Effect of exchange rates on cash holdings in foreign currencies		44	47
Cash and cash equivalents at the end of the year	9	1,287	2,782

1. In the prior year, both cash and the debtor finance facility were presented in cash and cash equivalents. These balances were presented separately in the Consolidated Statement of Financial Position and net in the consolidated statement of cash flows. In the current year, the consolidated statement of cash flows has been re-presented to reconcile to cash balances excluding the debtor finance facility. This resulted in the debtor finance facility of $628k as at 30 June 2018 (Note 14) being excluded from the comparative cash and cash equivalents balance at the end of the year and a $2,625 decrease in the comparative receipts from customers within cash flows from operating activities.

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

Note 1 Reporting Entity

The Company is a company limited by shares, incorporated and domiciled in Australia. The consolidated financial statements represent the consolidated entity as at and for the financial year ended 30 June 2019.

Note 2 Basis of Preparation

The consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements comply with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

All amounts are presented in Australian dollars, unless otherwise noted.

The consolidated financial statements were authorised for issue by the Directors on the 30th day of August 2019.

(a) Going concern

The Directors have prepared the consolidated financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business.

The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019 reflects a loss after tax of $5,812k (2018: $2,566k) and the consolidated statement of cash flows reflects net cash outflows from operations of $1,232k (2018: $1,492k net cash inflow). As at 30 June 2019 the consolidated statement of financial position reflects net assets of $8,872k (2018: $14,075k). The parent entity incurred a loss after tax of $9,416k (2018: $6,151k) and had net assets of $5,697k (2018: $15,112k).

The Directors have reviewed the cash flow forecast for the consolidated entity through to 30 September 2020. The forecast indicates that the consolidated entity will operate within the overall debtor finance facility limit disclosed at Note 14. As such the Directors have determined the consolidated entity, while reliant on the existence and continuity of the debtor finance facility to meet its working capital requirements, will be able to pay its debts as and when they fall due after considering the following factors:

- The consolidated entity had current assets and total assets of $23,702k and $24,490k, respectively, as at 30 June 2019;
- The existence of the Australian debtor finance facility which was renewed on 20 February 2019 for a term of 24 months. It is noted that the facility is subject to certain terms and conditions which include clauses whereby the lender may vary the terms of the agreement with one month's notice and the maximum facility amount is the lower of 75% of approved trade receivables or $15,000k;
- The Directors and management continue to focus on improving cash flows through revenue growth and actively reducing operating expenses through a number of specific initiatives, including:
    - Increased business development activity across all operating segments, focused in particular on the acquisition of new customers to negate the revenue decrease following the loss of two large payrolling services customers in 2018;
    - Improving the win/loss ratio in the bids and tenders' function, resulting in fourteen existing customers retained and six new customers won in the twelve months to July 2019 for the provision of contingent labour and permanent recruitment services with a further three tenders currently pending determination;
    - Active account management of, and relationship building with, existing customers to grow the consolidated entity's share of their contractor spend and acquire share from competitors;

- Business leaders implementing a more rigorous performance management process to ensure consultants are trained, coached and mentored to achieve their activity levels and revenue targets within specific timeframes;
- Ongoing projects to simplify and automate processes and enhance the utilisation of the Bullhorn and Astute systems implemented in 2018 that have and will continue to drive back office efficiencies and increase front office productivity;
- Implementation of new front office reporting technology to increase transparency and visibility of consultant business development activity, placement activity and performance to target allowing business leaders to improve, correct and manage the performance of their consultants constantly;
- Reviewing existing accommodation facilities and their associated costs and where contractual terms permit rationalising or right-sizing as operational needs require, including the finalisation of the Melbourne office relocation after the reporting date and the possible closure or sub-lease of other offices;

- The Directors are continuously reviewing the performance of the consolidated entity's business operations and available options which may include mergers and acquisition activities, asset divestment opportunities and/or a future capital raising from shareholders.

The ability of the consolidated entity to continue as a going concern is dependent upon:

- Improving cash flows through revenue growth and actively reducing operating expenses;
- Maintaining the ongoing support of the debtor finance facility lender; and
- Obtaining additional funding, if required, from other sources should the consolidated entity's desired revenue growth and reduction in operating expenses not be achieved and cash shortfalls arise during the forecast period.

The Directors are confident in the consolidated entity's ability to achieve the aforementioned and have therefore concluded that it is appropriate to adopt, and have adopted, the going concern basis in preparing the financial statements, as they are of the view that the consolidated entity will be able to pay its debts as and when they become due and payable from cash inflows from operations and the debtor finance facility.

However, in the event that the consolidated entity is unable to achieve successful outcomes in relation to the aforementioned, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

The consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 3 Significant Accounting Policies

(a) Principles of consolidation

The Company and its controlled entities are collectively referred to in the consolidated financial statements as the consolidated entity. The consolidated financial statements incorporate the assets and liabilities of the consolidated entity as at 30 June 2019 and the results of all controlled entities for the year ended 30 June 2019.

The consolidated entity controls the controlled entities when it has power over the entities, it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The consolidated entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the control elements.

Note 3 Significant Accounting Policies (continued)

Entities are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of entities by the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between entities comprising the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests, presented as part of equity, represent the portion of an entity's profit or loss and net assets that is not held by the consolidated entity. The consolidated entity attributes total comprehensive income or loss of controlled entities between the owners of the parent entity and the non-controlling interests based on their respective ownership interests.

(b) Revenue

Revenue is recognised for the major business activities and service lines as follows:

(i) Specialist Recruitment

Specialist recruitment consists of two main revenue streams.

(a) Contingent Labour

Contingent labour revenue comprises the sourcing, engagement and placement of temporary contractors. The sourcing, identification, submission and acceptance of temporary contractors for specified roles at the customer are not considered to be distinct performance obligations from the temporary contractor being engaged by the consolidated entity for an agreed period of time and deployed at the customer and are therefore, accounted for as a single performance obligation. As explained in note 3(r)(i), management has made a significant judgement to determine that the consolidated entity acts as principal in providing the contingent labour services to customers over the duration of the contract.

Consideration received can be variable in nature, based on the duration of the contract arrangement and the labour rate which may vary based on contractor tenure. The variable consideration is included in the transaction price at the consolidated entity's best estimate, using either an expected value or most likely outcome, whichever provides the best estimate and is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue when any pricing uncertainty is resolved.

Revenues are recognised over a period of time as the services of the temporary contractor are provided to the customer. Services provided but not yet billed are recognised as accrued revenue.

(b) Permanent Recruitment

Permanent recruitment revenue is recognised once the sourcing and placement are completed and the full-time, part-time or fixed-term candidate commences employment with the customer. The sourcing, identification, submission and acceptance of candidates for specified roles at the customer are not considered to be distinct performance obligations from the customer employing the candidate and are therefore, accounted for as a single performance obligation. Unlike contingent labour services, the consolidated entity does not act as principal in providing the ongoing employment services, and as such has no remaining performance obligations once the customer has employed the candidate.

Consideration received can be variable in nature, based on the customer accepting and employing the candidate. The variable consideration is included in the transaction price at the consolidated entity's best estimate, based on the most likely outcome determined from the likelihood of customer acceptance, and is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue when any pricing uncertainty is resolved.

Revenues are recognised at a point in time upon customer acceptance and employment of the candidate. Services provided but not yet billed are recognised as accrued revenue.

(ii) On Demand IT Services

On Demand IT Services revenue comprises the delivery of specified information technology skills. The sourcing, identification and engagement of temporary contractors by the consolidated entity to deliver specified information technology skills for the customer are not considered to be distinct performance obligations and are therefore, accounted for as a single performance obligation.

Consideration received can be variable in nature, based on the duration of the contract arrangement and the service rate which may vary based on volume. The variable consideration is included in the transaction price at the consolidated entity's best estimate, using either an expected value or most likely outcome, whichever provides the best estimate and is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue when any pricing uncertainty is resolved. Management has determined that the consolidated entity acts as principal in providing these services on the same basis as contingent labour (see Note 3(b)(i)(a)).

Revenues are recognised over a period of time as the services are provided to the customer. Services provided but not yet billed are recognised as accrued revenue.

(iii) People Services

People Services revenue comprises the development and delivery of outsourced recruitment and human resource consulting services. The development and delivery of the services for the customer are not considered to be distinct performance obligations and are therefore, accounted for as a single performance obligation.

Consideration received can be variable in nature, based on the duration of the contract arrangement and the service rate which may vary based on volume. The variable consideration is included in the transaction price at the consolidated entity's best estimate, using either an expected value or most likely outcome, whichever provides the best estimate and is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue when any pricing uncertainty is resolved. Management has determined that the consolidated entity acts as principal in providing these services on the same basis as contingent labour (see Note 3(b)(i)(a)).

Revenues are recognised over a period of time as the services are provided to the customer. Services provided but not yet billed are recognised as accrued revenue.

(iv) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

Note 3 Significant Accounting Policies (continued)

(c) Income tax

Income tax expense comprises current and deferred tax. The charge for current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred income tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting profit or loss or taxable income.

Deferred income tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is recorded in the consolidated statement of profit or loss and other comprehensive income except where it relates to items that may be recorded directly to equity, in which case the deferred tax is recorded directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which they can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

Tax Consolidation Legislation

The Company and its wholly-owned Australian subsidiaries have formed a tax consolidated group under the tax consolidation legislation whereby the Company is the head entity within the tax consolidated group and all members are taxed as a single entity.

Income tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the members of the tax consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the Company and the other members of the group in accordance with the arrangement.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the Australian Taxation Office are presented as operating cash flows.

(e) Foreign currency translation

(i) Functional and Presentation Currency

Items included in the financial statements of each entity that is included in the consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

Note 3 Significant Accounting Policies (continued)

(ii) ***Currency Translation***

In preparing the financial statements of each entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each financial year, monetary items denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

(iii) ***Foreign Operations***

The results and financial position of all the entities included in the consolidated entity (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the exchange rates at the reporting date;
- Income and expenses are translated at average exchange rates during the financial year unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income/(loss) and presented in the foreign currency translation reserve in equity.
- Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of a foreign entity and translated at the exchange rates at the reporting date.

(f) Financial instruments

Classification

The consolidated entity classifies its financial assets as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determine the classification of investments at initial recognition.

(i) ***Loans and Receivables***

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Loans and receivables represent trade and other receivables on the consolidated statement of financial position.

(ii) ***Financial Liabilities***

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost. Financial liabilities comprise trade payables and the debtor finance facility.

(iii) ***Share Capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and options are recognised as a deduction from equity, net of any tax effects.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised or derecognised on trade-date being the date on which the consolidated entity commits to purchase or derecognise the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

(g) Impairment of non-financial assets

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 that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss 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 to sell and value in use. Value in use is the net present value of the future cash inflows. It is determined using a present value model based on management's estimate of future net cash inflows from continued use, including movements in working capital and subsequent disposal of assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses in respect of goodwill are not reversed.

(h) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash includes cash on hand with banks or financial institutions.

(i) Trade receivables

Trade receivables and contract assets (accrued revenue) are recognised initially at fair value and subsequently at carrying value less any loss allowance. Trade receivables are generally due for settlement within 30 to 60 days depending on customer trading terms.

The credit loss allowance for trade receivables is measured at an amount equal to the lifetime expected credit losses for each group of debtors. Debtors are grouped based on shared credit risk characteristics and the days past due.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of each group of debtors, adjusted for factors that are specific to a debtor including their current financial position, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The consolidated entity has recognised a credit loss allowance against certain groups of debtors because historical experience has indicated that these receivables are generally not recoverable. There has. been no change in the estimation techniques or significant assumptions made during the current reporting period.

The amount of the credit loss allowance is recognised in the consolidated statement of profit or loss and other comprehensive income. When a trade receivable for which a credit loss allowance has been recognised becomes uncollectable in a subsequent period, it is written-off against the loss allowance. Subsequent recoveries of amounts previously written-off are credited in the consolidated statement of profit or loss and other comprehensive income.

The consolidated entity writes-off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed into liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written-off is subject to enforcement activities.

Note 3 Significant Accounting Policies (continued)

The debtor financing facility arrangement results in trade receivables not being derecognised. Under this facility, customers make payments directly to the lender. This results in a single cash inflow, which is treated as an operating cash inflow on the basis that it was derived from an asset originally resulting from a sale of goods or services.

(j) Plant and equipment

Plant and equipment is brought to account at cost less, where applicable, any accumulated depreciation and any accumulated impairment losses. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of its recoverable amount.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets, including capitalised leased assets, are depreciated over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the consideration at the date of acquisition plus costs directly attributable to bringing the assets to a working condition for their intended use.

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal and is included in profit or loss in the year of disposal.

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

Class of asset	Rate	Method
Plant and equipment	9% - 60%	Straight Line
Leasehold improvements	11% - 50%	Straight Line

(k) Intangible assets

Software development costs are capitalised where it is expected they will contribute to a future period financial benefit through revenue generation and/or expenditure reduction. Otherwise such costs are expensed in the period in which they are incurred. Capitalised software development costs include external direct costs of materials and services, direct payroll and payroll related costs of employee time spent on the project. These costs are amortised over periods between three and five years on the basis of the expected useful life of the resulting software.

Unamortised costs are reviewed at each reporting date to determine the amount (if any) that is no longer recoverable and any amount so identified is written-off.

(l) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Recruitment Services Under Guarantee

A provision is recognised to represent the liability associated with refunds for permanent placement fall-outs within the guarantee period provided to customers. This is based on the average permanent placement fees and historical experience with fall-outs.

Note 3 Significant Accounting Policies (continued)

(ii) ***Make Good on Leased Premises***

A provision is recognised for the expected cost to restore leased premises to their original condition at the expiration of the operating lease. The provision is based on an estimate of the costs to fulfil the obligations within individual operating leases.

(iii) ***Onerous Leases***

The provision for onerous operating leases represents the present value of the future lease payments that the consolidated entity is presently obligated to make under non-cancellable onerous operating leases, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable.

(m) Employee benefits

Provision is made for the liability for employee benefits arising from services rendered by employees to the reporting date. Short-term employee benefits expected to be settled within one year together with entitlements arising from wages, salaries and annual leave have been measured as the amounts expected to be paid when the liability is settled plus related on-costs. Other long-term employee benefits payable and annual leave expected to be settled in more than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the consolidated entity on behalf of employees to defined contribution superannuation funds and are charged as expenses when incurred.

Share Based Payments

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The employee benefits expense recognised in the equity reserve is based on the revised number of options that have vested as at the reporting date. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The consolidated entity recognises termination benefits at the earlier of when the offer of the termination benefit can no longer be withdrawn and when the costs for a restructuring that is within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets involving the payment of a termination benefit is recognised. If the termination benefits are payable more than 12 months after the reporting date, they are discounted to their present value.

(n) Lease incentives

Lease incentives under operating leases for premises are recognised as a liability and amortised on a straight-line basis over the lease term.

(o) Leases

Leases of assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments each determined at the inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. If there is no reasonable certainty of ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Leases of assets where substantially all the risks and benefits remain with the lessor are classified as operating leases. Lease payments are recognised in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of lease expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Earnings/(loss) per share

(i) Basic Earnings/(Loss) per Share

Basic earnings/(loss) per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) Diluted Earnings/(Loss) per Share

Diluted earnings/(loss) per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for the effects of all dilutive potential ordinary shares which comprise relevant share options granted to employees.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings/(loss) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

(q) Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at the reporting date.

(r) Critical accounting estimates and judgements

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty are described below.

Note 3 Significant Accounting Policies (continued)

(i) Revenue Recognition

The main area of judgement in revenue recognition relates to the recognition of contingent labour arrangements where the consolidated entity acts on a principal (gross) basis rather than an agent (net) basis.

The factors considered by management, on a contract by contact basis, when concluding the consolidated entity is acting as principal rather than agent are as follows:

- The customer has a direct relationship with the consolidated entity;
- The consolidated entity has the primary responsibility for providing the services to the customer and engages and contracts directly with the temporary contractor; and
- The consolidated entity has latitude in establishing the rates directly or indirectly with all parties.

(ii) Income Taxes

The consolidated entity is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgement is required in determining the consolidated entity's provision for income taxes.

(iii) Expected Credit Losses

When measuring expected credit losses the consolidated entity uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. Probability of default constitutes a key input in measuring expected credit loss. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the consolidated entity would expect to receive. Exposure at default is represented by the carrying value of trade receivables at the reporting date.

(s) Rounding of amounts

The Company has applied the relief available under ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the financial report have been rounded to the nearest thousand dollars or in certain cases to the nearest dollar, unless otherwise indicated. Auditors', Directors' and executive remuneration has been rounded to the nearest dollar.

Note 3 Significant Accounting Policies (continued)

(t) New accounting standards and interpretations

New and Revised AASB Standards Affecting Disclosures and/or Amounts Reported in the Consolidated Financial Statements

In the current financial year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current financial year including:

- AASB 9 Financial Instruments and the relevant amending standards;
- AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15 and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15;
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective date of Amendments to AASB 10 and AASB 128;
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions;
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments; and
- Interpretations 22 Foreign Currency Transactions and Advance Consideration.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the consolidated entity's consolidated financial statements, except for the adoption of AASB 9 and AASB 15.

Impact of adoption of AASB 9 and AASB 15

The primary Australian Accounting Standards and Interpretations that became effective during the financial year and the impact of their adoption is as follows.

AASB 9 Financial Instruments

AASB 9 changes the classification and measurement of complex financial instruments, the calculation of impairment losses in financial assets and provides new hedge accounting rules. The consolidated entity has no complex financial instruments and does not apply hedge accounting and as a result is not impacted by these changes.

As at 30 June 2019 the consolidated entity's financial assets comprised trade and other receivables, including accrued revenue both under AASB 9's impairment guidance. The standard prescribes the adoption of an expected credit loss model for the calculation of impairment losses in financial assets and this impacts the way the consolidated entity calculates the provision for bad debts, now termed the credit loss allowance.

The accrued revenue relates to unbilled work in progress and has substantially the same risk characteristics as the trade receivables for the same types of customer contracts. A provision matrix is determined based on historic credit loss rates for each group of customers, adjusted for any material expected changes to the customers' future credit risk.

Note 3 Significant Accounting Policies (continued)

In the prior financial year, the impairment of trade receivables was assessed based on the incurred loss model. Individual trade receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but had not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovery. If AASB 9 had been applied retrospectively, the difference between the credit loss allowance under AASB 9 and the provision for doubtful debts under AASB 139 would have been immaterial.

The consolidated entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets (accrued revenue). To measure the expected credit losses, trade receivables and accrued revenue have been grouped based on shared credit risk characteristics and the days past due as at 30 June 2019.

As permitted by AASB 9, comparatives have not been restated and no differences were required to be recognised to the opening balance of accumulated losses at 1 July 2018 as a result of the adoption of AASB 9.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces AASB 118 Revenue and related interpretations.

The core principle of AASB 15 is that revenue should be recognised to depict the transfer of promised goods or services underlying a particular performance obligation to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a five-step approach to revenue recognition:

Step 1 – Identify the contract with a customer;
Step 2 – Identify the performance obligations in the contract;
Step 3 – Determine the transaction price;
Step 4 – Allocate the transaction price to the performance obligations in the contract; and
Step 5 – Recognise revenue when (or as) a performance obligation is satisfied.

Under AASB 15, revenue is recognised when (or as) a performance obligation is satisfied where 'control' of the goods or services underlying the particular performance obligation are transferred to the customer. The consolidated entity has reviewed its significant customer contracts and assessed the impact on revenue recognition by the adoption of AASB 15. The consolidated entity adopted AASB 15 using the full retrospective approach and prior period comparatives have been restated.

The following table summarises the impact of adopting AASB 15 on the consolidated entity's consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2019. There has been no impact to other items in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position.

		Retrospectively restated	
	2019	2018	2018
	$000	$000	$000
Revenue	152,900	182,203	141,727
Contingent labour costs	(127,068)	(150,503)	(110,027)
Gross profit	25,832	31,700	31,700

The consolidated entity undertook a review of significant contracts across its service lines and geographic regions and reassessed the principal versus agent classification specifically relating to the payroll services component of contingent labour services as disclosed at Note 3(r)(i). It was concluded that the revenue recognised as payroll services for the prior financial year of $40,476k should be presented as principal (revenue recorded on a gross basis) rather than agent (revenue recorded on a net basis) in the current and subsequent financial years.

Note 3 Significant Accounting Policies (continued)

This review and assessment also identified that this component of revenue should have been identified as principal under the previous accounting standard AASB 118. The prior year comparatives have been re-presented accordingly to present such revenue on a gross basis. This re-presentation has no impact on key metrics including gross profit and loss from continuing operations before income tax and has already been adequately disclosed within the segment note (Note 6) both in the current and prior financial years.

Impact of the Application of New and Revised AASB Standards

The Directors have considered the impact of all new and revised AASB Standards and Interpretations on the disclosures and/or the amounts recognised in the consolidated financial statements and do not intend to adopt any of these pronouncements before their effective date.

(i) Standards in Issue Not Yet Effective

At the date of authorisation of the consolidated financial statements the standards listed below were in issue but not yet effective and were relevant to the consolidated entity.

Standard mandatory beyond June 2019	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 "Leases"	1 January 2019	30 June 2020
AASB 2015-10 "Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128"	1 January 2019	30 June 2020
AASB 2018-1 "Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle" – Amendments to AASB 3 Business Combinations, AASB 11 Joint Arrangements, AASB 112 Income Taxes and AASB 133 Borrowing Costs	1 January 2019	30 June 2020
Interpretation 23 "Uncertainty over Income Tax Treatments" AASB 2017-4 "Amendments to Australia Accounting Standards – Uncertainty over Income Tax Treatments"	1 January 2019	30 June 2020

(ii) Impact of the Application of Australian Accounting Standards Not Yet Adopted

The Directors have considered the impact of all new accounting standards and interpretations and concluded that the application of these amendments is not expected to have any material impact on the disclosures or the amounts recognised in the consolidated financial statements, except for the adoption of AASB 16.

AASB 16 Leases

AASB 16 removes the distinction between accounting for finance leases and operating leases for the consolidated entity with operating leases to be recognised on-balance sheet from 1 July 2019 as is the current practice for finance leases. As at 30 June 2019, the consolidated entity has non-cancellable operating lease commitments of $5,027k (30 June 2018: $7,637k).

A preliminary assessment of these operating lease commitments indicates that these arrangements will meet the definition of a lease under AASB 16 and hence the consolidated entity will recognise a right-of-use asset and corresponding liability in respect of all these leases, unless they qualify for low value or short-term leases upon the application of AASB 16. In the profit or loss operating lease expense will be replaced by depreciation and interest expense. The new requirement to recognise a right-of-use asset and a related lease liability may have a significant impact on the amounts recognised in the consolidated entity's financial statements and management continues to assess its potential impact.

The estimated impact on the consolidated statement of financial position as at 1 July 2019 is $3,811k of new lease liabilities and $3,718k of new right of use assets (ROU). The Company plans to adopt AASB 16 Leases using a modified retrospective approach. Therefore, the net effect of the new lease liabilities and ROU, adjusted for deferred tax, will be reflected in retained earnings, with no restatement.

Note 3 Significant Accounting Policies (continued)

(u) Comparatives

Other than the representations noted in Note 3(t) and the consolidated statement of cash flows, certain comparative amounts have been reclassified where necessary to provide consistency with current period disclosures, which are not deemed to be material.

Note 4 Financial Risk Management

The Board of the Company has a formally constituted Board Audit, Risk and Compliance Committee (Committee) which operates under a charter approved by the Board. The Committee's objectives are to assist the Board in safeguarding integrity in financial reporting, making timely and balanced disclosure to shareholders and potential shareholders in accordance with the principles of continuous disclosure, and recognising and managing risk.

In meeting these objectives, the Committee is responsible for, among other matters, identifying, monitoring and assessing the consolidated entity's internal control framework and risk management strategies and processes in relation to specific risks categorised as financial, economic, operational, compliance, intellectual capital, security and human capital.

The risks of the consolidated entity are periodically assessed and the Committee, with management, agree on risk mitigation strategies, including monitoring and reporting.

In regard to financial risk, the consolidated entity has identified potential exposure to:

- Market risk (including foreign exchange risk and foreign currency risk);
- Credit risk; and
- Liquidity risk.

The consolidated entity uses a variety of methods to measure these financial risks including sensitivity analysis for market risks, ageing analysis and pre-trade credit assessment for credit risks and cash flow forecasting and debt covenant monitoring for liquidity risks.

The consolidated entity holds the following financial instruments:

		Consolidated	
	Note	2019 $000	2018 $000
Financial assets			
Cash and cash equivalents	9	1,287	2,782
Trade receivables (net of loss allowance)	10	13,593	17,848
Other debtors	10	534	653
Deposits	10	936	-
Total financial assets		16,350	21,283
Financial liabilities			
Trade and other payables	13	8,186	11,198
Debtor finance facility	14	5,798	628
Total financial liabilities		13,984	11,826

(a) Market Risk

Foreign Exchange Risk

The consolidated entity operates internationally and is primarily exposed to foreign exchange risk arising from foreign currency exposures to the Chinese renminbi (CNY), the Hong Kong dollar (HKD) and the New Zealand dollar (NZD).

Note 4 Financial Risk Management (continued)

Foreign Currency Risk

To limit the exposure to foreign currency risk, the consolidated entity's foreign controlled entities' transactions are carried out in their local currency such that cash inflows and outflows are largely offset to minimise the impact of foreign currency translation. The consolidated entity does not undertake any hedging activities with respect to day-to-day foreign currency exposures. The consolidated entity's exposure to foreign currency risk based on notional amounts follows:

	CNY	HKD	NZD
30 June 2019			
Cash and cash equivalents	5,833	122	52
Trade and other receivables	8,320	-	681
Trade and other payables	(2,781)	(81)	(72)
Net exposure on consolidated statement of financial position	11,372	41	661
30 June 2018			
Cash and cash equivalents	12,792	-	121
Trade and other receivables	12,565	2	467
Trade and other payables	(8,222)	2	(70)
Net exposure on consolidated statement of financial position	17,135	4	518

The following foreign exchange rates applied during the financial year:

	Average Rate		Year End Spot Rate	
	2019	2018	2019	2018
CNY	4.885	5.046	4.818	4.889
HKD	5.608	6.051	5.476	5.800
NZD	1.065	1.085	1.046	1.090

Currency Sensitivity on Consolidated Entity

The following table details the consolidated entity's sensitivity to a 10% increase and a 10% decrease in the relevant foreign currency against the Australian dollar. A 10% sensitivity represents management's assessment of the reasonably possible movement in foreign exchange rates.

	CNY $000	HKD $000	NZD $000
Impact of a 10% increase in foreign currency against consolidated balances			
30 June 2019			
Net current financial assets	237	1	63
Impact on net loss/(profit) after tax	104	(725)	(13)
30 June 2018			
Net current financial assets	350	-	48
Impact on net loss/(profit) after tax	(336)	92	(32)
Impact of a 10% decrease in foreign currency against consolidated balances			
30 June 2019			
Net current financial assets	(237)	(1)	(63)
Impact on net loss/(profit) after tax	(104)	725	13
30 June 2018			
Net current financial assets	(350)	-	(48)
Impact on net loss/(profit) after tax	336	(92)	32

Note 4 Financial Risk Management (continued)

Cash Flow and Fair Value Interest Rate Risk

The consolidated entity's policy is to utilise its debtor finance facility to accommodate its working capital requirements that vary with its pay and bill cycles whilst minimising its interest costs. As at the reporting date the consolidated entity had the following variable rate borrowings:

	Weighted Average Interest Rate		Balance	
	2019 %	2018 %	2019 $000	2018 $000
Debtor finance facility (Note 14)	7.3	7.4	5,798	628

Consolidated Entity Sensitivity

	1% Increase in Weighted Average Interest Rate		1% Decrease in Weighted Average Interest Rate	
	2019 $000	2018 $000	2019 $000	2018 $000
Impact on net loss after tax	(30)	(29)	30	29

Price Risk

The consolidated entity does not hold any investments in equities or commodities and is therefore not subject to price risk for any recognised financial assets.

(b) Credit risk

Credit risk is managed on a consolidated entity basis. Credit risk arises from credit exposures to customer trade receivables. Independent credit assessments are used for all new customers and only those with a low risk of default rating are accepted. If there is insufficient credit history to provide an accurate rating, other factors such as assessment of financial position, nature of proposed transactions and directors' personal guarantees are considered. Compliance to credit limits is monitored internally by the consolidated entity's management. Trade receivable reports are submitted regularly to the Board for review.

The consolidated entity maintains standard credit terms in its terms and conditions. Some preferred supplier agreements dictate longer payment terms, however, the credit risk remains unaffected.

The carrying value of trade debtors less loss allowance is considered a reasonable approximation of fair value due to their short-term nature.

The consolidated entity has recognised a loss allowance of $287k (2018: $313k) as disclosed in Note 10 against certain past due receivables because historical experience has indicated that these receivables are generally not recoverable.

Note 4 Financial Risk Management (continued)

Consolidated Entity Receivables

The following table demonstrates the consolidated entity's aged trade receivables at the reporting date aged from their due dates.

	Trade Receivables Aged From Due Date					
	Current $000	1-30 Days $000	31-60 Days $000	61-90 Days $000	90+ Days $000	Total $000
30 June 2019						
Consolidated entity receivables	10,599	2,225	615	49	392	13,880
	76%	16%	4%	1%	3%	100%
30 June 2018						
Consolidated entity receivables	14,442	2,766	573	256	124	18,161
	80%	15%	3%	1%	1%	100%

(c) Liquidity risk

The consolidated entity manages liquidity risk by monitoring daily cash flows and ensuring that adequate finance facilities are maintained. The consolidated entity maintains cash and cash equivalents and its debtor finance facility to meet its liquidity requirements and also raises equity as and when required. Funding for long-term liquidity needs is secured by having adequate finance facilities in place.

Compliance with the debtor finance facility obligations is monitored as part of the cash flow management process. Refer to Note 14 for a summary of the debtor finance facility as at the reporting date.

The carrying value of trade and other payables is considered a reasonable approximation of fair value due to their short-term nature. Trade payables are settled within six months.

Note 5 Disaggregation of Revenue

The consolidated entity derives its revenue from the transfer of services over time and at a point in time through the following service lines and geographic regions. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8 Segment Reporting as disclosed in Note 6. The change in accounting policy is disclosed in Note 3.

	Consolidated	
	2019 $000	2018[1] $000
Timing of revenue recognition - over time		
Contingent labour Australia and New Zealand	129,310	155,299
On demand information technology services Australia and New Zealand	10,882	9,386
Outsourced recruitment and human resource consulting services Australia	2,628	2,674
	142,820	167,359
Timing of revenue recognition - at a point in time		
Permanent recruitment Australia	3,104	3,632
Permanent recruitment China	6,976	11,212
	10,080	14,844
Total revenue	152,900	182,203

1. Refer to Note 3(t) on the restatement of prior period comparatives. The restatement of prior period comparatives has no impact on key metrics including gross profit and loss from operating actvities.

Note 6 Segment Reporting

The consolidated entity is organised around four operating segments across three geographic regions, which are all labour related. In Australia and New Zealand, these segments are Specialist Recruitment, On Demand IT Services and People Services operating under the "Ignite" brand while in China it is Specialist Recruitment operating under the "Lloyd Morgan" brand. Segment information for the financial year is as follows:

(a) Segments

The consolidated entity determines and presents operating segments based on the information that is provided internally to the Board who are the consolidated entity's chief operating decision maker.

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components. All operating segment results are reviewed regularly by the Board in order to assess the performance of each segment and make decisions about the allocation of resources.

	Australia and New Zealand						China			
	Specialist Recruitment		On Demand IT Services		People Services		Specialist Recruitment		Consolidated[1]	
	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000
Operating segments										
Consolidated revenue	132,414	158,931	10,882	9,386	2,628	2,674	6,976	11,212	152,900	182,203
Reportable segments										
Profit/(loss) before tax	2,174	3,859	652	526	701	368	(966)	125	2,561	4,878
Less: Corporate overheads									(8,815)	(7,266)
Consolidated loss before tax									(6,254)	(2,388)

	Australia		New Zealand		China		Consolidated	
	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000	2019 $000	2018 $000
Consolidated revenue	144,177	169,034	1,747	1,957	6,976	11,212	152,900	182,203
Interest revenue	8	4	-	-	8	7	16	11
Total revenue	144,185	169,038	1,747	1,957	6,984	11,219	152,916	182,214
Non-current assets	548	1,098	-	-	240	231	788	1,329

1. Refer to Note 3(t) on the restatement of prior period comparatives. The restatement of prior period comparatives has no impact on key metrics including gross profit and loss from operating activities.

(b) Segment accounting policies

Segment information is prepared in accordance with the accounting policies of the consolidated entity as disclosed in Note 6(a) and accounting standard AASB 8 Segment Reporting. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

(c) Income

The consolidated entity derived income from the provision of contingent labour and permanent recruitment services, on demand information technology services and outsourced recruitment and human resource consulting services for government and non-government entities throughout the Asia-Pacific region.

(d) Inter-segment transactions

The pricing of inter-segment transactions is on the same basis as prices charged on transactions with parties outside the consolidated entity. Such transactions are eliminated on consolidation, with the exception of margin earned on the transactions where the services will ultimately be provided outside of the consolidated entity.

Note 6 Segment Reporting (continued)

(e) Information about major customers

Included in revenue arising from specialist recruitment in Australia and New Zealand of $132,414k (2018: $158,931k) are revenues of approximately $19,834k (2018: $27,895k) which arose from sales to the consolidated entity's two largest customers. The largest customer contributed $11,387k (2018: $16,611k) and the second largest customer accounted for $8,447k (2018: $11,284k). No other single customer contributed 7.5% or more to the consolidated entity's revenue for 2019.

Note 7 Expenses

	Consolidated	
	2019	2018
	$000	$000
Depreciation and amortisation		
Plant and equipment	310	388
Leasehold improvements	360	638
Capitalised software development costs	174	117
Total depreciation and amortisation expense	844	1,143
Other expenses		
Loss allowance	42	75
Consultancy fees	420	501
Professional fees	265	509
Facilities expenses	463	565
Insurances	449	422
Marketing and advertising costs	601	629
Software licences and subscription services	1,203	1,029
Other operating overheads	2,160	1,717
Total other expenses	5,603	5,447
Payments to defined contribution superannuation plans	2,210	2,341

Note 8 Income Tax Benefit/(Expense)

	Consolidated	
	2019	2018
	$000	$000
The prima facie tax on loss before income tax is reconciled to the income tax benefit/(expense) as follows:		
Prima facie tax benefit on loss before income tax at 30%	1,876	717
Add tax effect of:		
Non-deductible expenses	(96)	(22)
Current year losses for which no deferred tax asset is recognised	(1,573)	(796)
Foreign tax provision adjustment	461	67
Adjustments recognised in the current year in relation to current tax of prior years	(226)	-
Permanent difference arising from foreign tax treatment	-	(714)
Prior year foreign tax losses recognised[1]	-	607
Foreign tax rate adjustment	-	(37)
Total income tax benefit/(expense)	442	(178)

(1) The Company's subsidiary Lloyd Morgan China Limited operates on a calendar fiscal year for local statutory purposes and had taxable income during the year ended 30 June 2018 and as such the benefit of prior year tax losses was recognised.

Note 9 Cash and Cash Equivalents

	Consolidated	
	2019	2018
	$000	$000
Cash at bank and on hand[1]	1,287	2,782

1. $1,227k of the cash at bank and on hand is located in China and may be subject to foreign exchange controls and local legal restrictions.

Note 10 Trade and Other Receivables

	Consolidated	
	2019	2018
	$000	$000
Trade receivables	13,880	18,161
Loss allowance	(287)	(313)
	13,593	17,848
Accrued income	6,955	4,856
Prepayments	397	498
Other debtors	534	653
Deposits	936	-
Total trade and other receivables	22,415	23,855

All trade and other receivables are current and are non-interest bearing. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value due to their short-term nature. Deposits refer to those amounts required to secure the bank guarantees in respect of operating leases as disclosed at Note 18. Refer to the disclosure in Note 4 regarding financial risk management.

(a) Movement in expected credit losses

	Consolidated	
	2019	2018
	$000	$000
Balance at the beginning of the year	313	255
Expected credit loss recognised during the year	42	75
Amounts written-off during the year as uncollectible	(68)	(17)
Balance at the end of the year	287	313

The consolidated entity has recognised a loss allowance of $287k (2018: $313k) against certain groups of debtors because historical experience has indicated that these receivables are generally not recoverable.

The amount of the credit loss allowance is recognised in the consolidated statement of profit or loss and other comprehensive income. When a trade receivable for which a loss allowance has been recognised becomes uncollectable in a subsequent period, it is written-off against the loss allowance. Subsequent recoveries of amounts previously written-off are credited in the consolidated statement of profit or loss and other comprehensive income.

The consolidated entity writes-off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Note 10 Trade and Other Receivables (continued)

(b) Past due but not written-off

As at the reporting date, trade receivables of $2,994k, relating to a number of customers for whom there was no history of default, were past due but not impaired. The ageing analysis of these past due but not impaired trade receivables is as follows:

	Past Due But Not Written-off Trade Receivables Aged From Due Date				
	1-30 Days $000	31-60 Days $000	61-90 Days $000	90+ Days $000	Total $000
30 June 2019					
Trade receivables	2,225	566	45	158	2,994
30 June 2018					
Trade receivables	2,766	573	67	-	3,406

Note 11 Plant and Equipment

	Consolidated	
	2019 $000	2018 $000
Plant and equipment, at cost	1,568	1,462
Accumulated depreciation	(1,246)	(1,012)
	322	450
Leasehold improvements, at cost	2,789	2,695
Accumulated depreciation	(2,515)	(2,155)
	274	540
Total plant and equipment	596	990

Movements in carrying amounts

	Plant and Equipment	Leasehold Improvements	Total
	2019 $000	2019 $000	2019 $000
Balance at the beginning of the year	450	540	990
Additions	186	94	280
Disposal	(4)	-	(4)
Depreciation expense	(310)	(360)	(670)
Balance at the end of the year	322	274	596
	2018 $000	2018 $000	2018 $000
Balance at the beginning of the year	747	1,003	1,750
Additions	140	175	315
Disposal	(49)	-	(49)
Depreciation expense	(388)	(638)	(1,026)
Balance at the end of the year	450	540	990

Note 12 Intangible Assets

	Consolidated	
	2019	2018
	$000	$000
Capitalised software development costs	2,978	2,932
Accumulated amortisation	(2,786)	(2,612)
	192	320
Work in progress	-	19
Total intangible assets	192	339

Movements in carrying amounts

	2019	2018
	$000	$000
Balance at the beginning of the year	339	226
Additions	27	230
Amortisation expense	(174)	(117)
Balance at the end of the year	192	339

Intangible assets have finite useful lives. The current year amortisation expense in respect of intangible assets is included under depreciation and amortisation expense in the consolidated statement of profit or loss and other comprehensive income.

Note 13 Trade and Other Payables

All trade and other payables are non-interest bearing. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to their short-term nature. Trade payables are settled within six months.

	Consolidated	
	2019	2018
	$000	$000
Current		
Trade and other payables	8,186	11,198

Note 14 Debtor Finance Facility

The consolidated entity relies on a secured Australian debtor finance facility (the Facility) to meet its working capital requirements where the maximum Facility amount is the lower of 75% of approved trade receivables or $15,000k and is subject to certain drawdown conditions. On 20 February 2019 the consolidated entity renewed this Facility for a further 24 months from that date. As at the reporting date the approved drawdown was $8,937k (2018: $9,688k) and the applicable interest rate was 7.03% (2018: 7.54%).

	Consolidated	
	2019	2018
	$000	$000
Available debtor finance facility	8,937	9,688
Undrawn debtor finance facility	(3,139)	(9,060)
Amount drawn down	5,798	628

Note 15 Provisions

	Consolidated 2019 $000	2018 $000
Current		
Employee benefits	971	1,088
Recruitment services under guarantee	30	30
Make good on leased premises	129	136
Total current provisions	1,130	1,254
Non-current		
Employee benefits	167	138
Make good on leased premises	82	102
Total non-current provisions	249	240
	1,379	1,494

Movements in provisions

Movements in provisions during the financial year, other than employee benefits, are set out below:

	Recruitment Services Under Guarantee $000	Make Good on Leased Premises $000	Total $000
Balance at the beginning of the year	30	238	268
Additional provision recognised	-	57	57
Amounts utilised	-	(84)	(84)
Balance at the end of the year	30	211	241

Note 16 Other Liabilities

	Consolidated 2019 $000	2018 $000
Current		
Lease incentives	229	323
Non-current		
Lease incentives	26	248
	255	571

Movements in other liabilities

	Lease Incentives $000
Balance at the beginning of the year	571
Additional liability recognised	11
Amounts utilised	(327)
Balance at the end of the year	255

Note 17 Deferred Tax Assets

There are unrecognised deferred income tax assets in relation to Australian tax losses (on revenue account) of $16,216k (2018: $13,318k). Unrecognised deferred income tax assets are reassessed at each reporting date and will be recognised to the extent that the Directors consider it probable that future taxable profit will allow the deferred income tax asset to be realised.

Note 18 Operating Lease Commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows:

	Consolidated	
	2019	2018
	$000	$000
Not later than one year	2,970	3,381
Later than one year but not later than five years	2,057	4,256
	5,027	7,637

(a) Operating leases

Operating lease commitments relate to leases for 12 office locations (2018: 13) in Australia and China with lease terms of between 2 months and 4 years. The consolidated entity does not have an option to purchase the leased premises at the expiry of the lease terms. Certain lease arrangements contain clauses for market rental reviews and options to renew the lease terms.

(b) Financial guarantees

Bank guarantees for $883k (2018: $1,034k) have been provided on behalf of the Company to third parties in relation to the consolidated entity's operating leases. In the event of default, the issuing bank has recourse to the Company for these amounts.

Note 19 Contributed Equity

The Company does not have authorised capital or par value in respect of its listed ordinary shares. All issued ordinary shares are fully paid and rank equally with regards to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

	Consolidated	
	2019	2018
	$000	$000
Paid up share capital at the beginning of the year	83,541	83,541
Paid up share capital at the end of the year	83,541	83,541

	No.	No.
Issued shares at the beginning of the year	89,582,175	89,582,175
Issued shares at the end of the year	89,582,175	89,582,175

Note 19 Contributed Equity (continued)

Capital Risk Management

The Company's objective when managing capital is to safeguard the ability to continue as a going concern, so that the Company can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as "equity" as shown in the balance sheet plus debt.

		Consolidated	
		2019	2018
	Note	$000	$000
Cash and cash equivalents	9	1,287	2,782
Debtor finance facility	14	(5,798)	(628)
Net (debt)/cash		(4,511)	2,154
Total equity		(8,872)	(14,075)
Total capital		(13,383)	(11,921)
Gearing ratio		33.7%	-

Note 20 Reserves

	Consolidated	
	2019	2018
	$000	$000
Balance at the beginning of the year	(1,020)	(1,070)
Foreign currency translation differences for foreign operations	608	47
Equity remuneration reserve	1	3
Balance at the end of the year	(411)	(1,020)

Foreign Currency Translation

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities. The reserve is recognised in the consolidated statement of profit or loss and other comprehensive income when the net investment is disposed.

Note 21 Dividends and Per Share Information

(a) Dividends

On 30 August 2019 the Directors resolved not to declare a final dividend for the year ended 30 June 2019. No dividends were paid by the Company in the previous corresponding period.

(b) Franking account balance

	2019 $000	2018 $000
Franking credits available to the Company	15,679	15,679

(c) Per share information

	Consolidated	
	2019 Cents	2018 Cents
Basic loss per share	(6.49)	(2.86)
Diluted loss per share	(6.49)	(2.86)
Net tangible assets per share	9.69	15.33

Reconciliation of Loss per Share

	Consolidated	
	2019 $000	2018 $000
Loss after tax used in calculating basic loss per share	(5,812)	(2,566)
Loss after tax used in calculating diluted loss per share	(5,812)	(2,566)
Net tangible assets	8,680	13,736

Weighted Average Number of Shares Used as the Denominator

	Consolidated	
	2019 No.	2018 No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	89,582,175	89,582,175
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	89,582,175	89,582,175

Note 22 Share Based Payments

Following the resignation of the Chief Executive Officer on 23 January 2019 the previously granted 335,000 options over ordinary shares lapsed unexercised.

Note 23 Cash Flow Information

Reconciliation of loss after income tax to cash flows from operating activities

	Consolidated	
	2019	2018
	$000	$000
Loss after income tax for the year	(5,812)	(2,566)
Adjustments for:		
Depreciation and amortisation	844	1,143
Loss on disposal of fixed asset	4	49
Equity remuneration expense	1	3
Changes in assets and liabilities:		
Decrease in trade and other debtors and accrued income	2,839	7,453
Increase in deposits	(936)	-
Decrease/(increase) in prepayments	101	(64)
Decrease in trade creditors and accruals	(3,012)	(1,694)
Decrease in provisions	(115)	(101)
Decrease in other liabilities	(316)	(106)
Increase/(decrease) in debtor finance facility	5,170	(2,625)
Net cash (used in)/provided by operating activities	(1,232)	1,492

Note 24 Remuneration of Auditors

During the financial year, the following fees were paid or were payable for services provided by the auditor of the Company and its related practices and to auditors of controlled entities:

	Consolidated	
	2019	2018
	$	$
Audit services		
Auditors of the Company	155,000	160,000
Network firm of the Company auditor	29,231	60,678
Other auditors of controlled entities	17,482	-
	201,713	220,678
Taxation services		
Auditors of the Company	18,800	22,000
Network firm of the Company auditor	11,710	33,788
Other auditors of controlled entities	9,423	-
	39,933	55,788

Note 25 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 3(a). The Company does not have any holdings in joint ventures or associates.

				Equity Holding %(1)	
Subsidiary	Principal Activity	Country of Incorporation	Class of Shares	2019	2018
Ignite New Zealand Holdings Limited[2]	Holding	New Zealand	Ordinary	100	100
Ignite IT Services Limited[3]	Operating	New Zealand	Ordinary	100	100
Lloyd Morgan Limited	Holding	Hong Kong	Ordinary	100	100
Lloyd Morgan Hong Kong Limited	Holding	Hong Kong	Ordinary	100	100
Lloyd Morgan China Limited	Operating	China	Ordinary	89	89
Beijing Candle Technology Service Co Ltd	Dormant	China	Ordinary	100	100

1. The proportion of ownership interest is equal to the proportion of voting power held.
2. Formerly Candle Holdings Limited.
3. Formerly Candle New Zealand Limited.

During the financial year the following wholly-owned non-operating subsidiaries were deregistered:

Subsidiary	Country of Incorporation
Candle IT & T Recruitment Pty Limited	Australia
Ignite Management Services Pty Limited	Australia
JAV IT Group Pty Limited	Australia
Lloyd Morgan International Pty Limited	Australia
Candle Recruitment Pte Limited	Singapore

Note 26 Related Party Disclosures

(a) Parent entity

The ultimate parent entity and ultimate controlling entity within the consolidated entity is Ignite Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 25.

(c) Directors and key management personnel

The aggregate compensation made to Directors and key management personnel of the consolidated entity is set out below:

	2019 $	2018 $
Short-term employment benefits	943,401	911,102
Post-employment benefits	69,040	64,996
Termination benefits	33,815	-
Share-based payments	-	2,747
	1,046,256	978,845

(d) Terms and conditions

All transactions between related parties were made on normal commercial terms and conditions. There are no fixed terms for the repayment of loans between entities within the consolidated entity.

Note 27 Contingent Liabilities

The consolidated entity has no material contingent liabilities to disclose at the reporting date.

Note 28 Parent Entity Disclosure

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

	2019 $000	2018 $000
Revenue from continuing operations	144,177	169,034
Contingent labour costs	(125,679)	(148,852)
Gross profit	18,498	20,182
Other income	574	509
Employee benefits expense	(16,049)	(16,004)
Depreciation and amortisation expense	(636)	(904)
Operating rental expense	(2,265)	(2,142)
Other expenses	(5,166)	(7,548)
Impairment expense	(4,528)	-
Loss from operating activities	(9,572)	(5,907)
Finance income	7	4
Finance cost	(312)	(315)
Loss before income tax	(9,877)	(6,218)
Income tax benefit	461	67
Total comprehensive loss for the year	(9,416)	(6,151)
Accumulated losses at the beginning of the year	(68,432)	(62,281)
Loss after income tax	(9,416)	(6,151)
Accumulated losses at the end of the year	(77,848)	(68,432)

Statement of Financial Position
As at 30 June 2019

	2019 $000	2018 $000
Assets		
Current assets	20,028	23,568
Non-current assets	549	4,322
Total assets	20,577	27,890
Liabilities		
Current liabilities	14,632	12,291
Non-current liabilities	248	487
Total liabilities	14,880	12,778
Equity		
Contributed equity	83,541	83,541
Reserves	4	3
Accumulated losses	(77,848)	(68,432)
Total equity	5,697	15,112

Note 28 Parent Entity Disclosure (continued)

Parent Entity Contingencies

The Company has no material contingent liabilities to disclose at the reporting date (2018: Nil).

The Company has no capital commitments for the acquisition of property, plant and equipment at the reporting date (2018: Nil).

Parent Entity Guarantees

Bank guarantees have been provided on behalf of the Company to third parties in relation to the consolidated entity's operating leases as disclosed at Note 18. In the event of default, the issuing bank has recourse to the Company for these amounts.

Note 29 Events Subsequent to the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Directors' Declaration

The Directors of the Company declare that:

1. In the opinion of the Directors of the Company:
   (a) the consolidated financial statements and notes that are contained in pages 27 to 61 and the remuneration report in the Directors' Report, set out on pages 10 to 14, are in accordance with the Corporations Act 2001, including:
      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Executive Chairman and Chief Financial Officer for the financial year ended 30 June 2019.
3. The Directors draw attention to Note 2 to the financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001.

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

Garry Sladden
Executive Chairman

Dated at Sydney this 30th day of August 2019.

Deloitte.

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Independent Auditor's Report to the Directors of Ignite Limited

We have audited the financial report of Ignite Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the Group incurred a net loss after tax of $5,812,000 and had net cash outflows from operating activities of $1,287,000, for the year ended 30 June 2019. As stated in Note 2, these conditions, along with the matters set forth in Note 2, indicate the existence of a Material Uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our procedures in relation to going concern included, but were not limited to:

- Inquiring of management and the directors in relation to events and conditions that may impact the assessment on the Group's ability to continue as a going concern;
- Challenging the assumptions contained in management's cash flow forecast in relation to the Group's ability to continue as a going concern; and
- Assessing the adequacy of the disclosure related to going concern.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related To Going Concern section, we have determined the matter described below to be the Key Audit Matter to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Debtor finance facility As disclosed in Note 14 the Group is reliant upon an Australian debtor finance facility of up to an amount of 75% of eligible trade receivables or $15,000,000 to meet its liabilities and obligations at certain points within its cash flow cycle. There is a significant degree of management judgement relating to the future performance of the Group and the continuing availability of the debtor finance facility.	Our procedures included, but were not limited to: • evaluating management's process for developing cash flow forecasts; • assessing the historical accuracy of budgets and forecasts prepared by management; • challenging the assumptions contained in management's cash flow forecast; • comparing the cash flow forecasts with management's budget; and • reviewing correspondence with the provider of the Group's finance facility to assess its continuing availability. We also assessed the appropriateness of the disclosures in the Notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, 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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

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material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the Directors' Report for the year ended 30 June 2019.

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In our opinion, the Remuneration Report of Ignite Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Pooja Patel

Pooja Patel
Partner
Chartered Accountants
Sydney, 30 August 2019

Additional Information

The following information is required by ASX.

(a) Classes of securities and voting rights

There are two classes of equity securities, being ordinary shares and options. The ordinary shares are quoted on ASX, while the options are unlisted.

The voting rights in respect of the ordinary shares are established by the Company's Constitution which reads as follows:

Clause 5.12: "On a show of hands every Eligible Member present has one vote. On a poll every Eligible Member has one vote for each fully paid up share."

There is currently no on-market buy-back.

No securities on issue are currently subject to voluntary escrow.

(b) Shareholders and option holders

As at 23 August 2019, the number of shareholders holding less than marketable parcels is 303 and the details and distribution of holders of ordinary shares and holders of options are as follows:

Range of Shareholdings	Number of Holders[1]
1-1,000	46
1,001-5,000	63
5,001-10,000	158
10,001-100,000	380
100,001 and over	65
	712

1. During the second half of the year the Company facilitated the sale of unmarketable share parcels for eligible shareholders, other than unmarketable share parcels held by shareholders who opted out of the facility. Consequently, the total number of shareholders decreased from the 1,927 reported a year ago to 712 as at 23 August 2019.

Option Holders	Number
Options granted	Nil

(c) Substantial shareholders

As at 23 August 2019, the names of the substantial shareholders listed in the Company's register are:

Shareholder	Number of Ordinary Shares
Ego Pty Limited	22,957,459
OC20181 Pty Ltd	17,295,776
Sandon Capital Pty Ltd	10,150,664

(d) Twenty largest shareholders

As at 23 August 2019, the names of the twenty largest shareholders according to the Company's share registry are:

Rank	Shareholder	Number of Ordinary Shares	%
1	EGO PTY LIMITED	23,000,000	25.67
2	OC20181 PTY LTD <OC20181 A/C>	14,687,440	16.40
3	ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	7,591,834	8.47
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,780,026	4.22
5	NATIONAL NOMINEES LIMITED	3,402,967	3.80
6	AVANTEOS INVESTMENTS LIMITED <3495510 SOUTHSIDE A/C>	2,895,020	3.23
7	OC20181 PTY LTD <OC20181 A/C>	2,608,336	2.91
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,747,834	1.95
9	MR IAN WALLACE EDWARDS + MRS JOSEPHINE EDWARDS <THE EDWARDS SUPER FUND A/C>	1,083,072	1.21
10	MR MATTHEW DONALD MULLINS	1,026,611	1.15
11	FRETENSIS PTY LTD	900,000	1.00
12	G J P INVESTMENTS PTY LTD <THE LANGHAM A/C>	764,886	0.85
13	SUPER SMART INVESTMENTS PTY LTD <BARRY & NAOMI KING S/F A/C>	700,000	0.78
14	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	625,166	0.70
15	GUOCO PTY LTD	595,256	0.66
16	MR ROGER ALAN CATTON	550,000	0.61
17	TERRANT PTY LTD <TERRANT SUPER FUND A/C>	500,000	0.56
18	MR WILLIAM YUE	440,230	0.49
19	FIVE TALENTS LIMITED	425,266	0.47
20	MR CHRISTOPHER ANDREW GRUMMET	422,491	0.47
		67,746,435	75.62

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