



**PSC Insurance Group Pty
Ltd and controlled entities**

ABN 81 147 812 164

Consolidated Financial report
For the year ended 30 June 2013

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PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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DIRECTORS' REPORT

The directors present their report together with the financial report of the group, being the company and its controlled entities, for the year ended 30 June 2013 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors names

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

Brian Mark Austin (Appointed 10 December 2010)

John Robert Dwyer (Appointed 10 December 2010)

Paul Robert Dwyer (Appointed 10 December 2010)

Antony Robinson (Appointed 13 July 2015)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the group for the year after providing for income tax and eliminating non-controlling interests amounted to \$1,364,965..

Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the group during the year was operating a diverse range of insurance intermediation businesses across Australia, the UK and New Zealand.

No significant change in the nature of these activities occurred during the year.

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DIRECTORS' REPORT

After balance date events

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group are as follows:

The group has performed the following transactions:

- PSC Insurance Brokers (Brisbane) Pty Ltd was incorporated on 11 July 2013, the group holds a 75% interest in this entity. On 30 August 2013 the company acquired the business assets of Gordon Wilson & Associates Pty Ltd.
- The group entered into a contract on 6 August 2014 to acquire a 24.9% interest in Beijing Dingsheng Insurance Brokers, a Chinese insurance broking operation seeking a Chinese broking licence.
- The group formed a subsidiary (PSC JLG Investment Pty Ltd on 29 August 2014) to purchase a minority shareholding in the Johns Lyng Group.
- The group acquired a life broking trail portfolio from WMS Risk Solutions on 17 November 2014.
- On 16 January 2015 the group completed the acquisition of a London based reinsurance broking business, Alsford Page & Gems Ltd, - The group holds 72.1%.
- On 1 July 2015, the group acquired the general insurance business assets of David Denson Pty Ltd and have integrated this business into its Melbourne operations.
- On 2 July 2015, the group completed the acquisition of Flagship Haven Ltd a company incorporated in Hong Kong to expand its Hong Kong operations.
- On 6 July 2015, the group acquired the general insurance business assets of Hamilton Insurance Brokers Pty Ltd and have integrated this business into its Canberra operations.
- On 15 October 2015, the group entered into a contract to acquire the client list of TA Management Pty Ltd a life insurance brokerage in Melbourne.

Other events have occurred as follows:

- PSC Insurance Brokers (Melbourne) Pty Ltd and Breeze Underwriting (Australia) Pty Ltd issued 1,251 options to three executives on 15 March 2015.
- On 5 June 2015, the group converted to a public unlisted company, PSC Insurance Group Limited.
- On 28 and 29 July 2015 PSC Insurance Group Limited declared and paid dividends to shareholders. A portion of the dividends were used to repay loans made to shareholders included with in loans to associates as disclosed in note 8, with the remainder paid in cash.
- On 28 August 2015 the paid up share capital of the Company was reduced by the Company by making a pro rata distribution 'in specie' of the shares in P Capital Pty Ltd (being a wholly owned subsidiary of the Company) and the shares in PSC Risk Consultants Limited (being a partly owned subsidiary of the Company) to each Shareholder in the Company.

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DIRECTORS' REPORT

Likely developments

The group will continue to focus on creating, acquiring and enhancing its operations to create shareholder value over the medium term to ensure our clients get the best possible service and value.

Environmental regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

Dividends paid or declared since the start of the financial year are as follows:

Dividends paid by PSC Insurance Group Pty Ltd - \$770,000 (2012: \$Nil).

Dividends paid to non-controlling interest - \$321,716 (2012: \$90,000)

Options

No options over unissued shares or interests in the group were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the group has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the group.

Further disclosure required under section 300(9) of the corporations law is prohibited under the terms of the contract.

Indemnification of auditors

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

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the group

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

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DIRECTORS' REPORT

Signed in accordance with a resolution of the board of directors.

Director:  _____

Brian Mark Austin

Director:  _____

Paul Robert Dwyer

Dated 22 October 2015

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PSC INSURANCE GROUP PTY LTD

In relation to the independent audit for the year ended 30 June 2013, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of PSC Insurance Group Pty Ltd and the entities it controlled during the year.


FRANK RUSSO

Partner


PITCHER PARTNERS

MELBOURNE

Date: 22 October 2015

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	Unaudited 2012 \$
Revenue and other income			
Fee and commission income	3	31,613,426	21,161,769
Other revenue	3	<u>781,840</u>	<u>1,183,323</u>
	3	<u>32,395,266</u>	<u>22,345,092</u>
Less: expenses			
Administration and other expenses		(3,386,226)	(3,199,901)
Depreciation and amortisation expense	4	(578,251)	(465,339)
Employee benefits expense	4	(15,281,844)	(9,495,629)
Occupancy expense		(1,495,702)	(963,221)
Finance costs	4	(1,741,663)	(1,427,077)
Employee contractors		(1,968,574)	(1,541,734)
Information technology costs		(1,334,709)	(891,155)
Professional fees		(738,865)	(539,025)
Legal settlement expense	4	(1,247,047)	-
Impairment expense	4	<u>(1,841,877)</u>	<u>-</u>
		<u>(29,614,758)</u>	<u>(18,523,081)</u>
Profit before income tax expense		2,780,508	3,822,011
Income tax expense	5	<u>(922,699)</u>	<u>(806,646)</u>
Net profit from continuing operations		<u>1,857,809</u>	<u>3,015,365</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations		<u>98,524</u>	<u>22,469</u>
		<u>98,524</u>	<u>22,469</u>
Other comprehensive income for the year		<u>98,524</u>	<u>22,469</u>
Total comprehensive income		<u>1,956,333</u>	<u>3,037,834</u>
Profit is attributable to:			
- Owners of PSC Insurance Group Pty Ltd		1,364,965	2,599,939
- Non-controlling interests		<u>492,844</u>	<u>415,426</u>
		<u>1,857,809</u>	<u>3,015,365</u>
Total comprehensive income is attributable to:			
- Owners of PSC Insurance Group Pty Ltd		1,463,489	2,622,408
- Non-controlling interests		<u>492,844</u>	<u>415,426</u>
		<u>1,956,333</u>	<u>3,037,834</u>

The accompanying notes form part of these financial statements.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$	Unaudited 2012 \$
Current assets			
Cash and cash equivalents	7	27,867,328	21,887,434
Receivables	8	49,559,720	55,127,485
Other assets	9	<u>264,540</u>	<u>96,398</u>
Total current assets		<u>77,691,588</u>	<u>77,111,317</u>
Non-current assets			
Other financial assets	10	36,490	36,490
Intangible assets	11	34,873,959	36,662,092
Deferred tax assets	5	80,139	32,055
Property, plant and equipment	12	<u>1,177,602</u>	<u>937,038</u>
Total non-current assets		<u>36,168,190</u>	<u>37,667,675</u>
Total assets		<u>113,859,778</u>	<u>114,778,992</u>
Current liabilities			
Payables	13	70,649,150	71,578,833
Borrowings	14	3,281,335	8,167,941
Provisions	15	830,263	797,717
Current tax liabilities	5	1,378,079	1,629,109
Other liabilities	16	<u>3,156,585</u>	<u>1,810,098</u>
Total current liabilities		<u>79,295,412</u>	<u>83,983,698</u>
Non-current liabilities			
Borrowings	14	22,326,281	15,475,672
Provisions	15	50,405	118,443
Other liabilities	16	<u>809,848</u>	<u>2,347,798</u>
Total non-current liabilities		<u>23,186,534</u>	<u>17,941,913</u>
Total liabilities		<u>102,481,946</u>	<u>101,925,611</u>
Net assets		<u>11,377,832</u>	<u>12,853,381</u>

The accompanying notes form part of these financial statements.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$	Unaudited 2012 \$
Equity			
Share capital	17	3,599,216	3,599,216
Reserves	18	120,993	22,469
Retained earnings	19	<u>5,854,936</u>	<u>5,781,606</u>
Equity attributable to owners of PSC Insurance Group Pty Ltd		9,575,145	9,403,291
Non-controlling interests	20	<u>1,802,687</u>	<u>3,450,090</u>
Total equity		<u><u>11,377,832</u></u>	<u><u>12,853,381</u></u>

The accompanying notes form part of these financial statements.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Share capital \$	Reserves \$	Retained earnings \$	Non- controlling interests \$	Total equity \$
Consolidated					
Balance as at 1 July 2011 (Unaudited)	3,599,216	-	3,181,667	3,124,664	9,905,547
Profit for the year	-	-	2,599,939	415,426	3,015,365
Exchange differences on translation of foreign operations	-	22,469	-	-	22,469
Total comprehensive income for the year	-	22,469	2,599,939	415,426	3,037,834
Transactions with owners in their capacity as owners:					
Dividends	-	-	-	(90,000)	(90,000)
Total transactions with owners in their capacity as owners	-	-	-	(90,000)	(90,000)
Balance as at 30 June 2012 (Unaudited)	<u>3,599,216</u>	<u>22,469</u>	<u>5,781,606</u>	<u>3,450,090</u>	<u>12,853,381</u>
Balance as at 1 July 2012	3,599,216	22,469	5,781,606	3,450,090	12,853,381
Profit for the year	-	-	1,364,965	492,844	1,857,809
Exchange differences on translation of foreign operations	-	98,524	-	-	98,524
Total comprehensive income for the year	-	98,524	1,364,965	492,844	1,956,333
Transactions with owners in their capacity as owners:					
Buy-backs	-	-	-	(1,146,387)	(1,146,387)
Dividends	-	-	(770,000)	(321,716)	(1,091,716)
Movement in interests in controlled entities	-	-	(521,635)	-	(521,635)

The accompanying notes form part of these financial statements.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Share capital \$	Reserves \$	Retained earnings \$	Non- controlling interests \$	Total equity \$
Movement in non- controlling interests	-	-	-	(672,144)	(672,144)
Total transactions with owners in their capacity as owners	-	-	(1,291,635)	(2,140,247)	(3,431,882)
Balance as at 30 June 2013	<u>3,599,216</u>	<u>120,993</u>	<u>5,854,936</u>	<u>1,802,687</u>	<u>11,377,832</u>

The accompanying notes form part of these financial statements.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 Unaudited \$
Cash flow from operating activities			
Receipts from customers		33,054,377	23,007,249
Payments to suppliers and employees		(27,944,712)	(18,626,347)
Dividends received		1,000	49,502
Interest received		660,898	830,917
Interest paid		(1,741,663)	(1,427,077)
Income tax paid		<u>(1,321,963)</u>	<u>(118,622)</u>
		2,707,937	3,715,622
Net movement in customer trust accounts		<u>6,497,390</u>	<u>324,029</u>
Net cash provided by operating activities	21(b)	<u>9,205,327</u>	<u>4,039,651</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		-	7,178
Payment for property, plant and equipment		(509,275)	(503)
Payment for investments		<u>(3,400,360)</u>	<u>(7,629,773)</u>
Net cash used in investing activities		<u>(3,909,635)</u>	<u>(7,623,098)</u>
Cash flow from financing activities			
Proceeds from borrowings		11,930,341	7,550,490
Repayment of borrowings		(9,977,830)	(2,035,166)
Dividends paid		(1,091,716)	(90,000)
Loans to shareholders		<u>(542,253)</u>	<u>2,285</u>
Net cash provided by financing activities		<u>318,542</u>	<u>5,427,609</u>
Reconciliation of cash			
Cash at beginning of the financial year		21,887,434	20,043,272
Net increase in cash held		5,614,234	1,844,162
Foreign exchange differences on cash holdings		<u>365,660</u>	<u>-</u>
Cash at end of financial year	21(a)	<u><u>27,867,328</u></u>	<u><u>21,887,434</u></u>

The accompanying notes form part of these financial statements.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity.

The financial report was approved by the directors as at the date of the directors' report.

The financial report is for PSC Insurance Group Pty Ltd and its consolidated entities. PSC Insurance Group Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. PSC Insurance Group Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and all applicable Accounting Standards, with the exception of:

AASB 3:	Business Combinations
AASB 7:	Financial Instruments: Disclosures
AASB 107:	Cash Flow Statements
AASB 116:	Property, Plant and Equipment
AASB 124:	Related Party Disclosures
AASB 132:	Financial Instruments: Presentation
AASB 137:	Provisions, Contingent Liabilities and Contingent Assets
AASB 138:	Intangible Assets

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

Non-controlling interests in the result of subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Details of the groups controlling and non-controlling interests are detailed in note 23.

(d) Foreign currency translations and balances

Functional and presentation currency

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

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translations and balances (Continued)

Entities that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

(e) Revenue

Commission, brokerage and fees are recognised when the related service has been provided and it is probable that the group will be compensated for services rendered and the amount of consideration for such services can be reliably measured. This is deemed to be the invoice date. An allowance is made for anticipated lapses and cancellations.

Dividend income is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Interest income is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

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

All revenue is stated net of the amount of goods and services tax (GST).

(f) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax (Continued)

Tax Consolidation

There are three tax consolidated groups across the group. The following tax consolidated groups exist as at 30 June 2013:

1. PSC Insurance Group Pty Ltd - Tax Parent
 - McKenna Hampton Insurance Brokers Pty Ltd - joined 1 July 2012
 - P Capital Pty Ltd - joined 11 July 2013
 - PSC Group Holdings Pty Ltd - joined 1 July 2012
 - PSC Holdings (Aust) Pty Ltd - joined 1 July 2012
 - PSC Insurance Brokers Pty Ltd - joined 1 July 2012
 - PSC Insurance Services Pty Ltd - joined 1 July 2012
 - PSC International Pty Ltd - joined 1 July 2012
 - PSC McKenna Hampton Insurance Brokers Pty Ltd - joined 1 July 2012
 - PSC UK Pty Ltd - joined 1 July 2012
2. PSC Insurance Pty Ltd - Tax Parent
 - PSC Insurance Brokers (Aust) Pty Ltd - joined 1 November 2009
3. Professional Services Corporation Pty Ltd - Tax parent
 - PSC Share Nominees Pty Ltd - joined 1 December 2010

The three tax-consolidation groups have entered a tax funding agreement such that:

- each entity recognises their own current and deferred tax amounts in respect of the transactions, events and balances of the entity.
- the parent entity assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

The tax-consolidated groups have also entered tax sharing agreements to limit the liability of subsidiaries in the tax-consolidated group arising under joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents

Cash and cash equivalents, and cash and cash equivalents - trusts (trust cash), in the Statement of Financial Position comprise cash at bank, in hand and short-term deposits with an original maturity of three months or less.

Trust cash relates to cash held for insurance premiums received from policyholders which will ultimately be paid to underwriters.

Trust cash cannot be used to meet business obligations/operating expenses other than payments to underwriters and/or refunds to policyholders.

For the purposes of the Statement of Cash Flows, cash and cash equivalents as defined above are shown net of outstanding bank overdrafts.

(h) Receivables from broking and underwriting agency operations

Receivables from broking and underwriting agency operations are initially recognised based on the invoiced amount to customers. After initial recognition, provision is made for lapses or cancellations of insurance policies or other matters that may lead to non-collection.

These receivables are generally due for settlement within 30 to 60 days. Collectability of trade receivables is reviewed on an ongoing basis.

(i) Financial instruments

Classification

The group classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets.

The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets at fair value through profit or loss

Investments in listed securities are carried at fair value through profit and loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit and loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

Non-listed investments for which the fair value cannot be reliably measured, are carried at cost and tested for impairment.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (Continued)

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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

(j) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	2.5% - 30%	Straight line and diminishing value
Motor vehicles at cost	10%	Straight line
Office equipment at cost	4% - 67%	Straight line and diminishing value
Computer equipment at cost	10% - 67%	Straight line and diminishing value

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangibles

Goodwill

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Identifiable intangible assets:

Identifiable intangible assets acquired separately or in a business combination (mainly customer lists) are initially measured at cost.

The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. The useful lives of these intangible assets are assessed on acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and provision for impairment.

Intangible assets with finite lives are amortised over the useful lives, currently estimated to be up to 10 years, and their useful lives are reviewed annually.

(l) Impairment of non-financial assets

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

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

(m) Payables on broking and underwriting agency operations

These amounts represent insurance premium payable to the insurance companies for broking and underwriting agency operations on invoiced amounts to customers and liabilities for goods and services provided to the group prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will result and that outflow can be reliably measured.

(o) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

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

(p) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The group makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

The year ended 30 June 2013 is the first year of audit, and consequently the comparative information, including classification of assets and liabilities for the year ended 30 June 2012 is unaudited.

The opening Statement of Financial Position as at 30 June 2012 has been audited to enable an opinion to be expressed on the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date.

(s) Company name

During the period 1 July 2012 to 5 June 2015 the company had several name changes as follows:

- From 1 July 2013 to 23 October 2014 the company was called PSC Insurance Group Pty Ltd
- From 24 October 2014 to 24 April 2015 the company changed its name to PSC Capital Pty Ltd
- From 24 April 2015 to 4 June 2015 the company changed its name to PSC Insurance Group Pty Ltd
- The company changed its name to PSC Insurance Group Limited and became a public company on 5 June 2015

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Business combinations and goodwill

When a business combination occurs, the fair values of the identifiable assets and liabilities assumed, including intangible assets, are recognised. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management's judgement. If the purchase consideration exceeds the fair value of the net assets acquired then the difference is recognised as goodwill. If the purchase price consideration is lower than the fair value of the assets acquired then a gain is recognised in the income statement.

Allocation of the purchase price between finite lived assets and indefinite lived assets such as goodwill affects the results of the group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(b) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 5% (2014: 5%) for cash flows in year two to five and which is based on the historical average and a terminal value growth rate of 2% (2014: 2%) a pre-tax discount rate of 16.67% (2014: 16.67%) to determine value-in-use.

(c) Deferred consideration

The Group has made a best estimate of the amount of consideration payable for the acquisitions where there is a variable purchase price (generally a multiple of revenue). Should the final revenue vary from estimates, the group will be required to vary the consideration payable and recognise the difference as expense or income.

(d) Intangible assets

The carrying value of intangible assets with finite lives are revalued at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated on the same basis as goodwill above. An impairment loss is recognised if the carrying value of the intangible assets exceed their recoverable amount.

(e) Employee benefits

The determination of the provisions required is dependent on a number of assumptions including expected wage increases, length of employee service and bond rates.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	Unaudited
	\$	2012
		\$
NOTE 3: REVENUE AND OTHER INCOME		
Fee and commission income		
Commission received	18,739,964	12,713,114
Fees income	10,747,524	6,486,124
Other fees	<u>2,125,938</u>	<u>1,962,531</u>
	<u>31,613,426</u>	<u>21,161,769</u>
Other revenue		
Dividend income	1,000	49,502
Interest income	660,898	830,917
Other revenue	<u>119,942</u>	<u>302,904</u>
	<u>781,840</u>	<u>1,183,323</u>
	<u>32,395,266</u>	<u>22,345,092</u>

NOTE 4: OPERATING PROFIT

Profit before income tax has been determined after:

Finance costs	1,741,663	1,427,077
Depreciation	418,362	316,347
Amortisation of client lists	159,889	148,992
Bad and doubtful debts	4,193	57,888
Rental expense on operating leases	1,143,052	906,505
Foreign currency translation losses	84,351	1,450
Employee benefits	15,281,844	9,495,629
Impairment expense (a)	1,841,877	-
Legal settlement costs (b)	1,247,047	-

(a) Impairment expense represents the impairment loss on transfer of PSC Share Nominees Pty Ltd business to Professional Services Corporation Pty Ltd.

(b) Legal settlement costs relate to legal fees, settlement and other expenses in relation to a trade dispute in the group's UK business.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	Unaudited
	\$	2012
		\$
NOTE 5: INCOME TAX		
(a) Components of tax expense		
Current tax	1,379,042	1,351,031
Deferred tax	(48,084)	(593,310)
Under/(over) provision in prior years	<u>(408,259)</u>	<u>48,925</u>
	<u>922,699</u>	<u>806,646</u>
(b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 30.0% (2012: 30.0%)	834,152	1,146,603
Add tax effect of:		
- Writedowns to recoverable amount	552,563	-
- Other non-allowable items	258,914	118,280
Tax losses not recouped	47,704	-
Gross up of franking credits	107,279	-
Other	<u>-</u>	<u>91,912</u>
	966,460	210,192
Less tax effect of:		
Over provision for income tax in prior years	408,259	48,925
Franking credit offset	357,595	21,000
Deferred tax balances transferred	112,059	-
Other	<u>-</u>	<u>480,224</u>
	<u>877,913</u>	<u>550,149</u>
Income tax expense attributable to profit	<u>922,699</u>	<u>806,646</u>

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
ABN 81 147 812 164

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	Unaudited 2012
	\$	\$
NOTE 5: INCOME TAX (CONTINUED)		
(c) Current tax		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	1,629,109	535,999
Income tax	1,379,042	1,351,031
Tax payments	(1,321,963)	(118,622)
Under / (over) provisions	(408,259)	48,925
Net balance transferred on purchase/sale of business	2,745	-
Other	<u>97,405</u>	<u>(188,224)</u>
Current tax liabilities / (assets)	<u><u>1,378,079</u></u>	<u><u>1,629,109</u></u>
(d) Deferred tax		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Tax losses carried forward	571,746	-
Employee benefits	264,200	274,848
Provision for doubtful debts	21,589	20,389
Rights to future income	-	566,226
Accrued expenses	<u>98,339</u>	<u>34,704</u>
	<u>955,874</u>	<u>896,167</u>
<i>Deferred tax liabilities</i>		
The balance comprises:		
Deferred income	<u>875,735</u>	<u>864,112</u>
	<u>875,735</u>	<u>864,112</u>
Net deferred tax assets / (liabilities)	<u><u>80,139</u></u>	<u><u>32,055</u></u>
(e) Deferred income tax (revenue)/expense included in income tax expense comprises		
Decrease / (increase) in deferred tax assets	(59,707)	(640,368)
(Decrease) / increase in deferred tax liabilities	<u>11,623</u>	<u>47,058</u>
	<u><u>(48,084)</u></u>	<u><u>(593,310)</u></u>

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	Unaudited
	\$	2012
		\$
NOTE 6: DIVIDENDS		
Dividends paid or declared		
Dividends	<u>1,091,716</u>	<u>90,000</u>
Dividends paid by PSC Insurance Group Pty Ltd - \$770,000 (2012: \$Nil).		
Dividends paid to non-controlling interests - \$321,716 (2012: \$90,000).		
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash on hand	4,989	5,251
Cash at bank	1,482,989	1,646,407
Cash held on trust	<u>26,379,350</u>	<u>20,235,776</u>
	<u>27,867,328</u>	<u>21,887,434</u>
NOTE 8: RECEIVABLES		
CURRENT		
Receivables from broking and underwriting agency operations	47,997,218	53,718,762
Impairment loss	<u>(71,963)</u>	<u>(67,965)</u>
	47,925,255	53,650,797
Other receivables	676,503	959,072
Loans to associates	<u>957,962</u>	<u>517,616</u>
	<u>49,559,720</u>	<u>55,127,485</u>
NOTE 9: OTHER ASSETS		
CURRENT		
Prepayments	197,559	90,537
Accrued income	<u>66,981</u>	<u>5,861</u>
	<u>264,540</u>	<u>96,398</u>
NOTE 10: OTHER FINANCIAL ASSETS		
NON CURRENT		
<i>Financial assets at fair value through profit and loss</i>		
At fair value		
Shares in other corporations	<u>36,490</u>	<u>36,490</u>

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	Unaudited
	\$	2012
		\$
NOTE 11: INTANGIBLE ASSETS		
Goodwill at cost	29,551,981	28,797,601
Goodwill on consolidation at cost	4,399,468	6,728,878
Client lists at cost	1,563,401	1,616,615
Accumulated amortisation	<u>(640,891)</u>	<u>(481,002)</u>
	<u>922,510</u>	<u>1,135,613</u>
Total intangible assets	<u><u>34,873,959</u></u>	<u><u>36,662,092</u></u>
NOTE 12: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	925,368	738,773
Accumulated depreciation	<u>(686,607)</u>	<u>(575,452)</u>
	<u>238,761</u>	<u>163,321</u>
Plant and equipment		
Motor vehicles at cost	86,005	99,969
Accumulated depreciation	<u>(45,904)</u>	<u>(37,173)</u>
	40,101	62,796
Office equipment at cost	1,328,449	1,222,249
Accumulated depreciation	<u>(895,012)</u>	<u>(759,399)</u>
	433,437	462,850
Computer equipment at cost	1,185,525	784,124
Accumulated depreciation	<u>(720,222)</u>	<u>(536,053)</u>
	<u>465,303</u>	<u>248,071</u>
Total plant and equipment	<u>938,841</u>	<u>773,717</u>
Total property, plant and equipment	<u><u>1,177,602</u></u>	<u><u>937,038</u></u>

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	Unaudited
	\$	2012
		\$
NOTE 13: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	892,926	447,074
Payables on broking/underwriting agency operations	66,850,087	68,085,081
Sundry creditors and accruals	2,481,140	2,519,774
Loan from associates	424,997	526,904
	<u>70,649,150</u>	<u>71,578,833</u>
NOTE 14: BORROWINGS		
CURRENT		
<i>Secured liabilities</i>		
Bank loans	3,281,335	8,134,461
Finance lease liability	-	33,480
	<u>3,281,335</u>	<u>8,167,941</u>
NON CURRENT		
<i>Secured liabilities</i>		
Bank loans	<u>22,326,281</u>	<u>15,475,672</u>
NOTE 15: PROVISIONS		
CURRENT		
Employee benefits	(a) <u>830,263</u>	<u>797,717</u>
NON CURRENT		
Employee benefits	(a) <u>50,405</u>	<u>118,443</u>
(a) Aggregate employee benefits liability	880,668	916,160

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$	Unaudited 2012 \$
NOTE 16: OTHER LIABILITIES		
CURRENT		
Deferred income	236,635	67,287
Amounts payable to vendors	<u>2,919,950</u>	<u>1,742,811</u>
	<u>3,156,585</u>	<u>1,810,098</u>
NON CURRENT		
Amounts payable to vendors	<u>809,848</u>	<u>2,347,798</u>

NOTE 17: SHARE CAPITAL

Issued and paid-up capital		
10,075,004 (2012: 10,075,004) Ordinary Shares	<u>3,599,216</u>	<u>3,599,216</u>

Capital management

When managing capital, management's objective is to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cashflows.

During 2013, management paid dividends of \$1,091,716.

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 18: RESERVES

Foreign currency translation reserve	18(a)	<u>120,993</u>	<u>22,469</u>
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(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

Movements in reserve

Opening balance	22,469	-
Exchange differences on translation of foreign operations	<u>98,524</u>	<u>22,469</u>
Closing balance	<u>120,993</u>	<u>22,469</u>

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	Unaudited
	\$	2012
		\$
NOTE 19: RETAINED EARNINGS		
Retained earnings at beginning of year	5,781,606	3,181,667
Movement in interests in controlled entities	(521,635)	-
Net profit	1,364,965	2,599,939
Dividends paid	<u>(770,000)</u>	<u>-</u>
	<u>5,854,936</u>	<u>5,781,606</u>
NOTE 20: NON-CONTROLLING INTERESTS		
Capital	(a) 496,529	1,642,916
Retained Earnings	(b) <u>1,306,158</u>	<u>1,807,174</u>
	<u>1,802,687</u>	<u>3,450,090</u>
(a) Share capital		
<i>Movements in non-controlling interest share capital</i>		
Opening balance	1,642,916	1,642,916
Buy-backs	<u>(1,146,387)</u>	<u>-</u>
Closing balance	<u>496,529</u>	<u>1,642,916</u>
(b) Retained earnings		
<i>Movements in non-controlling interest retained earnings</i>		
Opening balance	1,807,174	1,481,748
Share of profit	492,844	415,426
Share of dividends	(321,716)	(90,000)
Movement in non-controlling interests	<u>(672,144)</u>	<u>-</u>
Closing balance	<u>1,306,158</u>	<u>1,807,174</u>

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	Unaudited
	\$	2012
		\$
NOTE 21: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:		
Cash on hand	4,989	5,251
Cash at bank	1,482,989	1,646,407
Other short-term facilities - trust cash	<u>26,379,350</u>	<u>20,235,776</u>
	<u>27,867,328</u>	<u>21,887,434</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit from ordinary activities after income tax	1,857,809	3,015,365
Adjustments and non-cash items		
Depreciation and amortisation	578,251	465,339
Impairment expense	1,841,877	-
Net (gain) on disposal of property, plant and equipment	(4,091)	(11,616)
Bad and doubtful debts	4,193	57,888
Foreign currency translation losses	84,351	1,450
Changes in operating assets and liabilities		
Decrease / (increase) in receivables	6,004,113	(8,983,327)
(Increase) in other assets	(168,142)	(68,829)
Increase / (decrease) in payables	(863,268)	8,780,441
Increase in deferred income	169,348	67,287
(Decrease) / increase in income tax payable	(251,030)	1,288,033
(Increase) in deferred taxes	<u>(48,084)</u>	<u>(572,380)</u>
Cash flows from operating activities	<u>9,205,327</u>	<u>4,039,651</u>

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group are as follows:

The group has performed the following transactions:

- PSC Insurance Brokers (Brisbane) Pty Ltd was incorporated on 11 July 2013, the group holds a 75% interest in this entity. On 30 August 2013 the company acquired the business assets of Gordon Wilson & Associates Pty Ltd.
- The group entered into a contract on 6 August 2014 to acquire a 24.9% interest in Beijing Dingsheng Insurance Brokers, a Chinese insurance broking operation seeking a Chinese broking licence.
- The group formed a subsidiary (PSC JLG Investment Pty Ltd on 29 August 2014) to purchase a minority shareholding in the Johns Lyng Group.
- The group acquired a life broking trail portfolio from WMS Risk Solutions on 17 November 2014.
- On 16 January 2015 the group completed the acquisition of a London based reinsurance broking business, Alsford Page & Gems Ltd, - The group holds 72.1%.
- On 1 July 2015, the group acquired the general insurance business assets of David Denson Pty Ltd and have integrated this business into its Melbourne operations.
- On 2 July 2015, the group completed the acquisition of Flagship Haven Ltd a company incorporated in Hong Kong to expand its Hong Kong operations.
- On 6 July 2015, the group acquired the general insurance business assets of Hamilton Insurance Brokers Pty Ltd and have integrated this business into its Canberra operations.
- On 15 October 2015, the group entered into a contract to acquire the client list of TA Management Pty Ltd a life insurance brokerage in Melbourne.

Other events have occurred as follows:

- PSC Insurance Brokers (Melbourne) Pty Ltd and Breeze Underwriting (Australia) Pty Ltd issued 1,251 options to three executives on 15 March 2015.
- On 5 June 2015, the group converted to a public unlisted company, PSC Insurance Group Limited.
- On 28 and 29 July 2015 PSC Insurance Group Limited declared and paid dividends to shareholders. A portion of the dividends were used to repay loans made to shareholders included with in loans to associates as disclosed in note 8, with the remainder paid in cash.
- On 28 August 2015 the paid up share capital of the Company was reduced by the Company by making a pro rata distribution 'in specie' of the shares in P Capital Pty Ltd (being a wholly owned subsidiary of the Company) and the shares in PSC Risk Consultants Limited (being a partly owned subsidiary of the Company) to each Shareholder in the Company.

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
ABN 81 147 812 164

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

Subsidiaries of PSC Insurance Group Pty Ltd:	Ownership interest held by the group		Ownership interest held by NCI	
	2013	2012	2013	2012
Chase Underwriting Pty Ltd	70%	70%	30%	30%
McKenna Hampton Insurance Brokers Pty Ltd	100%	100%	0%	0%
Professional Services Corporation Pty Ltd	100%	100%	0%	0%
PSC Share Nominees Pty Ltd	100%	N/A	0%	N/A
PSC Group Holdings Pty Ltd	100%	100%	0%	0%
PSC Connect Pty Ltd	75%	75%	25%	25%
PSC Connect NZ Limited	75%	75%	25%	25%
PSC Insurance Brokers (Wagga) Pty Ltd	77.80%	70%	22.20%	30%
PSC Holdings (Aust) Pty Ltd	100%	100%	0%	0%
PSC Nominees Pty Ltd	90.30%	N/A	9.70%	N/A
PSC Insurance Pty Ltd	90.30%	70%	9.70%	30%
PSC Insurance Brokers (Aust) Pty Ltd	90.30%	70%	9.70%	30%
Breeze Underwriting (Aust) Pty Ltd	90.30%	70%	9.70%	30%
PSC Insurance Brokers (Darwin) Pty Ltd	75%	75%	25%	25%
ACN 151 774 668 Pty Ltd	75%	75%	25%	25%
PSC Insurance Brokers Pty Ltd	100%	100%	0%	0%
PSC Coastwide Insurance Services Pty Ltd	70%	70%	30%	30%
PSC Coast Wide Newcastle Pty Ltd	50%	50%	50%	50%
Deskhaven Pty Ltd	70%	70%	30%	30%
PSC Insurance Services Pty Ltd	100%	100%	0%	0%
PSC International Pty Ltd	100%	100%	0%	0%
PSC McKenna Hampton Insurance Brokers Pty Ltd	86.50%	86.50%	13.50%	13.50%
PSC Risk Consultants Limited	65%	65%	35%	35%
PSC UK Pty Ltd	100%	100%	0%	0%
Insurance Holdings Limited	66%	56%	34%	44%
Carroll & Partners Limited	66%	56%	34%	44%
UK Facilities Limited	66%	56%	34%	44%
Frenchurch Insurance Risk Management Limited	66%	56%	34%	44%
Just Equestrian Insurance Services Limited	23%	23%	77%	77%
Just Leisure Insurance Services Limited	23%	23%	77%	77%
Just Motorsport Limited	23%	23%	77%	77%
The Macham Unit Trust	N/A	100%	N/A	0%

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24: ENTITY DETAILS

The registered office of the group is:

PSC Insurance Group Pty Ltd
C/- Pitcher Partners
Level 19, 15 William Street
MELBOURNE VIC 3000

The principal place of business is:

PSC Insurance Group Pty Ltd
Level 3, 17 Raglan Street
South Melbourne VIC 3205

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
ABN 81 147 812 164


DIRECTORS' DECLARATION

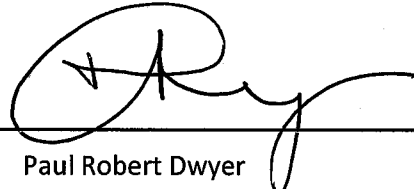
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 - 33, are in accordance with the *Corporations Act 2001*: and
 - (a) comply with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 30 June 2013 and performance for the year ended on that date of the consolidated entity in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 
Brian Mark Austin

Director: 
Paul Robert Dwyer

Dated 22 October 2015

PSC INSURANCE GROUP PTY LTD AND CONTROLLED ENTITIES
ABN 81 147 812 164

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PSC INSURANCE GROUP PTY LTD

We have audited the accompanying financial report, being a special purpose financial report of PSC Insurance Group Pty Ltd and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 that gives a true and fair view 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 company'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.



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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PSC INSURANCE GROUP PTY LTD

Independence

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

Opinion

In our opinion, the financial report of PSC Insurance Group Pty Ltd and controlled entities is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Other Matter

The financial report of PSC Insurance Group Pty Ltd and controlled entities for the year ended 30 June 2012 was not audited and we express no opinion on any of the comparative financial information presented in this financial report.

FRANK RUSSO

Partner

PITCHER PARTNERS

MELBOURNE

Date 22 October

2015