



ASX Announcement

PS&C LIMITED
(ACN 164 718 361)

27th February 2020

Half Year Financial Results to 31 December 2019

PS&C Limited (ASX:PSZ) (**PS&C**) announces the following results and highlights for the half year ended 31 December 2019.

- Working capital deficiency reduced to a manageable level of \$0.9m at 31 Dec 2019 – down from \$12.7m at 30 Jun 2019
- Balance sheet in a materially stronger position:
 - ✓ ANZ Bank debt \$1.8m at 31 Dec 2019 – down from \$10.3m at 30 Jun 2019
 - ✓ Deferred and contingent consideration \$1.6m at 31 Dec 2019 – down from \$9.7m at 30 Jun 2019
 - ✓ Current liabilities of continuing operations \$9.9m at 31 Dec 2019 – down from \$32.2m at 30 Jun 2019
 - ✓ Non-current liabilities of \$1.6m at 31 Dec 2019 – down from \$2.9m at 30 Jun 2019
- Results from continuing operations:
 - ✓ Revenue \$26.1m
 - ✓ EBITDA (before corporate costs) \$2.8m
- Results from discontinued operations:
 - ✓ Revenue \$14.2m
 - ✓ EBITDA (before corporate costs) \$0.17m
 - ✓ Divested for total consideration of \$23.9m by way of cash (\$11.1m), 100,000,000 shares in ASX listed Tesserent Ltd (\$7.5m) and debt forgiveness (\$5.3m)

Strong result from continuing operations and going concern no longer consuming the business

Commenting on the half year result, PS&C acting Chief Executive Officer Robert Hogeland said:

“Over the past 6 months we have focused on addressing the going concern issues that have weighed heavily on the business for some time. The decision to divest assets was necessary to strengthen the Company’s balance sheet through the reduction of the net debt position.



03 9682 2699
info@PSZgroup.com.au
Level 10, 410 Collins Street
Melbourne, Victoria
Australia, 3000
www.PSZgroup.com.au



ASX Announcement

PS&C LIMITED
(ACN 164 718 361)

27th February 2020

The divestment of the Security Segment, GlassandCo (which completed on 31 Jan 2020) and Nth Consulting (subject to shareholder approval of the acquirer on 10 March 2020) will provide a total consideration of \$23.9m.

I am pleased that the 100,000,000 Tesseract Ltd (ASX:TNT) shares received and distributed in specie to shareholders from the sale of the Security segment have performed strongly trading as high as 11 cents post the in specie distribution; giving our shareholders an ongoing opportunity to hold a direct equity interest in the Security segment.

We have retained the Melbourne business, our largest business segment and our most profitable, with annual revenues in excess of \$50m delivering, before corporate costs, an EBITDA of more than \$5.5m. Retaining this business segment has afforded us an opportunity to embark on a new vision, a vision we see as a natural extension of what we already do for our clients.

Moving forward, we will continue to provide our specialist consultants to clients to assist them to deliver their digital aspirations through the creation of intellectual property that they retain and receive exclusive ongoing benefit from. In the first six months of FY20 this business delivered \$26.1m of revenue and EBITDA of \$2.8m before corporate costs of \$1.7m. Our corporate costs (Board audit, legal etc.) are expected to reduce to an annual run rate of \$2.3m by end of June 2020 as we reshape the corporate envelope in line with the simplified business model.

I am pleased to announce that our new vision will leverage unique parts of our existing capabilities to expand our revenue base by developing (organically or via acquisition) digital assets that are owned by PS&C and where the commercial benefit is retained by PS&C. The Respring acquisition that is subject to shareholder approval on 29 March 2020, is an important step to implementing this new part of our vision.

The future for PS&C is now brighter and I am looking forward to where we can take the next chapter of our journey."

END



☎ 03 9682 2699

✉ info@PSZgroup.com.au

📍 Level 10, 410 Collins Street
Melbourne, Victoria
Australia, 3000

🌐 www.PSZgroup.com.au

1. Company details

Name of entity:	PS&C Ltd
ABN:	50 164 718 361
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

			\$
Revenues from continuing operations	down	2.9% to	26,099,715
Loss from continuing operations after tax attributable to the members of PS&C Ltd	up	81.7% to	(1,380,414)
Loss for the half-year attributable to the members of PS&C Ltd	down	42.3% to	(5,658,781)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax attributable to continuing operations amounted to \$1,380,414 (31 December 2018: loss \$7,544,541).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.28	(5.52)

4. Control gained over entities

Not applicable.

5. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

6. Dividend reinvestment plans

Not applicable.

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

8. Attachments

Details of attachments (if any):

The Half Year Report of PS&C Ltd for the half-year ended 31 December 2019 is attached.

9. Signed

Signed



Robert Hogeland
Managing Director

Date: 27 February 2020

PS&C Ltd

ABN 50 164 718 361

Half Year Report - 31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of PS&C Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

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

Non-Executive Directors	Executive Directors
Kevin McLaine (Chairperson from 6 December 2017. Resigned 28 November 2019)	Glenn Fielding (23 February 2017. Resigned 30 September 2019)
Nigel Warren (6 December 2017. Resigned 16 August 2019)	Robert Hogeland (appointed 16 August 2019)
Glenn Fielding (1 October 2019. Resigned 31 January 2020)	
Renata Sguario (2 September 2019, appointed Chairperson from 28 November 2019)	
Nicole Ferro (appointed 31 January 2020)	

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of:

- Provision of information technology services.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the Group after providing for income tax amounted to \$5,658,781 (31 December 2018: \$9,799,103).

Please refer to the accompanying commentary.

Significant changes in the state of affairs

On the 10 December 2019, the Group announced that it had successfully divested the Security business to Tesseract Limited ('Tesseract'). As a result of the sale transaction, the financial result of the business that has been divested and associated Group reclassification and consolidation impacts are treated as discontinued operations from a financial reporting perspective.

On the 10 December 2019, the Group also announced the sale of its wholly owned subsidiary, NTH Consulting Pty Ltd to TNT Cyber Services Pty Ltd, a wholly owned subsidiary of Tesseract. The associated assets and liabilities were consequently presented as held for sale in the current period (refer Notes 8 and 13) and the financial performance has been reported as a discontinued operation. The sale has yet to complete at balance date due to being subject to a Tesseract shareholders meeting.

On the 19 December 2019, the Group announced that it had executed a Share Purchase Agreement to divest its wholly owned subsidiary, GlassandCo Pty Ltd ('Glass') to Vitrics Pty Ltd ('Vitrics'). Vitrics is a company controlled by:

- Glenn Fielding, the former CEO of the Company and a Non-Executive Director of the Company;
- Jeffrey Bennett, the current CFO and Company Secretary;
- Erin Brown, Sales Director of Glass; and
- Wayne Custodio, Practice Director of Glass.

The associated assets and liabilities were consequently presented as held for sale in the half-year financial statements. The sale of the subsidiary completed on 31 January 2020 and is therefore reported in the current period as a discontinued operation.

On the 6 February 2020, the Group announced that it had signed a Share Sale and Purchase Agreement ('SSPA') to acquire, subject to shareholder approval, a 100% interest in Respring Pty Ltd ('Respring'). Respring is a digital technology company that invests in and advises other digital companies in growing markets that are struggling to reach their full potential. As part of the terms of the SSPA, the Company will acquire a 100% interest in farmbuy.com, Australia's leading dedicated rural and lifestyle property real-estate web portal.

The total consideration payable under the SSPA is \$4.5m and will be satisfied by issuing the vendors of Respring with PS&C Ltd shares.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Robert Hogeland
Managing Director

27 February 2020

MOORE STEPHENS

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street
Melbourne Victoria 3000
+61 (0)3 9608 0100

Level 1, 219 Ryrie Street
Geelong Victoria 3220
+61 (0)3 5215 6800

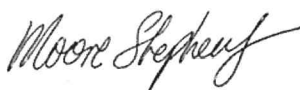
victoria@moorestephens.com.au

www.moorestephens.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PS&C LIMITED

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2019, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257



GEORGE S. DAKIS
Partner
Audit & Assurance Services

Melbourne, Victoria

27 February 2020

PS&C Ltd
Contents
31 December 2019

Consolidated statement of profit or loss and other comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10
Directors' declaration	26
Independent auditor's report to the members of PS&C Ltd	27

General information

The financial statements cover PS&C Ltd as a Group consisting of PS&C Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is PS&C Ltd's functional and presentation currency.

PS&C Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 10, 410 Collins Street, Melbourne VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2020.

8PS&C Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

		Consolidated	
	Note	31 Dec 2019	31 Dec 2018*
		\$	\$
Revenue from continuing operations	3	26,099,715	26,882,036
Other income	4	2,522	2,375,777
Expenses			
Third party materials and labour		(5,473,199)	(4,292,375)
Acquisition expenses		(13,320)	(189,690)
Employee benefits expense		(17,899,944)	(20,224,055)
Depreciation and amortisation expense		(181,814)	(76,394)
Net fair value loss on investments		(1,000,000)	-
Impairment of goodwill		-	(9,651,081)
Other expenses		(2,120,857)	(1,817,748)
Finance costs		(747,503)	(536,623)
Loss before income tax expense from continuing operations		(1,334,400)	(7,530,153)
Income tax expense		(46,014)	(14,388)
Loss after income tax expense from continuing operations		(1,380,414)	(7,544,541)
Loss after income tax (expense)/benefit from discontinued operations	5	(4,278,367)	(2,254,562)
Loss after income tax (expense)/benefit for the half-year attributable to the members of PS&C Ltd		(5,658,781)	(9,799,103)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the members of PS&C Ltd		<u>(5,658,781)</u>	<u>(9,799,103)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(1,380,414)	(7,544,541)
Discontinued operations		(4,278,367)	(2,254,562)
		<u>(5,658,781)</u>	<u>(9,799,103)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the members of PS&C Ltd			
Basic earnings per share		(0.54)	(4.12)
Diluted earnings per share		(0.54)	(4.12)
Earnings per share for loss attributable to the members of PS&C Ltd			
Basic earnings per share		(2.22)	(5.35)
Diluted earnings per share		(2.22)	(5.35)

*The 31 December 2018 balances have been restated to remove discontinued operations – refer Note 5

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

PS&C Ltd
Consolidated statement of financial position
As at 31 December 2019

		Consolidated	
	Note	31 Dec 2019 \$	30 Jun 2019 \$
Assets			
Current assets			
Cash and cash equivalents		783,626	4,285,600
Trade and other receivables	6	7,798,390	12,760,194
Financial assets at fair value through profit or loss	7	4,000,000	-
Other		395,581	2,420,645
		<u>12,977,597</u>	<u>19,466,439</u>
Assets classified as held for sale	8	5,806,072	-
Total current assets		<u>18,783,669</u>	<u>19,466,439</u>
Non-current assets			
Property, plant and equipment	9	278,148	684,962
Right-of-use assets		1,307,234	-
Intangibles	10	28,264,296	47,256,427
Deferred tax		391,863	1,126,519
Other		100,000	-
Total non-current assets		<u>30,341,541</u>	<u>49,067,908</u>
Total assets		<u>49,125,210</u>	<u>68,534,347</u>
Liabilities			
Current liabilities			
Trade and other payables		3,483,042	9,450,513
Borrowings	11	1,800,000	10,300,000
Income tax payable		452,378	615,455
Employee benefits		166,138	902,826
Deferred consideration	12	1,280,417	7,108,502
Other		2,720,628	3,814,733
		<u>9,902,603</u>	<u>32,192,029</u>
Liabilities directly associated with assets classified as held for sale	13	8,308,392	-
Total current liabilities		<u>18,210,995</u>	<u>32,192,029</u>
Non-current liabilities			
Borrowings		75,000	78,370
Lease liabilities		1,150,408	-
Employee benefits		67,680	194,707
Contingent consideration	14	-	1,630,434
Deferred Consideration	15	278,913	995,295
Other		66,193	-
Total non-current liabilities		<u>1,638,194</u>	<u>2,898,806</u>
Total liabilities		<u>19,849,189</u>	<u>35,090,835</u>
Net assets		<u>29,276,021</u>	<u>33,443,512</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

PS&C Ltd
Consolidated statement of financial position
As at 31 December 2019

		Consolidated	
	Note	31 Dec 2019	30 Jun 2019
		\$	\$
Equity			
Issued capital	16	92,715,770	91,207,294
Reserves		545,984	593,769
Accumulated losses		(63,985,733)	(58,357,551)
Total equity		<u>29,276,021</u>	<u>33,443,512</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

PS&C Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2018	85,029,409	818,803	(4,868,239)	80,979,973
Loss after income tax expense for the half-year	-	-	(9,799,103)	(9,799,103)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(9,799,103)	(9,799,103)
<i>Transactions with members in their capacity as members:</i>				
Share-based payments	5,256,998	-	-	5,256,998
Employee share options reserve	-	4,752	-	4,752
Balance at 31 December 2018	90,286,407	823,555	(14,667,342)	76,442,620
Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2019	91,207,294	593,769	(58,357,552)	33,443,511
Loss after income tax expense for the half-year	-	-	(5,658,781)	(5,658,781)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(5,658,781)	(5,658,781)
<i>Transactions with members in their capacity as members:</i>				
Contributions of equity, net of transaction costs (note 16)	758,475	-	-	758,475
Share-based payments	750,000	-	-	750,000
Employee share options/Performance rights reserve	-	(17,184)	-	(17,184)
Transfer of expired share options to retained earnings	-	(30,601)	30,601	-
Balance at 31 December 2019	92,715,769	545,984	(63,985,732)	29,276,021

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

PS&C Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2019

		Consolidated	
	Note	31 Dec 2019 \$	31 Dec 2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		49,977,406	51,977,541
Payments to suppliers and employees (inclusive of GST)		(53,116,130)	(51,689,071)
		(3,138,724)	288,470
Interest received		2,922	6,678
Other revenue		10,575	137,949
Interest and other finance costs paid		(623,433)	(481,112)
Income taxes refunded		577,700	197,979
Net cash from/(used in) operating activities		(3,170,960)	149,964
Cash flows from investing activities			
Payments for prior period's business acquisition		(2,080,607)	(1,545,186)
Acquisition Costs		(14,652)	(208,659)
Payments for property, plant and equipment	9	(86,346)	(147,574)
Payments for security deposits		-	(6,600)
Proceeds from disposal of business		8,000,000	1,000,000
Proceeds from disposal of property, plant and equipment		52,509	1,644
Proceeds from release of security deposits		8,854	-
Net cash from/(used in) investing activities		5,879,758	(906,375)
Cash flows from financing activities			
Proceeds from issue of shares	16	791,752	-
Proceeds from borrowings		1,497,476	-
Repayment of borrowings		(8,500,000)	(1,100,150)
Net cash used in financing activities		(6,210,772)	(1,100,150)
Net decrease in cash and cash equivalents		(3,501,974)	(1,856,561)
Cash and cash equivalents at the beginning of the financial half-year		4,285,600	4,686,521
Cash and cash equivalents at the end of the financial half-year		783,626	2,829,960

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

The Group has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 1. Significant accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the settlement of liabilities in the normal course of business. During the half-year ended 31 December 2019, the Group incurred a net loss after tax of \$5,658,781 (2018: loss of \$9,799,103) impacted by the loss on disposal of operations and write downs. As at 31 December 2019, the Group's current assets exceeded current liabilities by \$572,674. Eliminating assets held for sale and shares held for distribution in specie, the deficiency is \$925,006. This is compared to a deficiency of current assets over current liabilities as at 30 June 2019 of \$12,725,591.

In determining that the going concern basis is appropriate, the Directors have had regard to:

- The Group successfully reduced the ANZ Bank debt to manageable levels. Refer Note 17: Subsequent Events;
- The Group has in place a receivables backed financing facility with Scottish Pacific with a funding limit up to \$15,000,000. The facility became available in July 2019. The facility is in credit position of \$1,497,476 as at 31 December 2019 which is a receivable to the Group. Refer Note 6 ; Current assets - trade and other receivables;
- The Group's ability to raise equity;
- The Group's ability to divest business segments;
- The Group's ability to reduce Corporate costs further given the divestment of businesses;
- The Group's cash flow forecast and budgets for the next 12 months for the remaining operations are expected to show positive operating cash flows; and
- The Group's improved Current ratio position at 1.03 (June 2019: 0.60).

The Group's ability to continue to operate as a going concern is dependent upon the items listed above. Should these events not occur as anticipated, the group may not be able to pursue its business objectives and will have difficulty continuing to operate as a going concern, including realising its assets and extinguishing its liabilities at the amounts shown in the financial statements.

Note 2. Operating segments

Identification of reportable operating segments

The Group has simplified its segment reporting for the financial year 2020. The Group's continuing operations are now organised into one operating segment: People. The Security segment was divested during the reporting period and is reported as Discontinued Operations along with two subsidiary entities that are held for sale i.e. GlassandCo Pty Ltd and NTH Consulting Pty Ltd.

Operating segments are determined by distinguishable components whereby the risk and returns are different from the other segments.

Types of products and services

The principal products and services of each of these operating segments are as follows:

People	The People segment, comprising Systems and People Pty Ltd, Bexton IT Services Pty Ltd, Coroma Consulting Pty Ltd, Sacon Group Pty Ltd, Artisan Consulting Pty Ltd and Seisma Pty Ltd, is involved in sourcing and providing specialist consultants to customers for medium and long-term ICT projects. It is focused on reinventing and prototyping new capabilities and journeys as part of the program.
--------	---

Intersegment transactions

There were no material transactions between operating segments.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Revenue Categorised

Revenue is generated by the Group and is categorised into the reportable segments disclosed below. Sales to external customers is recognised when the performance obligations are delivered over time. Once a contract has been entered into, the Group has an enforceable right to payment for work completed to date. Therefore, revenue is recognised over time.

Note 2. Operating segments (continued)

Operating segment information

	People	Corporate	Discontinued Operations	Total
	\$	\$	\$	\$
Consolidated - 31 Dec 2019				
Revenue				
Sales to external customers	26,099,715	-	14,209,899	40,309,614
Total revenue	<u>26,099,715</u>	<u>-</u>	<u>14,209,899</u>	<u>40,309,614</u>
EBITDA	2,814,672	(1,707,813)	171,157	1,278,016
Depreciation and amortisation	(57,214)	(124,599)	(147,302)	(329,115)
Impairment of investments	-	(1,000,000)	-	(1,000,000)
Loss on disposal of discontinued operations	-	(4,344,163)	-	(4,344,163)
Interest revenue	1,396	1,127	400	2,923
Finance costs	(10)	(747,493)	(10,592)	(758,095)
Transaction costs	-	(514,468)	-	(514,468)
Profit/(loss) before income tax benefit	<u>2,758,844</u>	<u>(8,437,409)</u>	<u>13,663</u>	<u>(5,664,902)</u>
Income tax benefit				6,121
Loss after income tax benefit				<u>(5,658,781)</u>
Assets				
Segment assets	6,445,191	39,856,743	2,823,276	49,125,210
Total assets				<u>49,125,210</u>
Liabilities				
Segment liabilities	6,383,822	10,596,255	2,869,112	19,849,189
Total liabilities				<u>19,849,189</u>

Note 2. Operating segments (continued)

	People	Corporate	Discontinued Operations	Total
	\$	\$	\$	\$
Consolidated - 31 Dec 2018				
Revenue				
Sales to external customers	27,022,290	-	18,381,031	45,403,321
Total revenue	<u>27,022,290</u>	<u>-</u>	<u>18,381,031</u>	<u>45,403,321</u>
EBITDA	2,973,909	(2,620,823)	1,368,967	1,722,053
Depreciation and amortisation	(20,771)	(55,622)	(145,038)	(221,431)
Impairment of goodwill	-	(9,651,081)	-	(9,651,081)
Loss on disposal of discontinued operations	-	(3,089,001)	-	(3,089,001)
Interest revenue	1,108	5,399	171	6,678
Finance costs	(557)	(536,066)	(6,380)	(543,003)
Deferred consideration adjustments	-	2,369,270	-	2,369,270
Profit/(loss) before income tax expense	<u>2,953,689</u>	<u>(13,577,924)</u>	<u>1,217,720</u>	<u>(9,406,515)</u>
Income tax expense				(392,588)
Loss after income tax expense				<u>(9,799,103)</u>
Consolidated - 30 Jun 2019				
Assets				
Segment assets	9,859,958	50,523,815	8,150,574	68,534,347
Total assets				<u>68,534,347</u>
Liabilities				
Segment liabilities	7,458,090	22,271,239	5,361,506	35,090,835
Total liabilities				<u>35,090,835</u>

Note 3. Revenue

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
From continuing operations		
Sale of services	<u>26,099,715</u>	<u>26,882,036</u>

Note 3. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
<i>Major product lines</i>		
Contractor Management	2,793,916	1,770,111
Consultancy Revenue	23,305,799	25,111,925
	<u>26,099,715</u>	<u>26,882,036</u>
<i>Geographical regions</i>		
Australia	<u>26,099,715</u>	<u>26,882,036</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>26,099,715</u>	<u>26,882,036</u>

Note 4. Other income

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Interest income	2,522	6,507
Contingent consideration adjustments	-	2,369,270
Other income	<u>2,522</u>	<u>2,375,777</u>

The contingent consideration adjustments arise from a review of amounts due for earn-out purposes under the share purchase and sale agreements.

Note 5. Discontinued operations

Description

Current Period

On the 10 December 2019, the Group announced that it had successfully divested the Security business to Tesserent Limited ('Tesserent'). The sale transaction is still open and subject to a working capital adjustment which is currently being calculated between the Company and Tesserent. The adjustment is due to be finalised by the 31 March 2020.

On the 10 December 2019, the Group also announced the sale of its wholly owned subsidiary, NTH Consulting Pty Ltd to TNT Cyber Services Pty Ltd, a wholly owned subsidiary of Tesserent. The associated assets and liabilities were consequently presented as held for sale in the current period (refer Notes 8 and 13) and the financial performance has been reported as a discontinued operation. The sale has yet to complete at balance date due to being subject to a Tesserent shareholders meeting.

On the 19 December 2019, the Group announced that it had executed a Share Purchase Agreement to divest its wholly owned subsidiary, GlassandCo Pty Ltd ('Glass') to Vitrics Pty Ltd ('Victrics'). Victrics is a company controlled by:

- Glenn Fielding, the former CEO of the Company and a Non-Executive Director of the Company;
- Jeffrey Bennett, the current CFO and Company Secretary;
- Erin Brown, Sales Director of Glass; and
- Wayne Custodio, Practice Director of Glass.

The associated assets and liabilities were consequently presented as held for sale in the half-year financial statements (refer Notes 8 and 13). The sale of the subsidiary completed on 31 January 2020 and the financial performance is therefore reported in the current period as a discontinued operation.

Prior Period

On the 22 November 2018, the Group announced that it had successfully divested the Allcom Networks business to Crosspoint Telecommunications Pty Ltd, a business technology solutions provider offering comprehensive end-to-end managed IT solutions in voice, video, managed IT services and professional services. The decision to divest the Allcom Networks business was based on the Group's view that the business was not cohesively aligned to its core strategy. The Group is fundamentally an information technology services business delivering specialised services to its clients.

As a result of the sale transactions outlined above, the financial result of the business to be divested and associated Group reclassification and consolidation impacts are treated as discontinued operations from a financial reporting perspective. This impacts the comparative financial information for what was previously disclosed as the Defend + Secure and the Delivery + Cloud segments.

Details of the financial performance, cash flows and the carrying value of the assets and liabilities of the discontinued operations are shown below.

Note 5. Discontinued operations (continued)

*Financial performance information**

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Revenue from discontinued operations	14,209,899	18,521,285
Interest income	400	171
Other income from discontinued operations	10,575	137,949
Total other income	10,975	138,120
Operating expenses from discontinued operations	(14,049,319)	(17,295,348)
Depreciation and amortisation expense from discontinued operations	(147,302)	(145,038)
Finance costs	(10,592)	(6,380)
Total expenses	(14,207,213)	(17,446,766)
Profit before income tax (expense)/benefit	13,661	1,212,639
Income tax (expense)/benefit	52,135	(378,200)
Profit after income tax (expense)/benefit	65,796	834,439
Loss on disposal of discontinued operations	(4,344,163)	(3,089,001)
Income tax expense	-	-
Loss on disposal after income tax expense	(4,344,163)	(3,089,001)
Loss after income tax (expense)/benefit from discontinued operations	(4,278,367)	(2,254,562)

*The financial performance information for the current half includes the Security business, NTH Consulting Pty Ltd and GlassandCo Pty Ltd. The prior period numbers relate to the disposal of Allcom Networks Pty Ltd.

*Cash flow information**

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Net cash from operating activities	55,655	58,901
Net cash used in investing activities	-	(4,381)
Net cash from financing activities	-	1
Net increase in cash and cash equivalents from discontinued operations	55,655	54,521

*The cash flow information for the current period only includes the Security business. The prior period numbers relate to Allcom Networks Pty Ltd.

Note 5. Discontinued operations (continued)

*Carrying amounts of assets and liabilities disposed**

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Cash and cash equivalents	76,161	178,193
Trade and other receivables	3,831,175	2,342,040
Inventories	-	18,414
Other current assets	170,272	706,581
Property, plant and equipment	350,499	552,874
Other non-current assets	925,447	296,837
Total assets	<u>5,353,554</u>	<u>4,094,939</u>
Trade and other payables	2,029,505	3,166,861
Provisions	989,322	740,102
Other liabilities	-	721,176
Total liabilities	<u>3,018,827</u>	<u>4,628,139</u>
Net assets/(liabilities)	<u>2,334,727</u>	<u>(533,200)</u>

*Details of the disposal**

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Total sale consideration	14,000,000	3,200,000
Carrying amount of net assets/(liabilities) disposed	(2,334,727)	533,200
Working capital adjustment	-	(2,100,000)
Derecognition of goodwill in discontinued operations	(16,009,436)	(4,722,201)
Loss on disposal before income tax	<u>(4,344,163)</u>	<u>(3,089,001)</u>
Loss on disposal after income tax	<u>(4,344,163)</u>	<u>(3,089,001)</u>

*The carrying amounts of assets and liabilities disposed of and Details of the disposal for the current period relates to the Security business. The prior period numbers relate to Allcom Networks Pty Ltd.

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Trade receivables	5,532,513	12,906,095
Less: Allowance for expected credit losses	(232,314)	(240,814)
	<u>5,300,199</u>	<u>12,665,281</u>
Receivable from Scottish Pacific	1,497,476	-
Other receivables	1,000,715	2,803
BAS receivable	-	92,110
	<u>7,798,390</u>	<u>12,760,194</u>

In July 2019, the Group entered into an agreement with Scottish Pacific Business Finance Pty Ltd ('Scottish Pacific') to provide a receivables backed financing facility. The facility became available on 9 July 2019. As at 31 December 2019, the facility was in a credit position meaning the Group was owed money by Scottish Pacific as there was a greater number of debtor payments received into the facility than what was actually funded.

Other receivables includes \$1,000,000 due from Tesseract Limited on 30 June 2020. This amount represents the final consideration payment for the purchase of the Security business.

Note 7. Current assets - financial assets at fair value through profit or loss

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Ordinary shares - designated at fair value through profit or loss	<u>4,000,000</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:		
Opening fair value	-	-
Additions through business combinations	5,000,000	-
Revaluation decrements	(1,000,000)	-
Closing fair value	<u>4,000,000</u>	<u>-</u>

100,000,000 ordinary shares were received by the Group from Tesseract Limited as part of the consideration for the purchase of the Security business. The shares were issued at 5 cents each on 10 December 2019. At 31 December 2019, the value of the shares decreased to 4 cents per share.

Note 8. Current assets - assets classified as held for sale

On the 10 December 2019, the Group announced its intention to divest its wholly owned subsidiary NTH Consulting Pty Ltd to TNT Cyber Services Pty Ltd, a wholly owned subsidiary of Tesseract Limited. The sale transaction had not completed at the time of signing this report. The associated assets and liabilities were consequently presented as held for sale in the current period financial statements (see also Note 13).

Note 8. Current assets - assets classified as held for sale (continued)

On the 19 December 2019, the Group announced its intention to divest its wholly owned subsidiary, GlassandCo Pty Ltd. A Share Purchase Agreement was executed to sell to Vitrics Pty Ltd. The sale transaction was completed on the 31 January 2020. The associated assets and liabilities were consequently presented as held for sale in the current period financial statements (see also Note 13).

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Assets classified as held for sale	5,806,072	-

Assets classified as held for sale - NTH Consulting Pty Ltd:

Cash - \$77,208
Trade debtors and other receivables - \$1,781,918
Other current assets - \$1,858
Property, plant and equipment - \$27,828
Deferred tax asset - (\$10,923)
Right of use asset - \$283,606
Goodwill - \$2,982,796
Total assets NTH Consulting Pty Ltd - \$5,144,291

Assets classified as held for sale - GlassandCo Pty Ltd:

Cash - \$10,002
Trade debtors and other receivables - \$351,611
Other current assets - \$29,414
Property, plant and equipment - \$374
Deferred tax asset - \$48,629
Right of use asset - \$221,751
Total assets GlassandCo Pty Ltd - \$661,781

Total assets classified as held for sale - \$5,806,072

Note 9. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Leasehold improvements - at cost	168,987	676,242
Less: Accumulated depreciation	(67,301)	(251,229)
	<u>101,686</u>	<u>425,013</u>
Fixtures and fittings - at cost	-	22,580
Less: Accumulated depreciation	-	(20,939)
	<u>-</u>	<u>1,641</u>
Motor vehicles - at cost	-	45,828
Less: Accumulated depreciation	-	(42,058)
	<u>-</u>	<u>3,770</u>
Computer equipment - at cost	130,352	175,990
Less: Accumulated depreciation	(103,978)	(141,785)
	<u>26,374</u>	<u>34,205</u>
Office equipment - at cost	252,646	633,334
Less: Accumulated depreciation	(173,679)	(413,001)
	<u>78,967</u>	<u>220,333</u>
Computer software - at cost	192,460	-
Less: Accumulated depreciation	(121,339)	-
	<u>71,121</u>	<u>-</u>
	<u><u>278,148</u></u>	<u><u>684,962</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Leasehold Improvements	Fixtures & Fittings	Computer Equipment	Office Equipment	Motor Vehicles	Computer Software	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	425,013	1,641	34,205	220,333	3,770	-	684,962
Additions	-	-	8,029	-	-	78,317	86,346
Classified as held for sale (note 8)	(16,691)	-	-	(4,755)	-	-	(21,446)
Disposals	(22,678)	-	(4,800)	(25,031)	-	-	(52,509)
Disposals from discontinued operations	(238,847)	(1,641)	(23,483)	(72,165)	(3,770)	-	(339,906)
Transfers in/(out)	(28,502)	-	35,462	(23,187)	-	16,227	-
Depreciation expense	(16,609)	-	(23,039)	(16,228)	-	(23,423)	(79,299)
Balance at 31 December 2019	<u>101,686</u>	<u>-</u>	<u>26,374</u>	<u>78,967</u>	<u>-</u>	<u>71,121</u>	<u>278,148</u>

Note 10. Non-current assets - intangibles

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Goodwill - at cost	28,264,296	47,256,427

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill \$	Total \$
Balance at 1 July 2019	47,256,427	47,256,427
Classified as held for sale (note 8)	(2,982,695)	(2,982,695)
Disposals	(16,009,436)	(16,009,436)
Balance at 31 December 2019	28,264,296	28,264,296

Impairment testing for goodwill

For the purposes of impairment testing, goodwill is allocated to the consolidated entity's cash-generating units (CGU's) as follows:

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
People	28,264,296	31,246,991
Security	-	16,009,436
Total goodwill	28,264,296	47,256,427

The Group undertakes impairment testing of the relevant businesses as required. Impairment testing was performed at 31 December 2019 to support the carrying value of goodwill. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of the business. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using projected cash flows approved by the Board covering year 1. The present value of future cash flows for years 2 to 5 have been calculated using a terminal growth rate of 1.5% (June 2019: 1.5%) and a discount rate of 19.55% (June 2019: 19.55%) has been used to determine value in use. In addition, EBIT growth rates used for years 2 to 5 was 2.5%.

The estimated recoverable amount exceeded the carrying value for each CGU by the following amounts:

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
People	34,410	-

The Board of Directors has taken a conservative approach to the Group's impairment valuations in line with the approach taken at 30 June 2019. This approach has involved a review of the Group's methodology and has resulted in an increased allocation of corporate costs to the CGU at 31 December 2019.

Note 11. Current liabilities - borrowings

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Bank loans	1,800,000	10,300,000

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Total facilities		
Bank loans	1,800,000	11,801,876
Credit card facility	325,000	575,000
Indemnity/guarantee facility	500,000	500,000
Electronic payaway facility	500,000	500,000
	<u>3,125,000</u>	<u>13,376,876</u>
Used at the reporting date		
Bank loans	1,800,000	11,801,876
Credit card facility	74,253	104,479
Indemnity/guarantee facility	429,469	491,299
Electronic payaway facility	-	-
	<u>2,303,722</u>	<u>12,397,654</u>
Unused at the reporting date		
Bank loans	-	-
Credit card facility	250,747	470,521
Indemnity/guarantee facility	70,531	8,701
Electronic payaway facility	500,000	500,000
	<u>821,278</u>	<u>979,222</u>

The borrowings of the Group are classified as current liabilities as at 31 December 2019 as the agreement with ANZ bank ('the Lender') expires on the 12 March 2020.

The Group used \$5,000,000 of the new Scottish Pacific facility to pay down the existing debt on the 9 July 2019 and a further \$2,000,000 was paid down to the Lender on the 10 December 2019 from the proceeds of the Security business sale. These two payments were on top of the agreed monthly repayments.

The Group paid down a further \$500,000 on the 12 February 2020 with proceeds from the sale of the Glass business - refer Note 17: Subsequent Events and another \$500,000 of agreed repayments. It is expected that the current ANZ facility will be fully paid on the 12 June 2020.

Note 12. Current liabilities - deferred consideration

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Deferred Consideration	1,280,417	7,108,502

The deferred consideration represents the obligation to pay consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

The deferred consideration of \$5,439,278 that relates to NTH Consulting Pty Ltd has been move to liabilities directly associated with assets classified as held for sale – refer Note 13 for further details.

Note 13. Current liabilities - liabilities directly associated with assets classified as held for sale

On the 10 December 2019, the Group announced its intention to divest its wholly owned subsidiary NTH Consulting Pty Ltd to TNT Cyber Services Pty Ltd, a wholly owned subsidiary of Tesserent Limited. The sale transaction had not completed at the time of signing this report. The associated assets and liabilities were consequently presented as held for sale in the current period financial statements (see also Note 8).

On the 19 December 2019, the Group announced its intention to divest its wholly owned subsidiary, GlassandCo Pty Ltd. A Share Purchase Agreement was executed to sell to Vitrics Pty Ltd. The sale transaction was completed on the 31 January 2020. The associated assets and liabilities were consequently presented as held for sale in the current period financial statements (see also Note 8).

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Other payables	8,308,392	-

Liabilities directly associated with assets classified as held for sale - NTH Consulting Pty Ltd:

Trade creditors and accruals - \$1,326,250
Provisions - \$146,832
Lease liabilities - \$287,532
Deferred consideration - \$5,439,278
Total liabilities NTH Consulting Pty Ltd - \$7,199,892

Liabilities directly associated with assets classified as held for sale - GlassandCo Pty Ltd:

Trade creditors and accruals - \$781,583
Provisions - \$100,389
Lease liabilities - \$226,528
Total liabilities GlassandCo Pty Ltd - \$1,108,500

Total liabilities directly associated with assets classified as held for sale - \$8,308,392

Note 14. Non-current liabilities - contingent consideration

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Contingent consideration	-	1,630,434

Note 14. Non-current liabilities - contingent consideration (continued)

Contingent consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets, the majority of which may be satisfied by way of an issue of shares in PS&C Ltd. It is measured at the present value of the estimated liability. The contingent consideration liability is reassessed at each reporting date against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to the profit or loss.

Movements in provisions

Movements in each class of provision during the current financial half-year, other than employee benefits, are set out below:

	Contingent Consideration \$
Consolidated - 31 Dec 2019	
Carrying amount at the start of the half-year	1,630,434
Liabilities directly associated with assets classified as held for sale	<u>(1,630,434)</u>
Carrying amount at the end of the half-year	<u><u>-</u></u>

Note 15. Non-current liabilities - Deferred Consideration

	Consolidated	
	31 Dec 2019 \$	30 Jun 2019 \$
Deferred Consideration	<u>278,913</u>	<u>995,295</u>

Deferred consideration represents the obligation to pay outstanding consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

Note 16. Equity - issued capital

	Consolidated			
	31 Dec 2019 Shares	30 Jun 2019 Shares	31 Dec 2019 \$	30 Jun 2019 \$
Ordinary shares - fully paid	<u>305,657,326</u>	<u>250,116,958</u>	<u>92,715,770</u>	<u>91,207,294</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	250,116,958		91,207,294
Issue of shares for Performance Rights	14 August 2019	1,843,095	\$0.00	-
Issue of shares for Rights Issue Placement	19 November 2019	19,790,495	\$0.04	791,620
Rights Issue Placement Costs		-	\$0.00	(33,144)
Issue of shares for the completion of the Seisma Acquisition	3 December 2019	18,750,000	\$0.40	750,000
Issue of shares for the Employee Incentive Plan	12 December 2019	<u>15,156,778</u>	<u>\$0.00</u>	<u>-</u>
Balance	31 December 2019	<u><u>305,657,326</u></u>		<u><u>92,715,770</u></u>

Note 17. Events after the reporting period

On the 19 December 2019, the Group announced that it had executed a Share Purchase Agreement to divest its wholly owned subsidiary, GlassandCo Pty Ltd ('Glass') to Vitrics Pty Ltd ('Vitrics'). Vitrics is a company controlled by:

- Glenn Fielding, the former CEO of the Company and a Non-Executive Director of the Company;
- Jeffrey Bennett, the current CFO and Company Secretary;
- Erin Brown, Sales Director of Glass; and
- Wayne Custodio, Practice Director of Glass.

The associated assets and liabilities were consequently presented as held for sale in the half-year financial statements. The sale of the subsidiary completed on the 31 January 2020 and is therefore reported in the current period as a discontinued operation.

On the 20 January 2020, the Group announced that it had issued 42,000,000 new fully paid ordinary shares at a price of \$0.04 per share pursuant to a shortfall placement. The total value raised was \$1,680,000.

On the 23 January 2020, the Group announced that an in-specie distribution of 100,000,000 shares in Tesseract Limited ('TNT') which had been approved by shareholders at a General Meeting held on 15 January 2020 had been affected. Shareholders of the Company received one TNT share for every 3.511 PS&C Limited share held on the record date of 22 January 2020.

On the 31 January 2020, the Board announced that it had accepted the resignation of Mr Glenn Fielding as a Director of the Company following the completion of the divestment of Glass to which Mr Fielding was a party thereto. On the same day, the Board advised the appointment of Mrs Nicole Ferro as a Non-Executive Director of the Company.

On the 6 February 2020, the Group announced that it had signed a Share Sale and Purchase Agreement ('SSPA') to acquire, subject to shareholder approval, a 100% interest in Respring Pty Ltd ('Respring'). Respring is a digital technology company that invests in and advises other digital companies in growing markets that are struggling to reach their full potential. As part of the terms of the SSPA, the Company will acquire a 100% interest in farmbuy.com, Australia's leading dedicated rural and lifestyle property real-estate web portal.

The total consideration payable under the SSPA is \$4.5m and will be satisfied by issuing the vendors of Respring with PS&C Ltd shares.

The Group was able to extend its loan facility with ANZ bank ('ANZ') to the 12 March 2020. A repayment of \$1,000,000 was made to ANZ on the 12 February 2020 of which \$500,000 came from the proceeds of sale of Glass.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

PS&C Ltd
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Robert Hogeland
Managing Director

27 February 2020

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street
Melbourne Victoria 3000
+61 (0)3 9608 0100

Level 1, 219 Ryrie Street
Geelong Victoria 3220
+61 (0)3 5215 6800

victoria@moorestephens.com.au

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PS&C LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying consolidated half-year financial report of PS&C Limited (**the Group**), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

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

As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257



GEORGE S DAKIS
Partner
Audit & Assurance Services

Melbourne, Victoria

27 February 2020