PS&C Ltd
Release
30 June 2014

PEOPLE SECURITY & COMMUNICATION PS&C LTD

26 August 2014

PS&C Meets Guidance – Full Year Results to 30 June 2014

MELBOURNE, Tuesday 26 August 2014: PS&C Ltd (ASX:PSZ) announces its results for the year ended 30 June 2014.

- Normalised Full Year revenue of $62.32m (actual $35.92).
- Normalised Full Year EBIT was $6.72m (actual $4.60m).
- Normalised EBIT result is in line with guidance range released 5 June 2014.
- Good cash performance – profits turning to cash quickly.
- Accounts include seven months of the operating entities acquired in December 2013 and twelve months of the parent entity.
- Successfully completed on 1 December 2013 acquisitions of Systems and People Pty Ltd (S@P) (People), Securus Global Consulting Pty Ltd, Hacklabs Pty Ltd (Security), Allcom Networks Pty Ltd and Allcom Consulting Services Pty Ltd (Communications) as outlined in the Prospectus dated 7 November 2013.
- Listed on the ASX on 2 December 2013.
- Completed acquisition of Sydney-based securities business Pure Hacking August 2014.
- $5.5m in cash as at 30 June 2014 and undrawn bank facilities of $2m.
- Fully franked dividend of 3 cents per share declared, payable in on 15 October 2014. The record date will be 30 September 2014.

PS&C is pleased to report the normalised EBIT result of $6.72m reported for the year ending 30 June 2014 was within the range announced in the guidance announcement of 5 June 2014.

Better than expected start to FY2015

As highlighted in the 5 June 2014 announcement, the actual earnings result was impacted by deliveries not occurring prior to 30 June 2014 in the Communications business. Positively, the orders in hand but unable to be delivered in June, were delivered post June and as a result give the business a strong start to FY2015. Revenue was down in line with the non-delivered orders. Overall EBIT margins were slightly up on forecast.

During the final quarter, the Security division performance improved. The demand for services in cyber security remains buoyant and margins continue to be strong. EBIT margins were 8% better than forecast.

The People business has performed well and is poised for additional growth. Revenue was down on forecast, offset by increased margins due to better than expected permanent placement income. Billable headcount is operating around 10% above original expectations at the end of June.

Outlook

Management's outlook is buoyant following the recent improved performance of the Security business as well as the acquisition of Pure Hacking which results in an increase in the Group's capability. The Privacy Act changes enacted in March 2014 and general awareness of cyber security issues will also continue to drive activity and re-evaluation of security issues within the customer base. The panel successes during the year will be important to drive growth and the group will continue to capitalise on the existing long standing relationships within the respective industries. Management remain focused on acquisition opportunities that will result in EPS accretion and provide synergies across the existing businesses.

For further information contact:

Kevin McLaine, Managing Director
Julian Graham, Chief Financial Officer
+613 96822699

Simon Hinsley
NWR Communications
0401 809 653

PS&C Ltd
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	PS&C Ltd
ABN:	50 164 718 361
Reporting period:	For the period ended 30 June 2014

2. Results for announcement to the market

	2014 $
Revenues from ordinary activities	35,922,110
Profit from ordinary activities after tax attributable to the members of PS&C Ltd	3,242,405
Net profit for the period attributable to the members of PS&C Ltd	3,242,405

Dividends

	Amount per security Cents	Franked amount per security Cents
Final dividend	3.00	3.00

After the end of the financial year, the Directors declared a fully franked dividend of 3 cents per share to be paid on 15 October 2014. The dividend is not provided for in the financial report.

The record date for determining entitlement to the dividend is 30 September 2014.

Comments
The profit for the group after providing for income tax amounted to $3,242,405.

3. Net tangible assets

	Reporting period Cents
Net tangible assets per ordinary security	5.11

4. Control gained over entities

Name of entities (or group of entities)	Allcom Networks Pty Ltd, Allcom Consulting Services Pty Ltd, Systems and People Pty Ltd, Securus Global Consulting Pty Ltd, Hacklabs Pty Ltd
Date control gained	1 December 2013

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	5,287,776

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Final dividend	3.00	3.00

After the end of the financial year, the Directors declared a fully franked dividend of 3 cents per share to be paid on 15 October 2014. The dividend is not provided for in the financial report.

The record date for determining entitlement to the dividend is 30 September 2014.

The total amount of the final dividend, to be paid on 15 October 2014 is as follows:

	30 June 2014 $
Final Dividend	1,517,216

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Financial Statements of PS&C Ltd for the period ended 30 June 2014 is attached.

---

12. Signed

Signed

Date: 26 August 2014

Directors' REPORT

THE DIRECTORS PRESENT THEIR REPORT WITH THE FINANCIAL REPORT OF THE CONSOLIDATED ENTITY CONSISTING OF PS&C LTD AND THE ENTITIES IS CONTROLLED, ("PS&C" or the Group) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 AND AUDITOR'S REPORT THEREON. THIS FINANCIAL REPORT HAS BEEN PREPARED IN ACCORDANCE WITH AUSTRALIAN ACCOUNTING STANDARDS.

DIRECTORS

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

NON EXECUTIVE DIRECTORS

Mr Adrian Wischer (Chairman)
- appointed 9 July 2013
Ms Cass O'Connor
- appointed 11 October 2013
Mr Brad Allan
- appointed 9 July 2013 resigned 11 October 2013

EXECUTIVE DIRECTOR

Mr Kevin McLaine
- appointed 9 July 2013

GROUP SECRETARY

The following person held the position of Group secretary at the end of the financial year:
Mr Julian Graham

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year consisted of:

- Provision of information and communications technology services

RESULTS

The consolidated profit after income tax attributable to the members of PS&C Ltd was $3,242,405 after providing for income tax. This represents profit for the period between 1 December 2013 to 30 June 2014 for the operating entities which were acquired on 1 December 2013 and the parent entity from the date of incorporation, being 9 July 2013. Further discussion on the Group's operations is provided in Review of Operations.

REVIEW OF OPERATIONS

Additional information on the operations is as follows:

PEOPLE business derives revenue from the following streams:

- Consulting – sourcing specialist contractors to customers for medium- and long-term projects. Traditionally these contractors have been SAP professionals.
- Contractor Management – managing the payroll function of contractors for customers.
- Permanent Recruitment – sourcing and providing permanent employees to customers and receiving a once-off fee for service. Traditionally these employees have been SAP professionals.
- During the year, the People business has been appointed to additional panel agreements and performed well.

SECURITY business derives income from:

- Security consulting
- Penetration testing
- Education and training on cyber security
- Product sales
- The division is made up of two businesses. Overall, the division returned a good result given that one of the businesses within the group had lower than expected earnings due to delayed projects.

COMMUNICATIONS business derives income from implementation of unified communications and IP internet protocol telephony systems, network infrastructure and consulting. The business has a growing managed services income stream.

- The division's results was impacted by late customer orders that led to deliveries not being made in time to be recognised as income for the year ended 30 June 2014. The consulting income stream has been weaker than expected.

FINANCIAL POSITION

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations with $5.55m cash available.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the Group purchased the subsidiaries and businesses outlined in Note 32. The Group listed on the Australian Stock Exchange on 2 December 2013 and issued 45,129,323 shares under a Prospectus dated 7 November 2013 to fund the acquisitions, costs of the offer and working capital.

EVENTS AFTER THE REPORTING PERIOD

PS&C has signed a contract to purchase 100% of the shares in Pure Hacking Pty Ltd for $8.32m. Consideration is made up of $4.16m in cash and $4.16m in PS&C scrip. The amount of scrip is calculated at a 30 day volume weighted average of PS&C's share price 30 days prior to issue. PS&C has 90 days to issue the scrip consideration. In addition, PS&C will pay 5.5 times actual financial year 2015 earnings before interest and tax (EBIT) minus the initial payment. There is an additional earn out potentially payable which is three times the growth in EBIT from financial years 2015 to 2016.

PS&C has obtained an additional debt facility from the ANZ bank for an amount of $7m. This facility is an acquisition facility that will be drawn on to satisfy cash components of any acquisitions made.

LIKELY DEVELOPMENTS

To further improve the consolidated group's profit and maximise shareholder wealth, the following developments are intended for implementation in the near future:

- PEOPLE – continue to expand the existing business into other geographic territories and to look for acquisitions to provide platform growth to give the division the opportunity to widen the offerings to customers.
- SECURITY – growing by acquisition and improving internal efficiencies including utilisation on billable resources.
- COMMUNICATIONS – continue to improve internal competency and offerings to increase revenues from existing customers.

These developments, together with the current strategy, are expected to assist in the achievement of the consolidated group's long-term goals and development of new business opportunities.

ENVIRONMENTAL REGULATION

The consolidated entity's operations are not subject to any significant Commonwealth or State environmental regulations or laws.

DIVIDENDS PAID, RECOMMENDED AND DECLARED

	2014
After the end of the financial year, the Directors declared a fully franked dividend of 3 cents per share to be paid on 15 October 2014.	$1,517,216

This dividend is not provided for in the financial report.

INFORMATION ON DIRECTORS AND GROUP SECRETARY

ADRIAN WISCHER
(CHAIRMAN)

Adrian has over 25 years' experience in executive and director roles within Australian companies. He was CEO of ASX listed Toby Industries Ltd from 1988-1995 and has chaired companies such as National Golf Holdings Ltd (2002-2007), Driza-Bone Pty Ltd (1999-2005) and The Bays Hospital Group Inc. (2001-current). Adrian has a Bachelor of Economics from Monash University, is a Foundation Fellow of the Australian Institute of Group Directors (AICD) and a Fellow of the Australian Institute of Management. He is Chairman of the Remuneration and Nomination Committee and is a member of the Audit Committee.

KEVIN MCLAINE
(MANAGING DIRECTOR)

Kevin has over 20 years' experience in the Australian public Group market, having held senior roles at both Shomega Limited and CSG Limited. Kevin spent a number of years with GE Capital in Thailand as Managing Director of its commercial lending business. He has also been the general manager of a manufacturing facility. Kevin holds a Bachelor of Business and is a Fellow of CPA Australia and a member of the AICD.

CASS O'CONNOR
(NON-EXECUTIVE DIRECTOR)

Cass has been involved in the public and private markets for 30 years, as an equity research analyst, investment banker (Turnbull and Partners, Goldman Sachs (Australia) LLC and Carnegie Wylie), early stage investor and board director. Cass holds a Bachelor of Business from UTS and is a Graduate of the AICD. She is Chairman of the Audit Committee and is a member of the Remuneration and Nomination Committee.

JULIAN GRAHAM
(CFO AND GROUP SECRETARY)

Julian has in excess of 25 years' experience in the manufacturing, distribution and software industries; Julian was most recently the Chief Financial Officer of ASX listed Wellcom Group Limited in addition to being General Manager of software development. Julian holds a Bachelor of Business and is a Member of CPA Australia.

DIRECTORS' MEETINGS

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Adrian Wischer	15	15	2	2
Kevin McLaine	15	15	-	-
Cass O'Connor	10	10	2	2
Brad Allan (resigned 11 October 2013)	7	7	-	-

DIRECTORS' INTERESTS IN SHARES OR OPTIONS

Directors' relevant interest in shares of PS&C Ltd or options over shares in the Group are detailed below:

DIRECTORS' RELEVANT INTERESTS IN:	ORDINARY SHARES OF PS&C LTD
Adrian Wischer	1,330,910
Kevin McLaine	2,217,818
Cass O'Connor	NIL
Brad Allan (resigned 11 October 2013)	2,177,818

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Group paid a premium to insure the Directors and Officers of the Group. The terms of the insurance contract prevent additional disclosure. The Group is not aware of any liability that arose under these indemnities as at the date of this report.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATION ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts are disclosed in Note 29 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 in relation to the audit for the financial year is provided in this report.

NON-AUDIT SERVICES

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the board of directors. Non-audit services provided by the auditors of the consolidated entity during the year, Nexia Australia, are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

	2014 $	2013 $
Amounts paid and payable to Nexia for non-audit services		
Investigating accountants report	85,000	-
Taxation Services	12,500	-
Total	97,500	

REMUNERATION REPORT – AUDITED

The directors present the consolidated entity's 2014 audited remuneration report which details the remuneration information for PS&C Ltd's executive directors, non-executive directors and other key management personnel.

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The board policy for determining the nature and amount of remuneration of key management personnel is agreed by the board of directors as a whole. The board obtains professional advice where necessary to ensure that the Group attracts and retains talented and motivated directors and employees who can enhance Group performance through their contributions and leadership. No remuneration recommendation was obtained in the current year.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. Remuneration packages comprise fixed remuneration and may include bonuses or equity based remuneration entirely at the discretion of the Board based on the performance of the individual.

FIXED REMUNERATION

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits), and employer contributions to superannuation funds.
Remuneration levels will be reviewed annually by the Board through a process that considers individual, business unit and overall performance of the Group. In addition, the Board considers external data to ensure directors' and executives' remuneration is competitive in the market place. Remuneration is also reviewed on promotion.

PERFORMANCE LINKED REMUNERATION

Performance linked remuneration includes short-term incentives and is designed to reward the CEO and executives for meeting or exceeding their financial and personal objectives.

In the future the Board will set the Key Performance Indicators (KPIs) for the CEO and has input to the KPIs for executives. The KPIs generally include measures relating to the Group, the relevant business unit and the individual. They include financial measures (Revenue and EBITDA compared with budgeted amounts) and people, client, strategy, risks and growth measures (these vary with position and include measures such as achieving strategic outcomes, overall shareholder value and meeting leadership objectives).

At the end of the financial year, the Board will assess the actual performance of the Group, the relevant business unit and the individual against the KPIs as set at the beginning of the financial year. As a result, a percentage of the predetermined maximum amount is awarded to the individual.

In respect to the current year no predetermined KPI was established, and as such, no bonuses paid.

The Board is developing an Employee and Director Option Plan. Details of this plan will be finalised and put to shareholders for approval if appropriate at an Annual General Meeting.

Non-executive directors receive fees and do not receive bonus payments.

The names and positions of each person who held the position of director at any time during the financial year is provided above. The names and positions of other key management personnel in the consolidated Group for the financial year are:

Name	POSITION
Julian Graham	Chief Financial Officer

DETAILS OF REMUNERATION

Details of the remuneration of the Directors and key management personnel of the Group are set out in the following tables. The key management personnel of the Group include the Directors of PS&C Ltd and the Chief Financial Officer.

DIRECTORS' REMUNERATION:

	SHORT-TERM				POST EMPLOYMENT			LONG-TERM	SHARE-BASED PAYMENTS	TOTAL	TOTAL PERFORMANCE RELATED	OPTIONS AS % OF TOTAL
	Salary/ Fees $	Cash bonus $	Non-monetary $	Other $	Superannuation $	Retirement benefits $	Termination benefit $	Incentive plans $	Options $	$	%	%
2014												
Adrian Wischer	80,000	-	-	-	7,400	-	-	-	-	87,400	-	-
Kevin McLaine	120,000	-	-	-	-	-	-	-	-	120,000	-	-
Cass O'Connor	40,000	-	-	-	3,700	-	-	-	-	43,700	-	-
	240,000	-	-	-	11,100	-	-	-	-	251,100	-	-

EXECUTIVES' REMUNERATION:

	SHORT-TERM				POST EMPLOYMENT			LONG-TERM	SHARE-BASED PAYMENTS	TOTAL	TOTAL PERFORMANCE RELATED	OPTIONS AS % OF TOTAL
	Salary/ Fees $	Cash bonus $	Non-monetary $	Other $	Superannuation $	Retirement benefits $	Termination benefit $	Incentive plans $	Options $	$	%	%
2014												
Julian Graham	93,440	-	-	-	8,643	-	-	-	-	102,083	-	-
	93,440	-	-	-	8,643	-	-	-	-	102,083	-	-

SERVICE AGREEMENTS

The contracts for service between the Group and specified executives are formalised in service agreements.
The major provisions in the agreements relating to remuneration are set out below:

KEVIN MCLAINE, CHIEF EXECUTIVE OFFICER

- Permanent employment contract commencing 9 July 2013.
- Base fee for the year ended 30 June 2014 of $120,000.
- Termination by provision of 6 months' notice by the executive and 9 months by PS&C.

JULIAN GRAHAM, CHIEF FINANCIAL OFFICER

- Permanent employment contract commencing 1 December 2013.
- Base fee for the year ended 30 June 2014 of $175,000 including Superannuation.
- Termination by provision of 6 months' notice by the executive and 9 months by PS&C.

End of Remuneration Report.

Signed in accordance with a resolution of the directors.

Kevin McLaine
Managing Director

Melbourne
Date: 26 August 2014

CORPORATE GOVERNANCE STATEMENT

PS&C Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. The company and its controlled entities together are referred to as the group in this statement.

A description of the group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place since the date of listing, being 2 December 2013. The board has assessed PS&C's current practice against the ASX Corporate Governance Principles and Recommendation guidelines.

Principle 1 – Lay solid foundations for management and oversight

The Board is responsible for overall corporate governance of the Company.

The role of the Board and delegation to management have been formalised in the Charter which outlines the main corporate governance practices in place for the Company and to which the Board and each Director are committed. The conduct of the Board is also governed by the Constitution, and where there is inconsistency with that document, the Constitution prevails to the extent of the inconsistency.

The Charter will be reviewed and amended from time to time as appropriate taking into consideration practical experience gained in operating as a listed company.

The Board's broad function is to chart strategy and set financial targets for the Company, monitor the implementation and execution of strategy and performance against financial targets, appoint and oversee the performance of executive management, and generally to take an effective leadership role in relation to the Company.

The Chairman, with assistance from the Nominations Committee, annually assesses the performance of Directors and senior executives, and the Chairman's performance is assessed by the other Directors.

The Charter is available on the Company's website.

PS&C's corporate governance practices have only existed in their current form for a short period of time, so no performance evaluations for senior executives have taken place in accordance with the policies.

Principle 2 – Structure the Board to add value

The company has a 3 member board. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Company and its business.

The Chairman Adrian Wischer is an independent non-executive Director.

The company's CEO, Kevin McLaine is not the same individual as the Chairman.

A Nominations Committee has been established with its own Charter and consists of Adrian Wischer and Cass O'Connor.

The Company has established charter rules for the Nominations Committee as a guide for Board deliberations. The Nominations Committee charter is available on the Company's website.

A director is considered independent when he substantially satisfies the test for independence as set out in applicable laws, rules and regulations (including the ASX Corporate Governance Recommendations).

The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company.

The Company has disclosed full details of its Directors in this report. Other disclosure material on the structure of the Board is available on the Company's website.

Principle 3 – Promote ethical and responsible decision making

The Company has adopted a code of conduct, which sets out a framework to enable Directors to achieve the highest possible standards in the discharge of their duties and to give a clear understanding of best practice in corporate governance.

PS&C has developed and adopted a Diversity Policy which requires the Directors to establish measurable objectives for achieving gender diversity as well as steps to assess annually both the objectives and progress achieving them.

The Diversity Policy for PS&C has only recently been implemented and, accordingly, PS&C has not reported on the measurable objectives in its latest annual report.

As stated above, PS&C has not yet reported on the diversity initiatives in its annual report.

The departures from Recommendations 3.1 to 3.4 are contained in the relevant sections above.

The diversity policy is available on the company's website.

Principle 4 – Safeguard integrity in financial reporting

The Company has established an Audit and Risk Management Committee to assist and report to the Board.

The Audit and Risk Management Committee consists of Adrian Wischer and Cass O'Connor, all independent Directors and will be chaired by an independent Director who is not the Chairman.

The Audit and Risk Committee has a formal charter.

The Audit and Risk Committee charter is available on the Company's website.

Principle 5 & 6 – Make timely and balanced disclosure and respect the right of shareholders

PS&C has a continuous disclosure policy which is designed to ensure that all material matters are appropriately disclosed in a balanced and timely manner and in accordance with the requirements of the ASX Listing Rules.

The Company's continuous disclosure policy is available on the Company's website.

PS&C has adopted a shareholder communications policy. The Company aims to ensure that all Shareholders are well informed of all major developments affecting the Company and that the full participation by Shareholders at the Company's AGM is facilitated.

The Company's shareholder communications policy is available on the Company's website.

Principle 7 - Recognise and manage risk

The Charter and the Audit and Risk Management Committee charter sets out processes and policies for the management of risk in PS&C's business. The Board must evaluate risks regularly and consider corrective action.

The Charter and the Audit and Risk Management Committee charter empowers the Audit and Risk Management Committee to support the Company's business risk strategy.

The Board is responsible for the oversight and management of risk, including the identification of material business risks on an ongoing basis and will be assisted by the Audit and Risk Management Committee where required.

Management will be responsible for establishing procedures to provide assurance to PS&C that major business risks are identified, consistently assessed and appropriately addressed. The management team will regularly report risks to the Board.

The Company's code of conduct requires the CEO and CFO to provide a statement to the Board with any financial report to the effect that the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

Refer to comments above.

Principle 8 – Remunerate fairly and responsibly

The Board has established a Remuneration Committee to assist the Board to discharge its responsibilities in relation to remuneration and issues relevant to remuneration policies and practices, including those for senior management and non-executive Directors.

The composition and role of the Remuneration Committee is set out in the Remuneration Committee charter.

The Remuneration Committee consists of all independent directors and will be chaired by an independent non-executive director who is not chair of the Board.

The Company has adopted a remuneration policy which complies with the guidelines for executive remuneration packages and non-executive director remuneration.

No senior executive is involved directly in deciding their own remuneration.

The Remuneration Committee Charter and remuneration policy are available on the Company's website.

Specific details on remuneration and incentive arrangements are detailed in the Remuneration Report in the directors' report.

nexia
australia

the next solution

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, 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.

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

26 August 2014

Nexia Melbourne
Level 18, 530 Collins Street, Melbourne VIC 3000
p +61 3 9608 0100, f +61 3 9608 0192
info@nexiamelbourne.com.au, www.nexia.com.au

Contents

General information

The financial statements cover PS&C Ltd as a group consisting of PS&C Ltd and its subsidiaries. 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 8, 50 Queen Street, Melbourne VIC 3000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2014. The directors have the power to amend and reissue the financial statements.

PS&C Ltd
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2014

	Note	Consolidated Group 30 June 2014 $
Revenue	4	35,922,110
Expenses		
Third party materials and labour		(6,254,856)
Employee benefits expense		(24,295,771)
Depreciation and amortisation expense		(111,363)
Other expenses		(605,469)
Finance costs		(18,348)
Profit before income tax expense		4,636,303
Income tax expense	5	(1,393,898)
Profit after income tax expense for the period attributable to the members of PS&C Ltd	22	3,242,405
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period attributable to the members of PS&C Ltd		3,242,405
		Cents
Basic earnings per share	36	10.33
Diluted earnings per share	36	10.33

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

PS&C Ltd
Statement of financial position
As at 30 June 2014

	Note	Consolidated Group 2014 $
Assets		
Current assets		
Cash and cash equivalents	6	5,552,129
Trade and other receivables	7	7,680,541
Inventories	8	15,600
Other	9	1,932,041
Total current assets		15,180,311
Non-current assets		
Property, plant and equipment	10	475,572
Intangibles	11	43,656,173
Deferred tax	12	1,090,775
Total non-current assets		45,222,520
Total assets		60,402,831
Liabilities		
Current liabilities		
Trade and other payables	13	4,258,660
Income tax	14	445,015
Employee benefits	15	543,183
Deferred consideration	16	1,005,000
Other	17	3,580,598
Total current liabilities		9,832,456
Non-current liabilities		
Employee benefits	19	141,416
Deferred consideration	20	4,190,065
Total non-current liabilities		4,331,481
Total liabilities		14,163,937
Net assets		46,238,894
Equity		
Issued capital	21	42,996,489
Retained profits	22	3,242,405
Total equity		46,238,894

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

PS&C Ltd
Statement of changes in equity
For the period ended 30 June 2014

Consolidated Group	Issued capital $	Reserves $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2013	-	-	-	-	-
Profit after income tax expense for the period	-	-	3,242,405	-	3,242,405
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	3,242,405	-	3,242,405
Transactions with members in their capacity as members:					
Contributions of equity, net of transaction costs (note 21)	22,867,166	-	-	-	22,867,166
Share-based payments	20,129,323	-	-	-	20,129,323
Balance at 30 June 2014	42,996,489	-	3,242,405	-	46,238,894

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

	Note	Consolidated Group 30 June 2014 $
Cash flows from operating activities		
Receipts from customers (inclusive of GST)		38,473,243
Payments to suppliers and employees (inclusive of GST)		(34,679,952)
		3,793,291
Interest received		51,897
Interest and other finance costs paid		(18,348)
Income taxes paid		(629,661)
Net cash from operating activities	35	3,197,179
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	31	(19,414,790)
Payments for property, plant and equipment	10	(100,133)
Payments for security deposits		(98,027)
Proceeds from sale of property, plant and equipment		597
Net cash used in investing activities		(19,612,353)
Cash flows from financing activities		
Proceeds from issue of shares	21	25,100,000
Share issue transaction costs		(3,132,697)
Net cash from financing activities		21,967,303
Net increase in cash and cash equivalents		5,552,129
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	6	5,552,129

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of PS&C Ltd ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the period then ended. PS&C Ltd and its subsidiaries together are referred to in these financial statements as the 'group'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

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

Note 1. Significant accounting policies (continued)

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services
Rendering of services revenue is recognised by reference to the stage of completion of the contracts.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

PS&C Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Note 1. Significant accounting policies (continued)

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (usually more than 90 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3 - 5 years
Plant and equipment	2.5 - 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 1. Significant accounting policies (continued)

Intangible assets

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Note 1. Significant accounting policies (continued)

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividends are recognised when declared during the financial period and no longer at the discretion of the company.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the members of PS&C Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 1. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2014. The group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Goodwill and other indefinite life intangible assets
The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax
The group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on the group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments
The group is organised into 3 operating segments: People, Security and Communications. Operating segments are determined by distinguishable components where by 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 is involved in providing contractors, contractor management and permanent recruitment
Security	The Security segment comprising Securus Global Consulting Pty Ltd and Hacklabs Pty Ltd is involved in services and consulting around cyber security matters
Communications	The Communications segment comprising Allcom Networks Pty Ltd and Allcom Consulting Services Pty Ltd is involved in consulting and implementation of services around internet protocol telephony and network infrastructure

Intersegment transactions
There were no material transactions between operating segments.

Intersegment receivables, payables and loans
There are no intersegment receivables, payables or loans at the reporting date.

Operating segment information

Consolidated Group - 30 June 2014	People $	Security $	Communic-ations $	Other $	Intersegment eliminations/ unallocated $	Total $
Revenue						
Sales to external customers	23,036,348	3,400,986	9,432,879	-	-	35,870,213
Total revenue	23,036,348	3,400,986	9,432,879	-	-	35,870,213
EBITDA	2,465,628	1,692,853	1,205,067	(649,429)	-	4,714,119
Depreciation and amortisation	(30,056)	(28,280)	(50,986)	(2,041)	-	(111,363)
Interest revenue	25,684	23,421	2,792	-	-	51,897
Finance costs	-	(12,441)	(5,908)	-	-	(18,349)
Profit/(loss) before income tax expense	2,461,256	1,675,552	1,150,965	(651,470)	-	4,636,303
Income tax expense						(1,393,898)
Profit after income tax expense						3,242,405
Assets						
Segment assets	8,575,646	3,508,975	4,721,711	50,368,178	(6,771,679)	60,402,831
Total assets						60,402,831
Liabilities						
Segment liabilities	4,262,538	940,595	3,078,727	8,199,240	(2,317,163)	14,163,937
Total liabilities						14,163,937

Revenue by geographical area
There are no material sales to external customers outside of Australia.
There are no material holdings of non-current assets outside of Australia.

Note 4. Revenue

	Consolidated Group 30 June 2014 $
Sales revenue	
Sale of services	30,582,787
Sale of goods	5,287,426
	35,870,213
Other revenue	
Interest	51,897
Revenue	35,922,110

Note 5. Income tax expense

	$
Income tax expense	
Current tax	1,074,676
Deferred tax - origination and reversal of temporary differences	319,222
Aggregate income tax expense	1,393,898
Deferred tax included in income tax expense comprises:	
Decrease in deferred tax assets (note 12)	319,222
Numerical reconciliation of income tax expense and tax at the statutory rate	
Profit before income tax expense	4,636,303
Tax at the statutory tax rate of 30%	1,390,891
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	
Non-deductible expenses	3,007
Income tax expense	1,393,898

	$
Amounts credited directly to equity	
Deferred tax assets (note 12)	(915,331)

Note 6. Current assets - cash and cash equivalents

	Consolidated Group 2014 $
Cash on hand	1,332
Cash at bank	5,550,797
	5,552,129

Note 7. Current assets - trade and other receivables

	$
Trade receivables	7,513,881
Less: Provision for impairment of receivables	(62,071)
	7,451,810
Other receivables	96,447
GST receivable	132,284
	7,680,541

Impairment of receivables
The group has recognised a loss of $62,071 in profit or loss in respect of impairment of receivables for the year ended 30 June 2014.

The ageing of the impaired receivables provided for above are as follows:

	$
0 to 3 months overdue	1,153
3 to 6 months overdue	10,243
Over 6 months overdue	50,675
	62,071

Movements in the provision for impairment of receivables are as follows:

	$
Additional provisions recognised	62,071

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $1,729,335 as at 30 June 2014.

The group did not consider a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

Note 7. Current assets - trade and other receivables (continued)

The ageing of the past due but not impaired receivables are as follows:

	Consolidated Group 2014 $
0 to 3 months overdue	1,503,231
3 to 6 months overdue	169,107
Over 6 months overdue	56,997
	1,729,335

Note 8. Current assets - inventories

	$
Stock on hand - at cost	15,600

Note 9. Current assets - other

	$
Accrued revenue	1,521,927
Prepayments	142,763
Security deposits	267,351
	1,932,041

Note 10. Non-current assets - property, plant and equipment

	Consolidated Group 2014 $
Leasehold improvements - at cost	26,412
Less: Accumulated depreciation	(6,254)
	20,158
Fixtures and fittings - at cost	135,064
Less: Accumulated depreciation	(13,825)
	121,239
Computer equipment - at cost	139,527
Less: Accumulated depreciation	(43,654)
	95,873
Office equipment - at cost	287,384
Less: Accumulated depreciation	(49,082)
	238,302
	475,572

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

Consolidated Group	Leasehold Improvements $	Fixtures & Fittings $	Computer Equipment $	Office Equipment $	Total $
Balance at 1 July 2013	-	-	-	-	-
Additions	6,622	2,658	10,834	80,020	100,133
Additions through business combinations (note 31)	19,790	133,003	126,889	207,716	487,398
Disposals	-	(597)	-	-	(597)
Depreciation expense	(6,254)	(13,825)	(41,850)	(49,434)	(111,363)
Balance at 30 June 2014	20,158	121,239	95,873	238,302	475,572

Note 11. Non-current assets - intangibles

	Consolidated Group 2014 $
Goodwill - at cost	43,654,208
Patents and trademarks - at cost	1,965
	43,656,173

Note 11. Non-current assets - intangibles (continued)

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

Consolidated Group	Goodwill $	Patents and Trademarks $	Total $
Balance at 1 July 2013	-	-	-
Additions through business combinations (note 31)	43,654,208	1,965	43,656,173
Balance at 30 June 2014	43,654,208	1,965	43,656,173

Note 12. Non-current assets - deferred tax

	Consolidated Group 2014 $
Deferred tax asset comprises temporary differences attributable to:	
Amounts recognised in profit or loss:	
Employee benefits	258,281
Amounts recognised in equity:	
Transaction costs on share issue	832,494
Deferred tax asset	1,090,775
Movements:	
Charged to profit or loss (note 5)	(319,222)
Credited to equity (note 5)	915,331
Additions through business combinations (note 31)	494,666
Closing balance	1,090,775

Note 13. Current liabilities - trade and other payables

	$
Trade payables	2,063,816
GST payable	1,065,599
Other payables	1,129,245
	4,258,660

Refer to note 24 for further information on financial instruments.

Note 14. Current liabilities - income tax

	Consolidated Group 2014 $
Provision for income tax	445,015

Note 15. Current liabilities - employee benefits

	$
Annual leave	394,308
Long service leave	148,875
	543,183

Note 16. Current liabilities - deferred consideration

	$
Deferred consideration	1,005,000

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

Note 17. Current liabilities - other

	$
Accrued expenses	2,944,261
Revenue received in advance	636,337
	3,580,598

Note 18. Non-current liabilities - borrowings

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

	Consolidated Group 2014 $
Total facilities	
Bank loans	2,000,000
Credit Card Facility	174,000
Foreign Currency Dealing Facility	600,000
Indemnity/Guarantee Facilities	667,126
	3,441,126
Used at the reporting date	
Bank loans	-
Credit Card Facility	12,678
Foreign Currency Dealing Facility	-
Indemnity/Guarantee Facilities	167,126
	179,804
Unused at the reporting date	
Bank loans	2,000,000
Credit Card Facility	161,322
Foreign Currency Dealing Facility	600,000
Indemnity/Guarantee Facilities	500,000
	3,261,322

There is a corporate cross-deed of guarantee between the parent company and all subsidiaries ("General Security Agreement") which is secured by all present and after-acquired property.

Note 19. Non-current liabilities - employee benefits

	$
Long service leave	141,416

Note 20. Non-current liabilities - Deferred consideration

	$
Deferred consideration	4,190,065

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

Note 21. Equity - issued capital

	Consolidated Group 2014 Shares	Consolidated Group 2014 $
Ordinary shares - fully paid	50,573,869	42,996,489

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2013	-		-
Interests associated with Adrian Wischer	1 December 2013	1,088,910	$0.02	20,000
Interests associated with Kevin McLaine	1 December 2013	2,177,818	$0.02	40,000
Interests associated with Brad Allan	1 December 2013	2,177,818	$0.02	40,000
Shares issued pursuant to the capital raising	1 December 2013	25,000,000	$1.00	25,000,000
Interests associated with Allcom Networks Pty Ltd	1 December 2013	4,635,205	$1.00	4,635,205
Interests associated with Allcom Consulting Services Pty Ltd	1 December 2013	1,266,750	$1.00	1,266,750
Interests associated with Systems and People Pty Ltd	1 December 2013	8,657,895	$1.00	8,657,895
Interests associated with Securus Global Consulting Pty Ltd	1 December 2013	4,007,560	$1.00	4,007,560
Interests associated with Hacklabs Pty Ltd	1 December 2013	1,561,913	$1.00	1,561,913
Costs associated with the capital raising	1 December 2013	-	$0.00	(3,132,697)
Deferred tax asset associated with the capital raising	1 December 2013	-	$0.00	899,863
Balance	30 June 2014	50,573,869		42,996,489

Note 22. Equity - retained profits

	Consolidated Group 2014 $
Retained profits at the beginning of the financial period	-
Profit after income tax expense for the period	3,242,405
Retained profits at the end of the financial period	3,242,405

Note 23. Equity - dividends

Dividends
After the end of the financial year, the Directors declared a fully franked dividend of 3 cents per share to be paid on 15 October 2014. The dividend is not provided for in the financial report.

Franking credits

	2014 $
Franking credits available at the reporting date based on a tax rate of 30%	3,802,711
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	445,015
Franking credits available for subsequent financial years based on a tax rate of 30%	4,247,726
Franking debits that will arise from the payment of dividends declared subsequent to the reporting date based on a tax rate of 30%	(1,517,216)
Net franking credits available based on a tax rate of 30%	2,730,510

Note 24. Financial instruments

Financial risk management objectives
The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The group is not currently exposed to any material fluctuations in foreign currency.

Price risk
The group is not exposed to any significant price risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

Note 24. Financial instruments (continued)

As at the reporting date, the group had no borrowings. The table below outlines the variable interest rate on cash at bank:

	2014	
Consolidated Group	Weighted average interest rate %	Balance $
Cash at bank	1.66%	5,550,797
Net exposure to cash flow interest rate risk		5,550,797

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

Credit risk

Credit risk is the risk that on party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations.

The group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

The group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Liquidity risk

Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated Group 2014 $
Bank loans	2,000,000
Credit Card Facility	161,322
Foreign Currency Dealing Facility	600,000
Indemnity/Guarantee Facilities	500,000
	3,261,322

Note 24. Financial instruments (continued)

Subject to meeting bank covenants, the bank facilities can be drawn at any time. This current facility matures in 2015. The group will re-negotiate an extension of the facility.

Maturity Analysis
The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated Group - 2014	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-%	2,063,816	-	-	-	2,063,816
GST payables (net)	-%	933,315	-	-	-	933,315
Other payables	-%	1,246,353	-	-	-	1,246,353
Accrued expenses	-%	2,944,261	-	-	-	2,944,261
Revenue received in advance	-%	636,337	-	-	-	636,337
Total non-derivatives		7,824,082	-	-	-	7,824,082

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Key management personnel disclosures

Compensation
Details of key management personnel compensation are contained within the Remuneration Report section of the Director's Report.

Details of key management personnel's equity holdings are**:**

	Balance 01/07/2013	Received as remuneration	Options exercised	Net change other - includes market transactions	Balance 30/06/2014
Directors					
Mr Adrian Wischer	-	-	-	1,330,910	1,330,910
Ms Cass O'Connor	-	-	-	-	-
Mr Kevin McLaine	-	-	-	2,217,818	2,217,818
Mr Brad Allan (i)	-	-	-	2,177,818	2,177,818
Total	-	-	-	**5,726,546**	**5,726,546**
Executives					
Mr Julian Graham	-	-	-	29,910	29,910
Total	-	-	-	**29,910**	**29,910**

(i) Resigned 11 October 2013

Note 26. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by Nexia Australia, the auditor of the company:

	Consolidated Group 30 June 2014 $
Audit services - Nexia Australia	
Audit or review of the financial statements	115,000

Note 27. Contingent liabilities

The group has given bank guarantees as at 30 June 2014 of $167,126 in satisfaction of building lease guarantees.

Note 28. Commitments

	Consolidated Group 2014 $
Lease commitments - operating	
Committed at the reporting date but not recognised as liabilities, payable:	
Within one year	575,741
One to five years	445,145
	1,020,886

Operating lease commitments includes contracted amounts for various offices under non-cancellable operating leases expiring within 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 29. Related party transactions

Parent entity
PS&C Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated Group 30 June 2014 $
Payment for goods and services:	
Success fee paid to Moonah Capital Partners Pty Ltd which is owned by Brad Allan, a former director of PS&C Ltd.	850,000
Share of success fee paid to Moonah Capital Partners Pty Ltd that was payable to Kevin McLaine	375,000

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the reporting date.

Note 29. Related party transactions (continued)

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated Group 2014 $
Current receivables:	
Loans to commonly controlled entities	2,317,163
Current borrowings:	
Loans from commonly controlled entities	2,317,163

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 30 June 2014 $
Loss after income tax	(827,244)
Total comprehensive income	(827,244)

Statement of financial position

	Parent 2014 $
Total current assets	1,265,325
Total assets	50,368,178
Total current liabilities	3,998,593
Total liabilities	8,199,239
Equity	
Issued capital	42,996,183
Accumulated losses	(827,244)
Total equity	42,168,939

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
Please see note 33 in relation to the deed of cross guarantee in place.

Note 30. Parent entity information (continued)

Contingent liabilities
The parent entity has entered into acquisition agreements with the entities described in Note 31. Under the terms of the agreements, the parent entity may have to pay more than what has been provided for in deferred consideration in note 31 if the entities' operating performance is better than forecast for the purposes of calculating deferred consideration. Other than that, the parent entity had no contingent liabilities as at 30 June 2014.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2014.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Business combinations

On 1 December 2013 PS&C Ltd acquired 100% of the share capital of:
- Allcom Networks Pty Ltd
- Allcom Consulting Services Pty Ltd
- Systems and People Pty Ltd
- Securus Global Consulting Pty Ltd
- Hacklabs Pty Ltd

The acquired businesses contributed revenues of $35,870,214 and net profit after tax of $4,069,652 to the group for the period 1 December 2013 to 30 June 2014. If the acquisitions had occurred on 1 July 2013 the consolidated revenue and profit after tax for the year ended 30 June 2014 would have been $63,315,203 and $4,688,852 respectively.

The goodwill of $43,654,208 represents the amount of consideration paid for the business acquisitions less fair value of net assets, plus additional amounts paid for performance, both current and implied by forecasts.

Note 31. Business combinations (continued)

Details of the Allcom Networks Pty Ltd purchase consideration, the net assets acquired and goodwill are set out below. This business contributed profit after tax of $715,305 to the group for the period from 1 December 2013 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contribution would have been profit after tax of $367,633.

	Fair value $
Cash and cash equivalents	609,795
Trade receivables	1,972,584
Income tax refund due	278,010
Inventories	144,914
Security Deposits	66,335
Other current assets	337,189
Plant and equipment	220,728
Deferred tax asset	313,755
Trade payables	(1,538,424)
Employee benefits	(627,487)
Other liabilities	(1,085,447)
Net assets acquired	691,952
Goodwill	9,254,458
Acquisition-date fair value of the total consideration transferred	9,946,410
Representing:	
Cash paid or payable to vendor	5,311,205
PS&C Ltd shares issued to vendor	4,635,205
	9,946,410

	Consolidated Group 30 June 2014 $
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	9,946,410
Less: cash and cash equivalents	(609,795)
Less: shares issued by company as part of consideration	(4,635,205)
Net cash used	4,701,410

Note 31. Business combinations (continued)

Details of the Allcom Consulting Services Pty Ltd purchase consideration, the net assets acquired and goodwill are set out below. This business contributed profit after tax of $173,235 to the group for the period from 1 December 2013 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contribution would have been profit after tax of $204,475.

	Fair value $
Cash and cash equivalents	28,533
Trade receivables	396,534
Other current assets	41,711
Plant and equipment	8,585
Deferred tax asset	28,262
Trade payables	(159,169)
Other payables	(90,000)
Provision for income tax	39,073
Employee benefits	(14,206)
Other liabilities	(138,684)
Net assets acquired	140,639
Goodwill	2,660,007
Acquisition-date fair value of the total consideration transferred	2,800,646
Representing:	
Cash paid or payable to vendor	1,455,750
PS&C Ltd shares issued to vendor	1,266,750
	2,722,500

	Consolidated Group 30 June 2014 $
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	2,722,500
Less: cash and cash equivalents	(28,533)
Less: shares issued by company as part of consideration	(1,266,750)
Net cash used	1,427,217

Note 31. Business combinations (continued)

Details of the Systems and People Pty Ltd purchase consideration, the net assets acquired and goodwill are set out below. This business contributed profit after tax of $1,964,973 to the group for the period from 1 December 2013 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contribution would have been profit after tax of $2,742,277.

	Fair value $
Cash and cash equivalents	2,129,552
Trade receivables	3,397,591
Security deposits	17,969
Other current assets	168,044
Plant and equipment	178,140
Other intangible assets	940
Deferred tax asset	100,185
Trade payables	(2,406,796)
Other payables	(62,685)
Provision for income tax	689,130
Employee benefits	(33,189)
Other liabilities	(452,486)
Net assets acquired	3,726,395
Goodwill	19,341,154
Acquisition-date fair value of the total consideration transferred	23,067,549
Representing:	
Cash paid or payable to vendor	9,234,895
PS&C Ltd shares issued to vendor	8,657,895
Deferred consideration	3,796,499
	21,689,289

	Consolidated Group 30 June 2014 $
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	21,689,289
Less: cash and cash equivalents	(2,129,552)
Less: shares issued by company as part of consideration	(8,657,895)
Less: deferred consideration	(3,796,499)
Net cash used	7,105,343

Note 31. Business combinations (continued)

Details of the Securus Global Consulting Pty Ltd purchase consideration, the net assets acquired and goodwill are set out below. This business contributed profit after tax of $787,931 to the group for the period from 1 December 2013 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contribution would have been profit after tax of $805,679.

	Fair value $
Cash and cash equivalents	338,499
Trade receivables	829,464
Security deposits	77,458
Other current assets	140,131
Plant and equipment	56,550
Patents and trademarks	1,965
Deferred tax asset	42,270
Trade payables	(151,850)
Provision for income tax	(169,376)
Employee benefits	(77,568)
Other liabilities	(145,668)
Net assets acquired	941,875
Goodwill	7,789,816
Acquisition-date fair value of the total consideration transferred	8,731,691
Representing:	
Cash paid or payable to vendor	4,719,573
PS&C Ltd shares issued to vendor	4,007,560
Deferred consideration	4,558
	8,731,691

	Consolidated Group 30 June 2014 $
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	8,731,691
Less: cash and cash equivalents	(338,499)
Less: shares issued by company as part of consideration	(4,007,560)
Less: deferred consideration	(4,558)
Net cash used	4,381,074

Note 31. Business combinations (continued)

Details of the Hacklabs Pty Ltd purchase consideration, the net assets acquired and goodwill are set out below. This business contributed profit after tax of $428,208 to the group for the period from 1 December 2013 to 30 June 2014. If the acquisition occurred on 1 July 2013, the full year contribution would have been profit after tax of $568,787.

	Fair value $
Cash and cash equivalents	263,166
Trade receivables	329,305
Security deposits	7,563
Other current assets	67,919
Plant and equipment	23,396
Deferred tax asset	10,193
Trade payables	(182,963)
Provision for income tax	(53,640)
Employee benefits	(2,341)
Other liabilities	(52,537)
Net assets acquired	410,061
Goodwill	4,608,773
Acquisition-date fair value of the total consideration transferred	5,018,834
Representing:	
Cash paid or payable to vendor	2,062,913
PS&C Ltd shares issued to vendor	1,561,913
Deferred consideration	1,394,008
	5,018,834

	Consolidated Group 30 June 2014 $
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	5,018,834
Less: cash and cash equivalents	(263,166)
Less: shares issued by company as part of consideration	(1,561,913)
Less: deferred consideration	(1,394,008)
Net cash used	1,799,747

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2014 %
Allcom Networks Pty Ltd	Australia	100.00%
Allcom Consulting Services Pty Ltd	Australia	100.00%
Systems and People Pty Ltd	Australia	100.00%
Securus Global Consulting Pty Ltd	Australia	100.00%
Hacklabs Pty Ltd	Australia	100.00%

Note 33. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Allcom Networks Pty Ltd
Allcom Consulting Services Pty Ltd
Systems and People Pty Ltd
Securus Global Consulting Pty Ltd
Hacklabs Pty Ltd
PS&C Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by PS&C Ltd, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and statement of financial position are the same as the group and therefore have not been separately disclosed.

Note 34. Events after the reporting period

PS&C has signed a contract to purchase 100% of the shares in Pure Hacking Pty Ltd for $8.32m. Consideration is made up of $4.15m in cash and $4.15m in PS&C scrip. The amount of scrip is calculated at a 30 day volume weighted average of PS&C’s share price 30 days prior to issue. PS&C has 90 days to issue the scrip consideration. In addition, PS&C will pay 5.5 times actual financial year 2015 earnings before interest and tax (EBIT) minus the completion payment. There is an additional earn out potentially payable which is three times the growth in EBIT from financial years 2015 to 2016.

PS&C has obtained an additional debt facility from the ANZ bank for an amount of $7m. This facility is an acquisition facility that will be drawn on to satisfy cash components of any acquisitions made.

Note 35. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated Group 30 June 2014 $
Profit after income tax expense for the period	3,242,405
Adjustments for:	
Depreciation and amortisation	111,363
Change in operating assets and liabilities:	
Increase in trade and other receivables	(755,063)
Decrease in inventories	129,314
Increase in deferred tax assets	(596,109)
Increase in accrued revenue	(1,521,927)
Increase in prepayments	(142,763)
Decrease in other operating assets	755,933
Decrease in trade and other payables	(1,022,055)
Increase in provision for income tax	1,360,346
Decrease in employee benefits	(70,192)
Increase in other operating liabilities	1,705,927
Net cash from operating activities	3,197,179

Note 36. Earnings per share

	$
Profit after income tax attributable to the members of PS&C Ltd	3,242,405
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	31,398,755
Weighted average number of ordinary shares used in calculating diluted earnings per share	31,398,755
	Cents
Basic earnings per share	10.33
Diluted earnings per share	10.33

PS&C Ltd
Directors' declaration
30 June 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the group's financial position as at 30 June 2014 and of its performance for the financial period ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 33 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Kevin McLaine
Director
26 August 2014
Melbourne

nexia australia

the next solution

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PS&C LTD AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of PS&C Ltd (the Company) & Controlled Entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a. the financial report of PS&C Ltd is 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 2014 and of its performance for the year ended on that date; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 11 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion the remuneration report of PS&C Ltd and Controlled Entities for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

26 August 2014